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## **Agenda and Reports**

for

### **THE COUNTY COUNCIL BUDGET MEETING**

to be held on

**4 FEBRUARY 2020**

(i)

County Hall  
Kingston upon Thames  
Surrey

Friday, 24 January 2020

TO THE MEMBERS OF SURREY COUNTY COUNCIL

## **SUMMONS TO MEETING**

You are hereby summoned to attend the meeting of the Council to be held in the Council Chamber, County Hall, Kingston upon Thames, Surrey KT1 2DN, on Tuesday, 4 February 2020, beginning at 10.00 am, for the purpose of transacting the business specified in the Agenda set out overleaf.

JOANNA KILLIAN  
Chief Executive

**Note 1:** *For those Members wishing to participate, Prayers will be said at 9.50am. Reverend Clive Richardson, Diocese of Guildford has kindly consented to officiate. If any Members wish to take time for reflection, meditation, alternative worship or other such practice prior to the start of the meeting, alternative space can be arranged on request by contacting Democratic Services.*

*There will be a very short interval between the conclusion of Prayers and the start of the meeting to enable those Members and Officers who do not wish to take part in Prayers to enter the Council Chamber and join the meeting.*

**Note 2:** *This meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The images and sound recording may be used for training purposes within the Council.*

*Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.*

*If you have any queries regarding this, please contact the representative of Legal and Democratic Services at the meeting.*

If you would like a copy of this agenda or the attached papers in another format, e.g. large print or braille, or another language please either call Democratic Services on 020 8541 9122, or write to Democratic Services, Surrey County Council at Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 9698, fax 020 8541 9009, or email [amelia.christopher@surreycc.gov.uk](mailto:amelia.christopher@surreycc.gov.uk)

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Amelia Christopher on 020 8213 2838.

## 1 APOLOGIES FOR ABSENCE

The Chairman to report apologies for absence.

## 2 MINUTES

(Pages 9  
- 24)

To confirm the minutes of the meeting of the Council held on 10 December 2019.

***(Note: the Minutes, including the appendices, will be laid on the table half an hour before the start of the meeting).***

## 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 CHAIRMAN'S ANNOUNCEMENTS

Please do take a look at the Chairman and Vice-Chairman notice boards (situated outside their offices) which provides pictorial information about recent visits and activities.

### Recent visits and events

- A warm welcome back to you all and wishing you all the very best for the year and new decade ahead.
- **Holocaust Memorial Day** – On 27 January we joined together with people around the globe to commemorate Holocaust Memorial Day and the 75<sup>th</sup> anniversary of the liberation of Auschwitz-Birkenau. It was the seventh annual event we have held at County Hall to mark Holocaust Memorial Day and it was a truly moving service, with harrowing accounts from those who experienced the horrors of the concentration camps and whose families had been devastated by the Holocaust. A sincere thank you to all those who attended.

- **Royal Opening: University of Surrey New Health Sciences Building** – HRH The Countess of Wessex officially opened the Kate Granger building at the University of Surrey at the end of January, named after the geriatrician and campaigner for better patient care. This is a fantastic endorsement of the university and will provide current and future students with the ground-breaking facilities they need to undertake their research.
- **Duke of Edinburgh Award** – A Reception was held by the Lord-Lieutenant of Surrey for DoE volunteers from across the county. This is a tremendous scheme that has helped so many of Surrey’s young people – more than 10,000 last year alone - to grow their confidence and give them skills that have enabled them to go on and achieve things they might otherwise not have been able to. This was a wonderful opportunity to recognise and thank the dedicated volunteers who give up their time to make the DoE award happen.

**5 2020/21 FINAL BUDGET REPORT AND MEDIUM-TERM FINANCIAL STRATEGY**

(Pages 25 - 260)

Council is asked to approve the 2020/21 Final Budget Report and Medium-Term Financial Strategy.

**6 MEMBERS' QUESTION TIME**

The Leader of the Council or the appropriate Member of the Cabinet or the Chairman of a Committee to answer any questions on any matter relating to the powers and duties of the County Council, or which affects the county.

*(Note: Notice of questions in respect of the above item on the agenda must be given in writing, preferably by e-mail, to Democratic Services by 12 noon on Wednesday 29 January 2020).*

**7 STATEMENTS BY MEMBERS**

Any Member may make a statement at the meeting on a local issue of current or future concern.

*(Note: Notice of statements must be given in writing, preferably by e-mail, to Democratic Services by 12 noon on Monday 3 February 2020).*

**8 ORIGINAL MOTIONS**

**Item 8 (i)**

**Mr Tim Oliver (Weybridge) to move under standing order 11 as follows:**

Last year, we made a commitment to ensure that no-one in Surrey is ‘left behind’. This local authority plays a vital role in representing all groups across Surrey and specifically in tackling all forms of hate crime.

The International Holocaust Remembrance Alliance (IHRA) has developed a definition of antisemitism.

**‘Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.’**

I call on this Council to demonstrate its commitment to engaging with the experiences of Jewish communities and supporting them against the challenges that they face. I seek the Council’s endorsement to adopt the IHRA definition of antisemitism.

- 9 CORPORATE PARENTING STRATEGY** (Pages 261 - 278)

Council is asked to adopt the Corporate Parenting Strategy.

- 10 FINANCIAL REGULATIONS** (Pages 279 - 306)

Council is asked to approve to the proposed changes to the Financial Regulations.

- 11 APPOINTMENT OF LOCAL COMMITTEE CHAIRMAN**

**Recommendation:**

That Edward Hawkins is duly elected as the Chairman of the Surrey Heath Local Committee for 2020/21.

- 12 REPORT OF THE CABINET**

To receive the report of the meetings of the Cabinet held on 17 December 2019 and 28 January 2020.

*Report to follow*

- 13 MINUTES OF CABINET MEETINGS** (Pages 307 - 314)

Any matters within the minutes of the Cabinet’s meetings, and not otherwise brought to the Council’s attention in the Cabinet’s report, may be the subject of questions and statements by Members upon notice being given to Democratic Services by 12 noon on Monday 3 February 2020.

*Minutes of 17 December 2019 – enclosed*

*Minutes of 28 January 2020 – to follow*

**MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

Those attending for the purpose of reporting on the meeting may use social media or mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. To support this, County Hall has wifi available for visitors – please ask at reception for details.

Anyone is permitted to film, record or take photographs at council meetings. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that those attending the meeting can be made aware of any filming taking place.

Use of mobile devices, including for the purpose of recording or filming a meeting, is subject to no interruptions, distractions or interference being caused to the PA or Induction Loop systems, or any general disturbance to proceedings. The Chairman may ask for mobile devices to be switched off in these circumstances.

It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

*Thank you for your co-operation*

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**MINUTES OF THE MEETING OF THE COUNTY COUNCIL HELD AT THE COUNCIL CHAMBER, COUNTY HALL, KINGSTON UPON THAMES, KT1 2DN ON 10 DECEMBER 2019 COMMENCING AT 10.00 AM, THE COUNCIL BEING CONSTITUTED AS FOLLOWS:**

Tony Samuels (Chairman)  
Helyn Clack (Vice-Chairman)

	Mary Angell		Naz Islam
	Ayesha Azad		Colin Kemp
*	Nikki Barton		Eber Kington
	John Beckett		Graham Knight
	Mike Bennison		Rachael I Lake
	Amanda Boote		Yvonna Lay
	Chris Botten		David Lee
	Liz Bowes		Mary Lewis
	Natalie Bramhall		Andy MacLeod
*	Mark Brett-Warburton		Ernest Mallett MBE
*	Ben Carasco		David Mansfield
*	Bill Chapman		Peter Martin
	Stephen Cooksey	*	Jan Mason
	Clare Curran	*	Cameron McIntosh
	Nick Darby		Sinead Mooney
	Paul Deach		Charlotte Morley
*	Graham Ellwood		Marsha Moseley
	Jonathan Essex		Tina Mountain
	Robert Evans		Bernie Muir
	Tim Evans		Mark Nuti
	Mel Few		John O'Reilly
	Will Forster		Tim Oliver
	John Furey		Andrew Povey
	Matt Furniss		Wyatt Ramsdale
	Bob Gardner		Penny Rivers
	Mike Goodman		Becky Rush
	Angela Goodwin		Stephen Spence
	David Goodwin	*	Lesley Steeds
	Zully Grant-Duff		Peter Szanto
	Alison Griffiths		Keith Taylor
	Ken Gulati		Barbara Thomson
	Tim Hall		Rose Thorn
	Kay Hammond		Chris Townsend
	David Harmer		Denise Turner-Stewart
	Jeffrey Harris		Richard Walsh
	Nick Harrison		Hazel Watson
	Edward Hawkins		Fiona White
	Marisa Heath		Keith Witham
	Saj Hussain		Victoria Young
	Julie Iles		

\*absent

### **73/19 APOLOGIES FOR ABSENCE [Item 1]**

The Chairman opened the meeting by informing Members that due to conduct issues and upon advice from the Police, he had taken the decision as Chairman, not to allow members of the public into the building to watch the meeting. He reminded Members that the meeting would be webcast and therefore the public would be able to watch the proceedings via the Council's website.

Apologies for absence were received from Mrs Barton, Mr Brett-Warburton, Mr Carasco, Dr Chapman, Mr Ellwood, Mrs Mason, Mr McIntosh and Mrs Steeds.

### **74/19 MINUTES [Item 2]**

The minutes of the meeting of the County Council held on 8 October 2019 were submitted, confirmed and signed.

### **75/19 DECLARATIONS OF INTEREST [Item 3]**

Dr Andrew Povey declared a non-pecuniary interest as he was a trustee for the Surrey Hills Society.

Mr Nick Harrison declared a personal interest as the chair of governors to a maintained primary school in Surrey.

Mr Will Forster declared a personal interest in Woking Borough Council as a borough councillor and Chairman of the County Council's Moving Closer to Residents Task Group.

### **76/19 CHAIRMAN'S ANNOUNCEMENTS [Item 4]**

The Chairman:

- Highlighted to Members that the Chairman's Announcements were located in the agenda front sheet.

### **77/19 LEADER'S STATEMENT [Item 5]**

*Mrs White arrived at 10.03am*

*Mr Islam arrived at 10.04am*

*Miss Griffiths arrived at 10.05am*

*Ms Azad arrived at 10.38am*

The Leader made a detailed statement. A copy of the statement is attached as Appendix A.

Members raised the following topics:

- Noted that climate change must remain at the top of the Council's agenda and that there had been a positive start by Surrey's Greener Future Task and Finish Group and looked ahead to the report on highway trees due in 2020.
- Stated that the Organisation Strategy 2020-2025 was aspirational as the reality across services was one of austerity. Local government required

continuous funding from the Government rather than one-off grants to adequately address the pressures in key areas such as adult social care, highways, climate change and housing.

- Supported the Council's move to Woking as County Hall was not fit for purpose, but the new building must ensure lower carbon emissions output and be good value for money for residents.
- The move must also consider that staff would be looked after during the transition and there would be functioning IT systems upon arrival.
- Welcomed the reports in the agenda as they ensured a forward-looking County and stressed that the Council must be committed to continuously ensure the competency and sensitivity in the delivery of services to the most vulnerable of Surrey's residents.
- Praised the positive future outlook by the Council, and noted the essential partnership work involved in the Leader's upcoming Future Economy Surrey Commission.
- Supported the use of electric buses, the need to address youth and public services, to tackle county lines, continue to seek social care reform and alleviate school funding cost pressures from the Government.
- Commended the Council's decision to retain the Community Recycling Centres (CRCs), the move back into Surrey, the reversal of the decision on car parking charges in the countryside and the Leader chairing the 'Cut the Pollution' campaign in Farnham which identified traffic changes in the area.
- Sought clarification if the Future Economy Surrey Commission would take on the declared 'Climate Emergency' by confirming whether the Council will oppose Gatwick Airport's expansion and would deal with inequality in Surrey.
- Acknowledged Extinction Rebellion's call for divestment in the Council's Pension Fund away from fossil fuels and halting planning permissions for oil drilling companies but noted that this was a matter for the trustees of the Pension Fund.
- Welcomed the Council's commitment to keep its libraries open but asked for confirmation on how it would address the financial pressures in funding the high needs block of Special Educational Needs and Disability (SEND).

## **78/19 MEMBERS' QUESTION TIME [Item 6]**

### **Questions:**

Notice of ten questions had been received. The questions and replies were published in a supplementary agenda on 9 December 2019.

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

**(Q1) Mr Robert Evans** asked the Cabinet Member for Community Safety, Fire and Resilience if she felt that the current reciprocated use of Surrey's fire services in the county with neighbouring forces was the most efficient way to run Surrey's Fire and Rescue Service. That in recent discussions with firefighters they expressed concern on the differing approaches and training between fire services and noted the lack of contingency for the water rescue service.

The Cabinet Member for Community Safety, Fire and Resilience stated that Surrey Fire and Rescue Service reciprocated more incidents in neighbouring forces than it received. Water rescue facilities were based in Walton and Fordbridge and were adequately equipped to deal with evolving risks such as flooding. Those practices had been in place since 1947 in the Fire Services Act and Surrey had the most advanced system in the United Kingdom to identify the nearest suitable appliances to deploy.

**(Q3) Mr Chris Botten** asked that in subsequent papers, the Organisation Strategy 2020-2025 and the Next Phase of Transformation be amended to reflect the written question response by the Leader of the Council.

Mr Essex noted that as the Council had £100 million available in the Community Investment Fund, whether it could be used to address the 'Climate Emergency'.

The Leader of the Council responded to Member queries by stating that the purpose of the Community Investment Fund was to support meaningful projects in local communities - not solely restricted to addressing climate change or highways improvements. The Fund would be spent appropriately through regulation by Member and officer boards and the Leader suggested that there would be a future all-member workshop on the issue in early 2020.

**(Q4) Mrs Hazel Watson** stated that she would be happy to champion the Cabinet Member for Highway's recommendations - as the relevant cabinet member in her district council - as detailed in his written response and sought clarification on the responsible officer for parking enforcement within the County Council.

The Cabinet Member for Highways responded by thanking the Member for her support on the matter and that he would notify her of the appropriate contact.

**(Q5) Mr Jonathan Essex** asked the Leader of the Council to confirm why food banks were part of the Council's future vision of 'looking forward' within the Impact Statement. That the conversion of the Council's surplus land should not be restricted to public allotments where food would be grown voluntarily but should include community initiatives that employed people on the land.

The Leader of the Council responded by stating that he would look to change the wording from 'looking forward' and would support community initiatives to address the issues. He had recently spoken to the Chief Executive of the Trussell Trust and would look to extend to the initiatives that the Member proposed. He noted that other organisations on homelessness for example, would welcome the use of surplus land for providing food. He stressed that it was ultimately for residents to have the freedom to decide what they wanted to do with surplus land in their community.

**(Q6) Mr Robert Evans** asked the Cabinet Member for Community Safety, Fire and Resilience if she shared his concern that there should be continual fire safety checks to identify buildings with hazardous cladding and that all Members had a role in identifying buildings with vulnerable inhabitants.

The Cabinet Member for Community Safety, Fire and Resilience stated that the written response outlined the hard work of officers in that area and Surrey Fire and Rescue Service used Experian data to accurately identify who inhabits

certain buildings and the nature of buildings. Following the Grenfell inquiry, Members were assured that no buildings in Surrey were at risk from hazardous cladding due to subsequent remediation.

**(Q7) Mrs Hazel Watson** asked the Cabinet Member for Highways if he agreed that the pilot schemes concerning the Rethinking Transport programme were not sufficiently ambitious and did not reflect the need to provide more bus services in rural areas.

Mr Hall asked if one of the pilot schemes would include access to Woking and the Council's new building Midas House, to help those travelling from the east of the county.

Mr O'Reilly noted that the three pilot schemes were ambitious and asked if there was a budget associated with the schemes.

The Cabinet Member for Highways explained that he did agree with the importance of rural bus services and added that improving air quality was also a focus. He was looking at ways to ease Member's travel to Woking and commented that the pilot schemes had been budgeted and would be reported to Members through the appropriate committee processes.

#### **Cabinet Member Briefings:**

These were also published in the supplementary agenda on 9 December 2019.

Members made the following comments:

**Cabinet Member for Children, Young People and Families:** on the development of the Council's Integrated Care System (ICS) through the commissioning of children's services for Surrey Heartlands, a Member asked whether the Council were moving at pace to improve integration within health and social care for all children in the county.

The Cabinet Member responded that the delivery of children's services was moving at pace as evidenced by yesterday's member briefing on the service, noting the range of questions asked on the presentation by the Executive Director for Children, Families and Learning. It was exciting that the Council would take over the commissioning of children's health provisions for Surrey Heartlands, as two priorities of the Council to improve children's social care and SEND provision were heavily linked with health. The Council's children with disabilities team would be her focus in 2020 and she noted the culture change needed within health to be more residents focused.

**Cabinet Member for Highways:** on the Epsom Market Improvement Project, asked when the legal agreement between the County Council and Epsom and Ewell Borough Council on management of the Marketplace would be signed - in place of the current partnership agreement with Kier.

The Deputy Leader of the Council informed the Member that it was being signed and would shortly be finalised, as legal officers between both Councils had agreed amendments.

**Deputy Leader and Cabinet Member for Economic Prosperity and Infrastructure:** on the recent member briefing concerning the Local Enterprise

Partnerships (LEP) and what thoughts he had to ensure progression with the Coast to Capital LEP in the east of Surrey.

The Deputy Leader explained that he was working with both LEPs, Enterprise M3 in the west and Coast to Capital in the east - in particular - but noted that there was no new funding for any of the LEPs, there were changes to the grading of funding and that current funding must be spent by 2021. A recent bidding round redistributed funding from projects that were not delivered to Coast to Capital, within Leatherhead and Tandridge in the east of Surrey.

*Mr Nick Harrison declared a personal interest as the chair of governors to a maintained primary school in Surrey*

**Cabinet Member for All-Age Learning:** urged caution on appealing the decision by Surrey Schools Forum to reject the transfer of £3.3 million of funding to the high needs block of SEND to the Secretary of State; until Surrey County Council reviewed its funding on SEND in relation to its education health and care assessments and plans (EHCPs).

In response the Cabinet Member explained that the Council were in the process of reviewing that funding and noted that not all schools responded to the proposal by Surrey Schools Forum, some schools rejected the proposals as they thought the Government's funding was inadequate. The Council were addressing EHCP response times by working in consultation with parents, but noted the challenge of funding.

**Cabinet Member for Environment and Waste:** on the consultation on the Tree Strategy concerning the planting of trees and if the consultees included residents, local voluntary groups and Members and if they would be consulted before the draft was signed-off - in late November the Cabinet Member for Highways noted that he could not offer any more information until the draft was signed-off.

A Member asked the Cabinet Member if there were any other options available for tree planting, as he noted that a local group who wanted to plant ten trees were quoted over £3,000 by a company that the Council suggested.

A Member commented that there were tree wardens in Spelthorne and it cost them £35 to plant trees there, he asked the Cabinet Member to address the cost disparity across Surrey.

In response, the Cabinet Member stated that the Council were working collaboratively with a number of companies on tree planting and noted the maturity of trees over the next 30 years was important. He informed the Member that he did not recognise the figures quoted and asked him to send the details over to be looked at. He noted that residents and tree wardens were important contributors on tree planting. The Cabinet Member explained that there were two consultations, the overarching Tree Strategy - delayed launch due to the general election - to which all borough and district councils, residents and organisations would be given copies of to give their feedback by mid-February and the other consultation concerned urban tree planting in conjunction with the Cabinet Member for Highways.

**Cabinet Member for Community Safety, Fire and Resilience:** on the maintenance and planned improvements for the County's Public Rights of Way

network, a Member asked if the Cabinet Member would agree to have a dedicated cycle planner to ensure the improvement works happened and if there was sufficient capital to address bridges which were out of action.

In response, the Cabinet Member commented that there was a significant capital investment plan and she was happy to share that with the Member and noted that the Cabinet Member for Highways was working on merging cycle routes with footways.

**Cabinet Member for Adults and Public Health:** a Member asked for confirmation that priority was given to achieve parity on funding for both mental and physical health by lobbying all involved.

In response, the Leader of the Council could not give an absolute guarantee on parity but commented that there was significant investment in addressing mental health which included the work done through Child and Adolescent Mental Health Services (CAMHS) - out for re-tender next year. He also noted that the Council were working on the provisioning of mental health in conjunction with Surrey Heartlands and he would provide the Member with a specific answer to the funding parity in due course.

*Mr Will Forster arrived at 11.10am*

#### **79/19 STATEMENTS BY MEMBERS [Item 7]**

There were none.

#### **80/19 ORIGINAL MOTIONS [Item 8]**

None received.

#### **81/19 ORGANISATION STRATEGY 2020-2025 AND THE NEXT PHASE OF TRANSFORMATION [Item 9]**

The Leader of the Council introduced the report and noted that a significant amount of work was done last year concerning the Council's Community Vision for Surrey in 2030, which served as a roadmap for service improvement with key stakeholders and partners. The Organisation Strategy 2020-2025 was a living document which updated the Vision 2030 and set out eight key areas to be addressed over the next five years. The Strategy would ensure the effective delivery of services in collaboration with the Council's Transformation Programme. In response to the Member's earlier query on the wording of 'looking forward' with regards to food banks, the Leader stated that the Impact Statement highlighted pledges to residents on what the Council had delivered and where it was looking ahead to address - he welcomed Members' comments and would answer any queries.

A Member drew the Council's attention to a local project on the use of ground source heat pumps on four public buildings in a local village to fuel 50-75% of energy in place of conventional combustion heating. That project echoed the Council's commitment to a greener future, through its initiatives to increase biodiversity, the planting of more trees and recycling waste to which the Member praised as important steps to ensure a sustainable Surrey.

A Member commended the Strategy and in particular its reference to 'ensuring value for money' through the use of performance measures. He recommended that mental health should be more prominent in the Strategy rather than its passing reference. He welcomed the Council's promotion of libraries, use of land to build truly affordable housing, the rollout of 5G - especially in rural areas - the development of existing infrastructure such as community facilities and schools, and the work on Surrey's 2050 Place Ambition.

In response, the Leader of the Council informed Members that the Strategy's success was based on the genuine improvement of outcomes rather than figures alone. Mental health was key to the Council's overall Health and Wellbeing Strategy as driven by Surrey Heartlands Health and Care Partnership. The Council would continue to work with districts and borough councils on affordable housing.

**RESOLVED:**

Council approved the Surrey County Council Organisation Strategy 2020 – 2025, which set out how the council would work with residents and partners to contribute to the achievement of the Community Vision for Surrey in 2030. It set out priority areas the council would focus on over the next five years.

**82/19 MEMBER DEVELOPMENT STRATEGY [Item 10]**

As Chairman of the Member Development Steering Group, the Deputy Leader introduced the report and stated that the Council was committed to supporting Member development and training. Last year the Council was awarded the Charter Plus status for Member development and was committed to reviewing its Member Development Strategy every two years, track changes were included in the report to show the amendments from the current review by the Steering Group. Included in the Strategy were commitments to increasing engagement in Member development through greater online access to training, a new module for induction training on community leadership which included a course on social media skills and handling resident enquiries. Members would have 1-1s on an annual basis - with the first of these being within the first six months of being elected - and the Steering Group would meet regularly in 2020 to develop its commitments.

A Member praised and welcomed the commitment and positive approach by the Deputy Leader as the chairman of the Steering Group and suggested that Members sincerely backed the Strategy.

**RESOLVED:**

That the revised Member Development Strategy was approved by County Council.

**83/19 SURREY'S GREENER FUTURE TASK AND FINISH GROUP REPORT [Item 11]**

The Cabinet Member for Environment and Waste noted that it was disappointing that conduct issues had resulted in Extinction Rebellion, who were protesting outside, were not allowed in the public gallery.

The Cabinet Member for Environment and Waste thanked Surrey's Greener Future Task and Finish Group and officers for formulating the Call for Action - since the Council announced its 'Climate Emergency' in July - in conjunction with eighteen witnesses.

- He stated that the commitments within it were ambitious and challenging but necessary to address climate change and were driven by firm support from the Leader of the Council and the Chief Executive. Significant proposals would be put forward to the Council's budget next year to ensure real changes to deal with this.
- The Council began the process of planting 1.2 million trees and will launch the Tree Strategy in March 2020, committed to ultra-low emission buses in Surrey by 2030 and a small fleet of electric buses in the next few years, by March 2020 all electricity used by the Council will be renewable and were developing solar farms to produce all its electricity by 2025.
- He positively noted that Surrey was leading the way in addressing climate change, it had seen the 32% reduction of carbon dioxide between 2007-2017 and was developing a Climate Change Strategy to be launched in April 2020 which would provide a benchmark to measure the Council's performance.
- He welcomed the Task Group's suggestion for a separate Member Reference Group to help shape both the Tree and Climate Change Strategies.
- He praised the crucial partnership work of district and borough councils, health partners, the University of Surrey, Surrey Climate Commission and the Council's consultation with its residents.
- That it was vital that Members were kept informed, a seminar in February 2020 would be arranged.
- The Council would follow up its written letter to the Government concerning the Committee on Climate Change's inadequate letter on 'International aviation and shipping and net zero'.
- He stressed that a culture change was needed and noted that addressing climate change was the responsibility of all.
- He would shortly be writing to Government ministers to highlight that financial help was needed to aid local governments in addressing climate change.
- He reminded Members about the 'Trees for Christmas' campaign where a £3 donation to the Surrey Wildlife Trust would go towards the planting of trees.

The Chairman of the Task Group thanked the Cabinet Member for his positive endorsement of the Task Group's work, noted the hard work of officers throughout the eight witness sessions and praised the varied expertise of the Members within the Task Group. He highlighted the use of mobile agile working through Skype which reduced journeys to County Hall and facilitated discussions with witnesses across the country. He noted the 157 responses from organisations and members of the public which aided the Call for Action and that two of the witnesses, Woking Borough Council and Bristol City Council were leading the way. He emphasised the importance of young people in tackling climate change, particularly Hurst Park Primary School in Elmbridge which was a Green Flag Eco-School and commented that the Council were delivering some of Extinction Rebellion's demands.

The Chairman of the Communities, Environment and Highways Select Committee welcomed the collaboration between Members and officers with external witnesses, which facilitated the Task Group's active involvement in the policy-making process. The Council must deliver substantive action to address climate change - aided by a down payment in next year's budget - by being a vanguard to ensure radical change.

A Member emphasised the need for the Council to lobby the Government to reposition the balance of planning issues towards supporting projects which protected green areas of Surrey, away from the signing-off of detrimental planning applications within parish, borough and district councils.

A Member commented that an ambitious strategy on climate change was important as it recognised the scale of the challenge. It would take time to embed the pledges within the Call for Action, but some could be implemented quickly and he hoped to receive a report at January's Cabinet on what has been achieved - as well as within the Climate Change Strategy in April. Within forums held by Surrey Climate Commission, residents stressed that they were part of the solution and that the Council could make it easier for people to tackle climate change by engaging in a 'climate conversation' with its residents - as held in Leeds. The Council's credibility on addressing climate change was dependent on significant investment, strengthened dialogue with Local Enterprise Partnerships and the Government may prove useful to fund the Council's pro-climate strategies.

A Member reported that he would like to see greater emphasis in future reports - such as January's Cabinet paper - on how the Council dealt with its own estate in terms of carbon neutral energy production, noting the alternative of solar energy and the increased capabilities needed in its storage.

The Cabinet Member for Environment and Waste would take Members' suggestions away, noting that partnership work with borough and district councils was crucial and he would report to Council next year on the progress made on addressing climate change.

**RESOLVED:**

1. That Council noted the task group report and the Cabinet Member's response to their recommendations;
2. Adopted the Call for Action; and
3. Agreed to the development of a zero carbon strategy and action plan.

**84/19 REPORT OF THE CABINET [Item 12]**

The Leader presented the report of the Cabinet meetings held on 29 October 2019 and 26 November 2019.

**Reports for Decision:**

- A. Moving Closer to Residents: Delivering Our Ambition

*Mr Will Forster declared a personal interest in Woking Borough Council as a borough councillor and Chairman of the County Council's Moving Closer to Residents Task Group*

A Member highlighted value for money (VfM) concerns in relation to the move to Woking and had asked the Task Group and Cabinet to obtain an independent evaluation. He asked the Leader to explain the energy rating of Midas House in Woking and it was a concern that the Council were buying parking spaces as this discouraged the use of public transport.

A Member noted that more information was needed to be able to address residents' queries on the balance of money between County Hall in Kingston and Midas House in Woking.

In response, the Leader of the Council stated that there was no uncertainty on the matter as there was a Part 2 item presented at the last Cabinet with the costings of the move and the independent valuation from Vail Williams supported those costings. He stated that the energy rating for Midas House was an E and County Hall was a C. The lower rating at Midas House was dependent on it having air conditioning, inefficient lighting - which would be replaced with LEDs - and an open atrium to which the Council were proposing to cover in order to create the new council chamber.

In accordance with Standing Order 28.1 Mr Kington requested a recorded vote, this was rejected as there were fewer than ten Members who stood in support.

The recommendation was put to a vote with 56 members voting for, 2 voting against and 8 abstentions.

**RESOLVED:**

Council approved the acquisition of Midas House, Woking on the terms set out in the attached report as the County Council's new Civic Heart.

B. Organisation Strategy 2020-2025 and the next phase of transformation

**RESOLVED:**

Council approved the Surrey County Council Organisation Strategy 2020-2025 (as reported at item 9 on Council agenda).

**Reports for Information/Discussion:**

- C. Review of Charges for Parking in Countryside Estate Car Parks
- D. Libraries: Out Next Phase
- E. Quarterly report on decisions taken under special urgency arrangements

**RESOLVED:**

1. That the report of the meetings of the Cabinet held on 29 October 2019 and 26 November 2019 be adopted.
2. That Council noted that there had been no urgent decisions in that quarter.

**85/19 MINUTES OF CABINET MEETINGS [Item 13]**

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

[Meeting ended at: 11.49 am]

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**Chairman**

### **INTRO**

Mr Chairman no one would dispute that on a national level this has been a year of uncertainty, political earthquakes and division that, in the final weeks of December, will hopefully find some resolution in Thursdays General Election. Let's hope the outcome brings greater stability and unity to our fractured country.

However, despite the national uncertainty, Surrey County Council has continued, steadfastly, delivering for the people of Surrey.

We have progressed and delivered a large part of our transformation programme across the piece, becoming an organisation that is financially stable, forward looking and innovative.

We are ready, not just for 2020 and whatever that may throw at us, but also prepared for the longer term, committed to delivering the Vision for Surrey 2030 and beyond.

But we have to raise the bar, to deliver for the people of Surrey.

We have set out our organisation strategy, refreshed for the next five years, that identifies key areas of focus and which will provide a robust framework for all that we do in the years ahead. Mr Chairman I will highlight a few of those areas now but I would encourage all members to look closely at Item 9 of today's agenda and in particular Annexe A and C, which set out the 8 key areas and impact statement.

### **TACKLING INEQUALITY**

We are working with residents in every area of Surrey to identify and address causes of inequality, especially in life expectancy.

Surrey is widely seen as an affluent county, but here at Surrey County Council we know only too well that there are many people who do not have the same opportunities, quality of life or advantages.

We are determined that no one in Surrey is left behind.

We are working to tackle the root cause of inequality, to increase access to opportunity - especially in the area of health and wellbeing – to narrow that gap and give people the chance to benefit from all that our wonderful county has to offer.

Just last month we agreed to scrap the car parking charges across the countryside to encourage everybody to get out there and feel the health and wellbeing benefits of enjoying our commons.

This will be followed, in the coming months, by an investment plan for our rights of way and our cycle paths so we can make it easy for people to reach their local countryside without just relying on the car, and give Surrey a fitter future.

### **SUPPORTING INDEPENDENCE**

Part of addressing inequality issues, is about supporting independence – helping residents help themselves and each other within their community.

It's essential - if Surrey is to be a place that continues to thrive in the future - that communities across the county remain strong, that people continue to feel that sense of

belonging and support and that people can remain living in their home, within their support network, for as long as possible.

We are committed to providing the tools and support to ensure that happens.

Part of this is our project to build 725 new specially adapted homes, that will enable elderly residents stay independent, with a better quality of life, for longer, and prevent admission to hospital.

### **MORE JOINED UP HEALTH & SOCIAL CARE**

We are also well on the way to proper, meaningful integration of Surrey Heartlands health services with Surrey County Council services so they're more effective, efficient and seamless for residents.

We're all too aware of the confusion and complexity many residents face when having to deal with a myriad of health and social care services, often at quite difficult times in their lives, when the last thing they need is further obstacles to overcome.

By bringing services together, to deliver a more holistic service, we will not only simplify the process for residents, we are certain we will provide better outcomes for people's health.

### **CREATING A GREENER FUTURE**

This year we have joined with many other local authorities across the country in declaring a climate emergency.

Now, it's all very well making that statement and recognising the fundamental global threat of climate change. But it's another thing to take meaningful action, and we are serious about doing that.

The Greener Futures work has been a Surrey County Council-led initiative, not party political.

We recognise that we must also work with Government, partners (including districts and boroughs), businesses and residents.

A lot of work has been undertaken since July when we also committed to becoming a zero-carbon county by 2050, and this is reflected in the recent Scrutiny Task Group report.

We will continue to develop this work and launch a firm action plan in April 2020. This will be a strategy that everyone in Surrey can take ownership of and it is this collective responsibility that we must harness to make real change.

This work may seem abstract to some, but as we all learn more about the consequences of climate change, we realise that it directly affects our quality of life, particularly that of our older residents, those with existing health issues and those on lower incomes.

So, in delivering real change, we are addressing many factors of inequality, which I mentioned earlier.

### **EMBRACING SURREY'S DIVERSITY**

Another key driver to tackle inequality is to understand and remove the barriers that hold some people back.

Embracing Surrey's diversity and recognising the benefits of a diverse workforce and population will make a real difference in making Surrey a place full of opportunity.

This is a mission I'm going to take personal ownership of, bringing the diversity issue into my portfolio as leader and holding the whole council to account in addressing this aspect of inequality.

The council's Diversity workshops are proving invaluable in helping us understand the issues and barriers facing staff from diverse backgrounds and underrepresented groups.

That work will continue in earnest, informing our actions internally and helping us ensure Surrey can be a place where everyone can succeed and thrive.

## **PARTNERSHIP**

As we become a more outward looking organisation, working with residents, businesses, partners and communities I am confident that we will collectively meet challenges and grasp opportunities.

There is an unbelievable amount of good work going on in the county of Surrey – from businesses leading the way across the world in terms of tech and innovation, to voluntary organisations delivering lifechanging opportunities for people every day in communities across the county.

We are determined to harness all that good work, support those delivering it, learn from it, and facilitate more of it, to make sure everyone benefits and things continuously improve.

Just last month in Cabinet, we agreed papers delivering strategies for improving our universal youth offer and for modernising our library services.

Central to both strategies is partnership working.

In the case of our youth offer we will work with voluntary, community and faith sector partners to increase and improve the many excellent services they can provide in each area, offering the buildings we manage across the county, many of which are currently under used, at little or no cost.

## **SUPPORTING THE LOCAL ECONOMY**

A huge part of our forward-looking agenda is, of course, investment.

Investing in the infrastructure Surrey needs to build a strong and resilient economy.

We will be publishing our budget for the next financial year in January. It will be a budget that is forward looking, sustainable and ambitious.

Thanks to our tireless work in getting our financial position in order over the last two years, we are in a position to make real choices. To invest in our residents now, and the next generation.

We will set out that investment in detail, but it will include hundreds of millions of pounds to protect residents and businesses from flooding, improvements in our roads and highways to keep Surrey moving smoothly, new special educational needs school places, upgrading broadband capability across the county and investment in public transport and greener technology.

We will also set up a Community Investment fund to support our high streets and to invest in projects that will make a real and lasting difference to our communities.

I am also pleased to announce that in the New Year we will be convening a Future Economy Surrey Commission.

This will bring some of the most experienced and insightful minds in the county together, to help plan the best way forward for Surrey to deal with future challenges to our local economy and position the county as THE place to come to work, to start a business or to grow a business.

## **DIGITAL REVOLUTION**

No doubt part of this work will revolve around a digital revolution in the county – harnessing things like the 5G Innovation Centre at Surrey University.

We are already exploring how to make the most of new and emerging technologies to innovate and improve services, and the way we work.

This involves the development of a digital strategy for Surrey that will come to fruition in the new year and will set out our ambition for how we will use digital to help Surrey, and its residents, thrive.

## **MCTR**

A big test of that move to a digital future and our own use of technological advancement will come when we move the organisation's Civic Heart to Woking next year.

I am pleased that we have managed to finalise our move back into the county we serve, within my first year in office.

It is a collective achievement, and something that should give the whole organisation optimism as we head in to 2020.

Mr Chairman, I really do believe we are making good progress in delivering the transformation this Council needs to ensure that our children are safe, our elderly and vulnerable residents are supported, that our residents feel part of this fantastic county and that we genuinely do all we can to improve their quality of life and address the inequality of life expectancy.

I would call on all of us to be good neighbours this Christmas, and look out for those who need support and companionship.

Finally, on a personal note can I thank you all for your support this past year and pay tribute to our dedicated staff who will be working with the most vulnerable residents and delivering vital services over the Christmas break – this work doesn't stop.

I wish you all a Merry Christmas, and a happy New Year.



## OFFICER REPORT TO COUNCIL

### 2020/21 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY

#### **KEY ISSUE/DECISION:**

This report is predicated on Cabinet having approved the recommendations set out at its meeting on 28 January 2019 on the proposed 2020/21 Final Budget and Medium-Term Financial Strategy.

The Council is continuing its significant programme of change and improvement commenced last financial year. These changes will help secure the very best outcomes for the residents of Surrey. Not only are we changing the way we want to deliver services, we are also undertaking substantial capital investment which will make a real difference for the residents that the Council serves.

This budget represents a significant 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. This shift is most evident in our proposed Capital Programme and the ambition laid out within it.

Although the Council and the sector in general face financial challenges and uncertainty over the medium-term, the Council has developed a budget that is balanced, sustainable and resilient for 2020/21. This will enable further transformation over the medium-term in a bid to overcome financial uncertainty and aimed at delivering the priorities for Surrey, as set out in the [Community Vision for Surrey in 2030](#) (the Vision).

This report is to enable Council to approve:

- The Revenue and Capital Budgets for 2020/21, including efficiency proposals;
- The Council Tax Precept level for 2020/21, including the precept due from each Surrey District and Borough;
- The Council's Capital Receipt Flexibilities Strategy, including the level of investment required to deliver the Transformation Programme and the move back into the County;
- The Council's Capital Programme for 2020/21-2024/25, which will deliver significant investments in the community through a Community Investment Fund; and

- The Council's Capital, Investment and Treasury Management Strategies, which provide an overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of our services.

In agreeing to the recommendations of the attached 2020/21 Final Budget Report and Medium-Term Financial Strategy, supported by Annexes, Cabinet was informed by public consultation and engagement exercises. The equality impact assessments flowing from this and implications on the budget are detailed and attached in **Annex K**. The decisions and the attached financial strategy support the achievement of the goals set out in the Vision and underpin the priorities set out in the Council's Organisation Strategy and refreshed Transformation Programme.

#### **BACKGROUND:**

The Council approved a budget on 5 February 2019 for 2019/20 focused on achieving two important benchmarks: that it was realistic/achievable, and that it avoided the general use of Reserves to set a balanced budget.

This followed a considerable in-year recovery plan implemented in 2018/19 that avoided the planned use of Reserves and ended a period whereby Reserves had fallen for three successive years.

From 2018/19 and four years prior, the Council's budget had relied on the use of Reserves and other one-off measures in order to achieve a balanced position.

#### **RECOMMENDATIONS:**

Following the Cabinet Meeting on 28 January 2020, the recommendations to Council on 4 February 2020 are:

**To note the following important features of the revenue and capital budget, and in line with Section 25 of the Local Government Act 2003:**

1. The Executive Director of Resources' (Section 151 Officer) conclusion that estimates included in the Final Budget Report and Medium-Term Financial Strategy are sufficiently robust in setting the budget for 2020/21; and
2. It is the view of the Executive Director of Resources (Section 151 Officer), that a General Fund Balance of £21.3m and the level of Earmarked Reserves is adequate to meet the Council's needs for 2020/21 and a Contingency of £20.4m, will be held to mitigate against the risks in delivery of transformation efficiencies and cost containment plans in 2020/21.

**Proposed budget:** Cabinet recommends County Council to approve the following Revenue and Capital budget decisions:

3. Approves the net revenue budget requirement be set at **£968.4 million** (net cost of services after service specific government grants) for 2020/21 (Annex B), subject to confirmation of the Final Local Government Financial Settlement;
4. Approves the total Council Tax funding requirement be set at **£765.3 million** for 2020/21. This is an increase of 3.99%, made up of an increase in the level of core Council Tax of 1.99% to cover core Council services and an increase of 2% in the precept proposed by Central Government to cover the growing cost of Adult Social Care (Annex E);
5. Notes that for the purpose of section 52ZB of the Local Government Finance Act 1992, the Council formally determines that the increase in Council Tax is not such as to trigger a referendum (i.e. not greater than 2%);
6. Sets the Surrey County Council precept for Band D Council Tax at £1,511.46, which represents a 3.99% uplift. This is a rise of £1.11 a week from the 2019/20 precept of £1,453.50. This includes £131.46 for the Adult Social Care precept, which has increased by £29.07.
7. Agree to maintain the Council Tax rate set after the Final Local Government Finance Settlement;
8. The Council Tax for each category of dwelling as set out in the table below:

Council Tax Band	2019/20 £	2020/21 £
Band A	£969.00	£1,007.64
Band B	£1,130.50	£1,175.58
Band C	£1,292.00	£1,343.52
Band D	£1,453.50	£1,511.46
Band E	£1,776.51	£1,847.34
Band F	£2,099.51	£2,183.22
Band G	£2,422.51	£2,519.10
Band H	£2,907.01	£3,022.92

9. The payment for each billing authority, including any balances on the Collection Fund, as set out in Annex E;
10. Delegate powers to the Leader and Executive Director of Resources (Section 151 Officer) to finalise budget proposals and recommendations to County Council, updated to take into account new information in the Final Local Government Finance Settlement;
11. The Flexible Use of Capital Receipts Strategy for 2020/21 to meet the statutory guidelines for the use of such receipts to fund transformation and the move back into the County (Annex F);

12. The Total Schools Budget of £505.7 million to meet the Council's statutory requirement on schools funding;
13. The overall indicative Budget Envelopes for Executive Directorates and individual services for the 2020/21 budget (Annex B); and
14. The total £1.447 billion proposed five-year Capital Programme (comprising £851m of budget and £596m pipeline) and approves the £175.7 million capital budget in 2020/21 (Annex C).

**Capital and Investment Strategies:** Cabinet recommends Council to approve the following:

15. The Capital Strategy (Annex G), which provides an overview of how risks associated with capital expenditure, financing and treasury will be managed as well as how they contribute towards the delivery of services;
16. The policy for making a prudent level of revenue provision for the repayment of debt (the Minimum Revenue Provision (MRP) Policy) (Annex H); and
17. The Investment Strategy (Annex I), which provides detail on how the Council will manage commercial investments.

#### **SECTION 151 OFFICER COMMENTARY:**

##### **Building on 2019/20 Improvements to Sustainability**

In Summer 2018, CIPFA was commissioned by the then Leader of the Council and the Chief Executive to undertake a review of the Council's finances and Finance function.

Their report, which was considered by Cabinet on 25 September 2018, highlighted the following:

- The Council was in a difficult financial position. It wouldn't have sufficient Reserves to meet its expected budget gap in 2019-20 unless immediate action was taken; and
- Despite some additional Central Government funding, the Council would need to fundamentally reform how it provided services to its communities and its Finance function.

At its meeting in September, Cabinet accepted CIPFA's report, and endorsed an action plan for change. A £40m package of in-year budget reductions was agreed at the same meeting of Cabinet to counterbalance the expected use of Reserves. There was an expectation that moving forward that reliance on Reserves would be replaced by setting sustainable budgets, without the need for in-year interventions. Albeit successfully delivered in-year for 2018/19, this was aligned to a very short-term approach to balance a budget as its primary criteria.

2019/20 budgets have been set without the use of Reserves, however the short-term nature of this budget has been evident through general fund Reserves which are comparatively low (given the size of Council spend), with a proportionately small general Contingency to cover risks and very little capital investment in the community.

The Council is continuing its significant programme of change and improvement commenced last financial year. These changes will help secure the very best outcomes for the residents of Surrey. Not only are we changing the way we want to deliver services, we are also undertaking substantial capital investment which will make a real difference for the residents that the Council serves

Roll-forward to 2020/21, we have a budget which does meet our hallmarks for a “good” budget (refer to paragraph 4.47). This budget represents a significant 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. This shift is most evident in our proposed Capital Programme and the ambition laid out within it.

The increased investment is not a reflection of any expectations that our medium-term funding perspective will be materially easier, but instead a recognition that investment in the right infrastructure can help keep the on-going costs of service delivery sustainable and within available resources, as well as delivering the transformational change set out in the Council’s 2030 Vision.

The Council is under a legal obligation to set a balanced budget and Council Tax levels for the 2020/21 financial year. The setting of the budget is a decision reserved for County Council. Following consultation with Select Committees, on the draft budget to allow time for their comments to be considered, the final budget proposals are included in the 2020/21 Final Budget Report and associated Annexes.

### **CIPFA Resilience Index**

In December 2018, CIPFA provided the Council with analysis from its Resilience Index. The results for the Council 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. 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.

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. The greatest area of strength for Surrey is in the primary indicator of Council Tax Requirement as a proportion of net revenue expenditure.

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.

The primary indicators showing improvement for the Council mostly relate to Reserves measures and this was largely driven by the Council increasing Earmarked Reserves significantly in 2018/19. 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.

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%. Whilst demand for social care continues to increase nationally, and in the absence of a national funding solution, there will be an ongoing exposure to risk on this measure that the council will continue to manage. This is exemplified further in paragraph 4.50 of the attached Report.

### **Developing a Budget Management Culture**

With a view to developing and enhancing the budget management culture in the Council, in 2019, for the first-time budget holders signed Budget Accountability Statements. The purpose was to hold budget holders to account to meet their budget envelopes. For 2020/21 we will be requesting that budget holders do the same however we are also extending it to capital budget envelopes.

Over the last two years the Council has been on track to deliver excess of £180m of efficiencies exceeding £200m with those proposed for next year. Increasingly in the Council there is a culture of accountability and managing budgets to ensure we are financially viable and resilient. Refer to Section 4 of the 2020/21 Final Budget Report.

### **Value For Money (VFM) Judgement**

In the latest External Audit conclusion, Surrey County Council once again received a qualified VFM judgement due to its OFSTED rating and Financial Resilience (based on the 2018/19 financial year). We are doing a lot of work around financial resilience as is evidenced by our budgeting and MTFS improvements. We fully expect that this will be reflected in an improved judgement in 2020. We are also anticipating that OFSTED will return to review progress in Childrens' Services, and an improvement in our rating here will also influence our next Value for Money judgement.

### **Finance Improvement Programme**

We are well on our way through a journey of Financial Management improvement, having commenced approximately two years ago. We have made significant progress in terms of having the appropriate capacity and capability in Finance to make the changes we require to be high performing. The improvements we implement are scrutinised by an External Assurance Panel consisting of Senior Executives in the Central and Local Government sectors.

Over the course of the last 12 month of this assurance process we have been provided with very positive feedback on the improvements being made.

### **S25 Report – Risks and Robustness of Reserves**

The Council is required to maintain an adequate level of Reserves to deal with future forecast or unexpected pressures. We are not permitted to allow spend to exceed available resources which would result in an overall deficit.

Sections 32 and 43 of the Local Government Finance Act 1992 require authorities to have regard to the level of Reserves to meet estimated future spend when calculating the budget requirement. The attached Final Budget Report has been drafted on this basis.

The Council has set a balanced budget for 2020/21. Given the reduction in funding that the Council has experienced over recent years, retention of the Council's Reserves will be essential in order to mitigate risk, including future funding uncertainties.

For 2020/21, aside from the £21.3m General Fund balance, we have allowed for a £20.4m Contingency as part of budget setting. The General Fund balance in combination with the Contingency, provides £41.7m of cover (equivalent of 4.4% of spend) to mitigate against future risk and uncertainties. On this basis, the Council's budget is considered to be robust.

A summary of Earmarked Reserves and the forecast on Reserves and Balances can be found in Annex D and detailed in Section 4.60 of the 2020/21 Final Budget Report.

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#### **Lead/Contact Officers:**

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Joanna Killian, Chief Executive  
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#### **Sources/background papers:**

- [2020/21 Final Budget and Medium-Term Financial Strategy](#), Report to Cabinet 28 January 2020
  - [Transformation Programme 2020: Next Phase](#), Report to Cabinet 28 January 2020
  - [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
  - Local Government Act 1972 – Section 100D (As amended)
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## Surrey County Council

### 2020/21 Final Budget Report and Medium-Term Financial Strategy

#### SECTION 1 – EXECUTIVE SUMMARY

- 1.1 The Council's proposed budget for 2020/21 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 on-going 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:
  - Forward looking, sustainable and ambitious;
  - Have a greater focus on the medium-term as opposed to the short-term;
  - Stabilise of our financial position;
  - Establish a solid and resilient financial base to meet future challenges; and
  - Invest 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 investment 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 a Community Investment Fund 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 and 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 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 was published on 9 January 2020, due to the calling of a General Election in December 2019. This unavoidably meant that the window for communicating and engaging with residents on the 2020/21 proposals was reduced. However, over the course of November and December 2019 the Council published a survey to every resident around how the revenue budget has been 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 10 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 it 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 significant strides have been made 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** – Reducing our contribution to climate change and becoming 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 Medium-Term Financial Strategy (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.

### **CHILDREN, FAMILIES, 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 As part of the first stage of the improvement programme:

- 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 monitor and report on our practice and support operational services better than ever before;
- The launch of Surrey Children’s Services Academy 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. The Mockingbird family model is a method of delivering foster care with the potential to improve placement stability, safety and permanency for children and young people in care and to improve support for, and retention of, foster carers;
- 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 accommodation 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 alternatives 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 2019/20. In order to mitigate the risk associated with the HNB deficit, the Council is contributing £30m to an offsetting reserve out of its own resources. The ambition of the transformation programme is to bring this annual contribution down to a neutral position, before beginning to pay back the deficit. For 2020/21 there are efficiencies associated with this programme to bring the annual position down to a £24m overspend, which will mean the annual contribution to the reserve can be reduced by £5.1m;
- 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 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 In summary, CLFC 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 2020/21 budget and beyond these changes need 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 Surrey’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 the County Council 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 the County Council 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 the Council 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 the 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 the Council (£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.

- 3.15 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).
- 3.16 The government announced there would be a "real terms increase" in PH funding in the 2019 Spending Review, but the County Council 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.
- 3.17 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.
- 3.18 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)**

- 3.19 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 the County Council to manage demand for ASC more efficiently and effectively and reduce expenditure on care provision to make a substantial contribution towards putting Surrey in a more financially sustainable position.
- 3.20 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".
- 3.21 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.

- 3.22 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.
- 3.23 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.
- 3.24 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.
- 3.25 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.
- 3.26 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 flat in 2018/19 and the latest forecast suggests it can be flat 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.
- 3.27 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.

- 3.28 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 the County Council;
  - 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.
- 3.29 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.
- 3.30 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 to 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.
- 3.31 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 County Council owned land or capital investment.
- 3.32 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.

- 3.33 These measures will directly contribute towards achieving the 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 across 2019/20 and 2020/21 and lay the foundations for a more secure financial future in the medium-term.
- 3.34 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.
- 3.35 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)**

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

#### **3.37 Environment, Transport & Infrastructure**

- 3.38 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.
- 3.39 The Council's budget includes transformation funding of £10m and a feasibility fund of £5m in 2020/21. This funding 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.
- 3.40 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).
- 3.41 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.

- 3.42 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.
- 3.43 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 rethinking 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 on-going 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.
- 3.44 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.
- 3.45 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.
- 3.46 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.
- 3.47 Community Protection Group**
- 3.48 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.
- 3.49 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.
- 3.50 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.
- 3.51 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.

- 3.52 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.
- 3.53 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)**

- 3.54 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.
- 3.55 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.
- 3.56 To continue this journey, the TPP Directorate requires effective and adequate resourcing for the following:
- Initiating 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, analysing 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 to 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.

- 3.57 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.
- 3.58 This, coupled with significant restructures over the last year of both our Human Resources & Organisational Development 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

- 3.59 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.
- 3.60 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.
- 3.61 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.

- 3.62 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.
- 3.63 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 in 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 volatility 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 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 (LGFS) 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.

- 4.9 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.
- 4.10 In total, SR2019 indicated a further c£36m of funding for SCC.
- 4.11 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.
- 4.12 2020/21 Provisional Settlement (December 2019)**
- 4.13 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.
- 4.14 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.
- 4.15 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.
- 4.16 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
<b>Total Settlement Specific Grants</b>	<b>24.3</b>	<b>14.9</b>	<b>39.2</b>

#### 4.17 Other Grants

4.18 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.

4.19 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
<b>Total Grants</b>	<b>68.2</b>	<b>(6.0)</b>	<b>62.2</b>

\* 2020/21 amount to be held in ASC

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

#### 4.20 Council Tax

4.21 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.

4.22 The Council has seen a year-on-year increase in the number of new homes in the County and the current assumption is that there will be a growth in the Council Tax Base of 1.06% between 2019/20 and 2020/21.

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. Full details of the Council Tax Requirement can be found in **Annex E**.
- 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 collection fund surplus to be collected in 2020/21 is £4.3m.
- 4.27 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 Home policies. Under this commitment the Boroughs and Districts will receive reallocated funding if agreed conditions are met. The details of the arrangement are to be formally agreed in the coming months.
- 4.28 Taking into account the forecast growth in the Council Tax Base, the increase of 3.99%, the Council Tax Requirement is £765.3m; and including the collection fund surplus assumptions the Council's income from Council Tax is forecasted to be £769.6m and this has been built into the proposed budget for 2020/21. However, £5.7m will be transferred to reserve to be reallocated as detailed in the previous paragraph, once the details of the arrangements are in place, this will leave £763.9m to be used to deliver the Council's budget.

**Table 3 – Council Tax Funding**

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		7.4	7.4
<b>Total General Council Tax</b>	<b>676.8</b>	<b>21.9</b>	<b>698.7</b>
Adult Social Care (ASC) Precept	51.3	14.6	65.9
ASC Precept tax base growth		0.7	0.7
<b>Total ASC Precept</b>	<b>51.3</b>	<b>15.3</b>	<b>66.6</b>
Collection Fund	3.5	0.8	4.3
<b>Total Council Tax</b>	<b>731.6</b>	<b>38.0</b>	<b>769.6</b>
Transfer to Reserve		(5.7)	(5.7)
<b>Total Council Tax to Deliver Budget</b>	<b>731.6</b>	<b>32.3</b>	<b>763.9</b>

#### 4.29 Summary of Total Funding for 2020/19

4.30 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
General 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
<b>Total Funding</b>	<b>928.6</b>	<b>39.8</b>	<b>968.4</b>

#### 4.31 Budget Principles

4.32 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.

4.33 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.

4.34 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;

4.35 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.

#### **4.36 Revenue Budget 2020/21**

4.37 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.

4.38 For 2020/21, **pressures (including inflation) total £78m** and have been built into the budget.

4.39 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.

4.40 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 (CFLC)** – 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.

- 4.41 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.
- 4.42 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.
- 4.43 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.
- 4.44 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
<b>Total Net Expenditure</b>	<b>928.6</b>	<b>6.8</b>	<b>16.1</b>	<b>55.0</b>	<b>38.1</b>	<b>39.8</b>	<b>968.4</b>
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
<b>Total Funding</b>	<b>928.6</b>			<b>9.6</b>	<b>49.4</b>	<b>59.0</b>	<b>968.4</b>

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

**4.46 Building a “good” budget - Budget Hallmarks**

- 4.47 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 are detailed in Table 6 below.

**Table 6 – Self-assessment against the Hallmarks of building the Budget**

Hallmark	Self-Assessment
<p><b>The budget has a medium-term focus which supports the Strategic Plan</b></p>	<ul style="list-style-type: none"> <li>• Transformation funding has been built into the budget to deliver the Organisation Strategy over the medium-term to support the delivery of efficiencies.</li> <li>• 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.</li> </ul>
<p><b>Resources are focused on our vision and our priority outcomes</b></p>	<ul style="list-style-type: none"> <li>• Feasibility budget of £5m has been created which has been directed to accelerate the delivery of the capital ambition and therefore outcomes for residents.</li> </ul>
<p><b>Budget not driven by short-term fixes and maintains financial stability</b></p>	<ul style="list-style-type: none"> <li>• Moving away from funding transformation from flexible capital receipts to the use of revenue budget, with 75% of the transformation budget funded through revenue.</li> <li>• Most efficiency proposals are on-going and will help deliver a sustainable budget over the medium-term.</li> </ul>
<p><b>The budget is transparent and well scrutinised</b></p>	<ul style="list-style-type: none"> <li>• The 2020/21 Draft Budget has been scrutinised at individual Select Committees. Service efficiencies and pressures have been provided in greater detail applicable to each Committee.</li> <li>• Each Select Committee have had access to the Draft Budget Report and associated Annexes including how budget envelopes have been built for 2020/21</li> <li>• Equalities assessments have been undertaken for relevant proposals and outcomes shown in Annex K</li> </ul>
<p><b>The budget is integrated with the Capital Programme</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The revenue budget includes all the borrowing costs of funding the Capital Programme.</li> </ul>
<p><b>The budget demonstrates how the Council has listened to consultation with local, people, staff and partners</b></p>	<ul style="list-style-type: none"> <li>• A residents’ survey was undertaken in December and the feedback has been incorporated into proposals.</li> <li>• We have consulted with partners from the business and voluntary, community and faith sectors. 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.</li> <li>• On-going social media campaigns; a dedicated “Budget 2020/21” webpage, engagement with local media and updates to residents and stakeholders through e-newsletters including Surrey Matters.</li> </ul>

- 4.48 Section 10 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.
- 4.49 CIPFA Resilience Index**
- 4.50 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 to publish the tool openly in the first year while they continued to work with stakeholders to achieve a joint sector approach.
- 4.51 In December 2018, CIPFA provided the Council with analysis from its newly developed index. The results from the Resilience Index for the Council 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.
- 4.52 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
- 4.53 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.
- 4.54 The greatest area of strength for Surrey 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.
- 4.55 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 31<sup>st</sup> 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 are detailed in paragraphs 4.59-4.70 of this report.

- 4.56 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.
- 4.57 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 Surrey 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.
- 4.58 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.
- 4.59 2020/21 Reserves and Risk Mitigation Strategy**
- 4.60 The Council is required to maintain an adequate level of Reserves to deal with future forecast or unexpected pressures. We are not permitted to allow spend to exceed available resources which would result in an overall deficit. Sections 32 and 43 of the Local Government Finance Act 1992 require authorities to have regard to the level of Reserves to meet estimated future spend when calculating the budget requirement.
- 4.61 Reserves can be held for three main purposes:
- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
  - A contingency to cushion the impact of unexpected events or emergencies; and
  - A means of building up funds (Earmarked Reserves) to meet known or predicted liabilities.
- A summary of earmarked reserves and the forecast on reserves and balances can be found in **Annex D**.
- 4.62 Given the reduction in funding that the Council has experienced over recent years, retention of the Council's Reserves will be essential in order to mitigate risk, including future funding uncertainties, non-delivery of the transformation programme or other planned budget efficiencies.
- 4.63 The Council has traditionally maintained a low General Fund Balance. Although there is no generally recognised official guidance on the level to be held, the level should be justifiable in the context of local and external economic factors, and that taxpayers' money should not be tied up unnecessarily. The Council's external auditor comments on the level of reserves as part of the annual audit of the Council's Accounts.
- 4.64 In recent years it has been considered prudent to maintain a minimum General Fund level of between 2.0% to 2.5% (£17.5m to £22.5m) of net budget. Historically, this has been sufficient to cover unforeseen circumstances and the risk of higher than expected inflation.
- 4.65 As at 1st April 2019, £21.3m of General Fund was brought forward with no application to support the 2020/21 Budget.

- 4.66 For 2020/21, aside from the £21.3m General Fund balance, we have also allowed for a £20.4m Contingency as part of budget setting. The General Fund balance, in combination with the Contingency (for general purpose use), will mean that there is £41.7m (£4.4%) of cover to mitigate against future risk and uncertainties. On this basis, the Council's budget is considered to be robust.
- 4.67 Although short of the average when compared County Reserves of c5.8% (as per the results of the CIPFA Resilience Index), 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, allowing for an annual build of the General Fund balance to achieve this. This is reflective of the uncertainty and risk the Council faces and to ensure financial sustainability over the medium-term.
- 4.68 As part of the budget setting process we set aside £23m for inflationary increases – both for pay and contract inflation. In order to de-risk the budget, we have applied the £23m to Directorate budget envelopes to cover these increases.
- 4.69 The 2018/19 the outturn position was positive. Despite budgeting for a reliance on Reserves to balance the budget, the outturn resulted in a contribution to Reserves of £0.5m.
- 4.70 Surrey is well on its way to benefit from a broad-ranging and comprehensive transformation programme which commenced in 2018/19 and will continue into 2020/21 and on the cusp of having delivered c£190m of efficiencies with another £38m identified for the next financial year. This is supporting Surrey's sustainable financial position ensuring financial resilience without use of General Fund Reserves to balance the budget.
- 4.71 Triennial Pension Valuation as at 31st March 2019**
- 4.72 In the current draft actuarial valuation for 31 March 2019 (to be formally signed by the Fund actuary by 31 March 2020), the employer's contribution to be made for Surrey County Council (non-schools) was set for the three years to 31 March 2022. The employer's contribution is a combination of a primary rate, for future service obligations, and a secondary rate for deficit reduction.
- 4.73 The primary rate is the cost of funding future pension service and the secondary rate represents the contribution towards paying off accrued past deficit. The cost of the secondary rate has improved due to the relative strong performance of pension fund assets since April 2016, compared to liabilities, leading to an increase in the funding level.
- 4.74 In 2020/21 the primary rate will be 14.8% of payroll for those staff in the Local Government Pension Scheme (LGPS), which is the same rate as at 2019/20. The secondary rate will be 5% of the payroll totalling £9.7m, which is £2m lower than in 2019/20. This efficiency has been built in to the budget for 2020/21.
- 4.75 The whole fund funding level, calculated at the actuarial valuation, is 96%. The Council's funding position as an element of this is 93%. The deficit recovery period for the Council remains at 20 years.
- 4.76 The 2019 actuarial valuation includes a level of prudence for the impact of the McCloud judgement, with the likelihood of meeting the funding target being increased from 67% to 70%. The precise details of the effects of McCloud are not yet known. The impact of this on the Local Government Pension Scheme (LGPS) cost cap is also still to be confirmed.
- 4.77 MHCLG has consulted on extending the valuation cycle from triennial to quadrennial, however it is now confirmed that the next valuation will be in 2022.

#### **4.78 Flexible Use of Capital Receipts Strategy**

- 4.79 In the Spending Review 2015, the Chancellor of the Exchequer announced that to support Local Authorities deliver more efficient and sustainable services, the Government will allow them to spend up to 100% of their capital receipts on the revenue costs of transformation projects. Initially this flexibility on the use of capital receipts was limited to those received between 1 April 2016 and 31 March 2019. However, the 2018/19 Local Government Finance Settlement extended these flexibilities for a further three years to March 2022.
- 4.80 To take advantage of these flexibility, Local Authorities are required to produce a strategy which discloses the individual projects that will be funded, or part funded, through flexible receipts; this must be approved by Council.
- 4.81 In February 2019, the Council approved the use of £31.4m of capital receipts, to fund the Transformation Programme, as agreed by Council in November 2018, over the period 2018/19 – 2020/21. During 2018/19, £6m of transformation expenditure was used for this purpose and further £16m of transformation expenditure is projected by the end of 2019/20. This investment has generated a significant contribution to the efficiencies realised during the same period, introducing new practices, reforming failing services and building capabilities. Over the last two years the Transformation Programme has delivered £52m of efficiencies (£12m in 2018/19 and a further £40m in 2019/20).
- 4.82 The remaining £9m unspent element of the initial £31m allocation is expected to be utilised in 20/21 to continue to drive forward the refreshed Transformation Programme, as set out in a report to Cabinet to January 2020. In addition, the Council is being asked to approve the use of a further £2.5m of capital receipts in 20/21 to support the future transformation programme. This represents a transition year, both in relation to the refreshed Transformation Programme, but also in terms of funding and requires 2020/21 funding from receipts of £11.5m. To date, transformation funding has been completely reliant on the use of these flexibilities. For 20/21, the additional £2.5m will help supplement the amount built into the revenue budget for transformation (£7.5m) and from 2021/22, £10m per annum will be built into the on-going revenue budget, ensuring there is a sustainable funding source to support the on-going transformation of the Council's services and the way we work.
- 4.83 The refreshed Transformation Programme has been designed to deliver directly on the Council's key strategic ambitions and make a significant contribution to the efficiencies and cost avoidance targets over the medium-term. For 2020/21 this includes £24m of recurring revenue efficiencies (out of the total MTFS efficiencies of £38m for the year). Future transformation aims to deliver strategic ambitions aligned to the organisational strategy, with a focus on People, Place and Organisation. There is a focus on continuing to fix key functions but with a shift towards embedding new practice and driving visible improvements for residents. The total transformation investment requirement is £22m over the period 2020/21 – 2022/23 and this will be funded by a combination of the original allocation (funded by capital receipts) and the £10m per year budget, of which £2.5m is requested to be funded by capital receipts in 2020/21.
- 4.84 As part of the Council's 2020/21 budget setting process, we have set aside £10m for on-going transformative work to the way the Council undertakes its business. As described above we are some way into this process and in the past, there has been a wholesale reliance on the use of flexible capital receipts to fund this programme of works. From 2020/21 the Council is starting to move away from this reliance by funding 75% of the programme from Revenue and the balance from flexible receipts with a move to 100% revenue funding from 2021/22 onwards.

- 4.85 Whilst not part of the refreshed Transformation Programme, but part of the wider enabling projects to support the transformation agenda, the Moving Closer to Residents (MCTR) Project, was approved by Council in December 2019. This project will also require the use of capital receipts to fund revenue expenditure, in the move back into the County. **Annex F** details the plans for the use of flexible receipts to deliver transformation over the medium-term, including the Moving Closer to Residents (MCTR) project. Subject to agreement by Cabinet, The Flexible Use of Capital Receipts Strategy needs to be recommended to Full Council for approval.

## **SECTION 5 – FINANCIAL PERFORMANCE 2019/20- REVENUE**

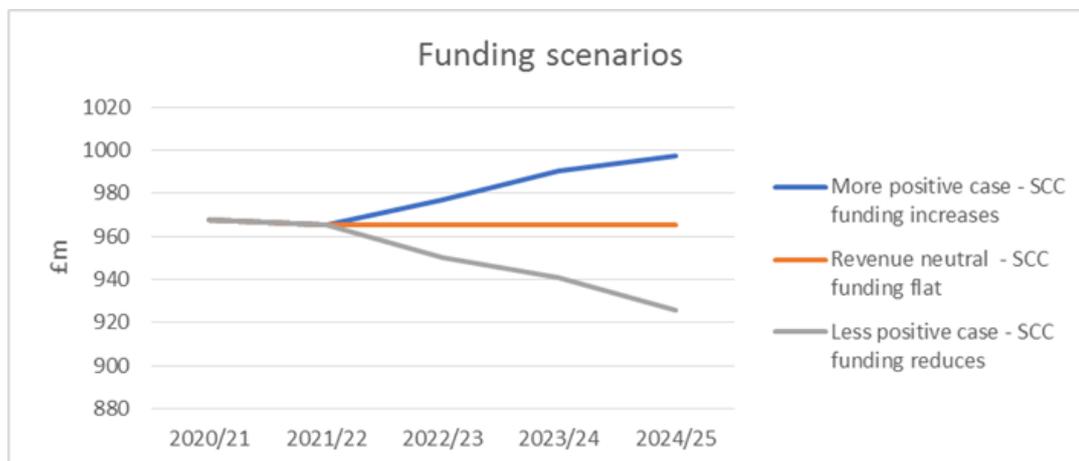
- 5.1 As at November 2019 (Month 8) the Council was forecasting an overall deficit of £0.4m. This was a reduction of c£0.8m from Month 7. This was achieved largely through continued efficiencies as a result of restructuring and lower volume and unit costs for transport, within CFLC, totalling £0.4m. 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 Fair Funding Review (FFR) and the move to 75% retention of business rates 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
<b>Funding</b>	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%

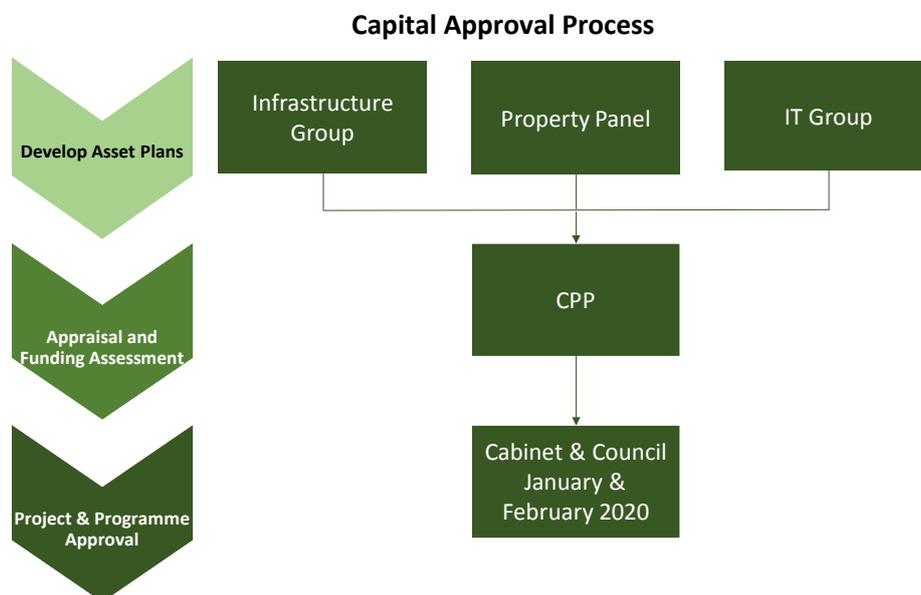
- 6.6 Over the planning horizon the Council will face pressures resulting from demand-led growth, funding an ambitious Capital Programme and pay and contract inflation, with the latter assumed to increase in line with Office for Budget Responsibility forecasts. The culmination of the funding reduction 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 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 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
<b>Total Directorate Expenditure</b>	<b>900.1</b>	<b>917.9</b>	<b>941.5</b>	<b>966.6</b>	<b>992.8</b>
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
<b>Total Corporate Income &amp; Expenditure</b>	<b>68.2</b>	<b>74.2</b>	<b>78.5</b>	<b>84.7</b>	<b>95.0</b>
<b>Total Net Expenditure</b>	<b>968.4</b>	<b>992.2</b>	<b>1,020.0</b>	<b>1,051.3</b>	<b>1,087.8</b>
<b>Total Funding</b>	<b>968.4</b>	<b>965.3</b>	<b>950.2</b>	<b>940.6</b>	<b>925.5</b>
<b>Funding Gap (Cumulative)</b>	<b>0.0</b>	<b>26.9</b>	<b>69.8</b>	<b>110.7</b>	<b>162.3</b>

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

- 7.1 This section of the report sets out the 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.

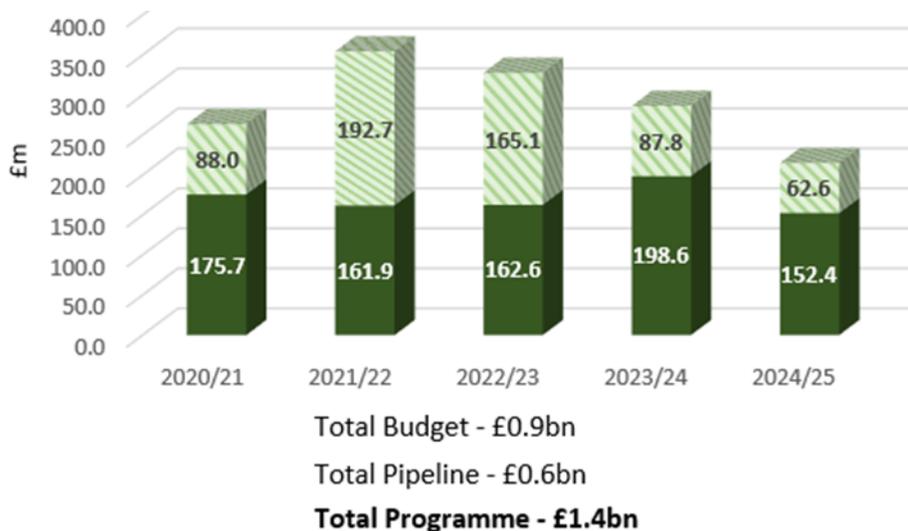


- 7.4 The approach has allowed the review of the existing asset base with a view to identifying the optimal medium-term asset requirement to enable service delivery which meets the needs of residents. Additional capital spend needed to achieve the optimal asset base has been captured in the programme.
- 7.5 An ambitious Capital Programme of this nature necessarily includes projects and programmes at various stages of development. The programme therefore comprises two clearly defined elements:
- The 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 Capital Programme is presented in Annex C and below.

### 7.7 Capital Programme Overview

**Graph 2 – Capital Programme 2020-2025**



7.8 The Capital Programme is presented as follows:

- Corporate Priority Schemes - £351m of new investment which focuses on the delivery of the Council’s corporate priorities.
- Service Delivery Schemes - £111m of new investment which delivers service priorities and supplements the existing Capital Programme.
- Existing Capital Programme - £389m of schemes approved by Cabinet and Council in previous years. The existing programme includes on-going highways, bridges and infrastructure maintenance of £100m together with schools maintenance and basic need of £114m.
- Capital Pipeline - £596m of schemes in development which will form part of the budget as business cases are approved.

**Table 9 – Summary Capital Programme**

Capital Programme	2020/21 £m	Total £m
Corporate Priority Schemes	50.9	350.5
Service Delivery Schemes	22.7	111.3
Existing Schemes	102.1	389.4
<b>Total Capital Budget</b>	<b>175.7</b>	<b>851.2</b>
Community Investment Fund	20.0	100.0
Other Pipeline Schemes	68.0	496.2
<b>Total Capital Pipeline</b>	<b>88.0</b>	<b>596.2</b>
<b>Total Capital Programme</b>	<b>263.7</b>	<b>1,447.4</b>

## **7.9 Corporate Priority Schemes**

- 7.10 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 (in addition to existing allocations) 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 are in the Capital Pipeline.
- 7.11 These schemes represent the Council's highest priorities for capital expenditure for the next five years and most have already been approved by Cabinet.

## **7.12 Service Delivery Schemes**

- 7.13 In addition to the corporate priorities, the programme includes a £111m portfolio of new allocations 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.
- 7.14 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.

## **7.15 Capital Pipeline and the Community Investment Fund**

- 7.16 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.
- 7.17 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.

- 7.18 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.
- 7.19 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.

## **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 – TOTAL SCHOOLS BUDGET**

- 9.1 The Council is required by law formally to approve the Total Schools Budget, which comprises: Dedicated Schools Grant funding, post 16 grant funding and any legally relevant Council Tax related funding. This budget is used to fund schools' delegated and devolved expenditure and other maintained schools' expenditure, plus expenditure on a range of school support services specified in legislation. The Total Schools Budget excludes funding allocated to individual academy schools.
- 9.2 The Total Schools Budget is a significant element of the proposed total budget for the Children, Families, Lifelong Learning and Culture Directorate. Table 10 outlines the proposed Total Schools Budget for 2020/21 of £505.7m, comprising:
- £500.4m Dedicated Schools Grant (DSG); and
  - £5.3m Education and Skills Funding Agency (ESFA) sixth form grants.

**Table 10 - Analysis of Total Schools Budget for 2020/21**

	Schools' Delegated and devolved budgets £m	Centrally Managed Services £m	Total £m
DSG 2020/21	339.6	160.8	500.4
ESFA sixth form grant	5.3		5.3
<b>Total Schools Budget</b>	<b>344.9</b>	<b>160.8</b>	<b>505.7</b>

9.3 Centrally managed services include the costs of:

- Placements for pupils with special educational needs in non-maintained special schools and independent schools;
- Two and three-year olds taking up the free entitlement to early education and childcare in private nurseries;
- Part of the cost of alternative education (including part of the cost of pupil referral units);
- Additional support to pupils with special educational needs; and
- A range of other support services including school admissions.

9.4 Schools are funded through a formula based on pupil numbers and ages with weightings for special educational needs and deprivation. Cabinet considered and agreed a detailed report on the 2020/21 funding formula on 17 December 2019. In 2020/21 the formula implements the Government's Minimum Funding Guarantee at 1.84% (the maximum possible). To ensure affordability, the formula limits the per pupil increase (via a "ceiling"). The level of this ceiling is proposed at 5.5% per pupil, dependent on the outcome of the appeal to the Secretary of State to transfer £3.3m of school funding to high needs and subject to amendment by the Cabinet Member and Director of Education, Lifelong learning and Culture when all funding data for schools is known.

9.5 Schools will also receive pupil premium funding, based on the number of:

- Pupils on free school meals at some time in the past six years;
- Looked after children;
- Children adopted from care;
- Pupils from service families (or who qualified as service children within the last six years, or in receipt of a war pension).

9.6 Schools also receive a range of other grants for example to support increases in teachers' pay and pension costs, infant free school meals and physical education and sport in primary schools.

## SECTION 10 – COMMUNICATION AND ENGAGEMENT

- 10.1 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.
- 10.2 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.
- 10.3 534 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 11 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 11); 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 11 – 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"> <li>• Education (includes early years and home-to-school transport) – 54%</li> <li>• Highways and transport – 52%</li> <li>• Adult Social Care – 52%</li> </ul>	<ul style="list-style-type: none"> <li>• Waste management – 68%</li> <li>• Cultural services (includes libraries and Surrey Arts) – 54%</li> <li>• Community protection (includes Fire and Rescue and Trading Standards) – 54%</li> </ul>	<ul style="list-style-type: none"> <li>• Council support services (includes Property, Communications and IT) – 41%</li> <li>• Cultural services (includes libraries and Surrey Arts) – 18%</li> <li>• Environment and planning – 14%</li> </ul>

*\*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.*

- 10.4 Over the course of 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.
- 10.5 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.
- 10.6 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.
- 10.7 We have also consulted on our draft budget proposals 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 11 – EQUALITIES AND DIVERSITY

- 11.1 In approving the Budget and the Council Tax Precept, the Cabinet and Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010.
- 11.2 A high level Equality Impact Assessment (EIA) of the revenue efficiencies proposals has been undertaken and is set out in **Annex K**. In addition, full EIAs relating to specific efficiency proposals are included which reflect their advanced stage of development and will have notable day-to-day impacts for residents. Further EIAs will be undertaken where appropriate before individual proposals are implemented. In considering the proposals in this report, Cabinet Members are required to have 'due regard' to the objectives set out in section 149 of the Equality Act 2010, i.e. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it (the Public Sector Equality Duty).
- 11.3 The Equality Act 2010 ('the EA') provides that a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
  - advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics set out in the EA are as follows:

- Age
- Disability
- Gender Reassignment
- Pregnancy/ maternity
- Race
- Religion or Belief
- Sex
- Sexual Orientation
- Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination.

- 11.4 Prior to making a decision as to which efficiency proposals should be agreed, Cabinet must have due regard to the Equality Duty contained in Section 149 of the EA.
- 11.5 Having 'due regard' does not necessarily require the achievement of all the aims set out in section 149 of the EA. Instead it requires that Cabinet understand the consequences of the decision for those with the relevant protected characteristics and consider these alongside other relevant factors when making the decision to pursue one course of action rather than another, alternative, course of action that may have different consequences. The regard which is necessary will depend upon the circumstances of the decision in question and should be proportionate.
- 11.6 The public sector equality duty set out in the EA is a continuing one, and it will therefore be necessary to monitor the effects of decisions and policies, not only during their formulation, but also after implementation.
- 11.7 The three equality aims set out above must be considered as a relevant factor alongside financial constraints and all other relevant considerations.
- 11.8 EIAs are carried out to identify any adverse impacts that may arise as a result of the proposals for those with protected characteristics and to identify appropriate mitigations. Members must read the full version of the EIAs and take their findings into consideration when determining these proposals.

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

Prior year budget	928,564
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**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
<b>Total Pressures</b>	<b>77,938</b>

**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
<b>Total Efficiencies</b>	<b>38,130</b>

<b>Total</b>	<b>968,373</b>
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<b>Efficiencies still to find</b>	<b>0</b>
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## 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
<b>Total Pressures</b>		<b>12,488</b>

## 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.	5,101
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 – efficiency 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
<b>Total Efficiencies</b>		<b>11,979</b>
<b>Total</b>		<b>244,199</b>
<b>Efficiencies still to find</b>		<b>0</b>

## 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
<b>Total Pressures</b>		<b>319</b>

**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
<b>Total Efficiencies</b>		<b>319</b>
<b>Total</b>		<b>30,236</b>
<b>Efficiencies still to find</b>		<b>0</b>

## 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
<b>Total Pressures</b>		<b>20,547</b>

## 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
<b>Total Efficiencies</b>		<b>12,344</b>
<b>Total</b>		<b>372,128</b>
<b>Efficiencies still to find</b>		<b>0</b>

## 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
<b>Total Pressures</b>		<b>9,561</b>

## 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
<b>Total Efficiencies</b>		<b>3,966</b>
<b>Total</b>		<b>168,178</b>
<b>Efficiencies still to find</b>		<b>0</b>

## 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
<b>Total Pressures</b>		<b>3,274</b>

### 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
<b>Total Efficiencies</b>		<b>1,021</b>

**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 Electricity.	170
Property	Funding of Integrated Health Post.	167
Property	Land & Asset Improvement Project.	1,000
Finance	Increase Insurance premium costs.	100
<b>Total Pressures</b>		<b>4,651</b>

**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
Property	Property service review of structure and delivery models	1,000
<b>Total Efficiencies</b>		<b>4,074</b>

**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
<b>Total Pressures</b>		<b>27,098</b>

### 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
<b>Total Efficiencies</b>		<b>4,427</b>

**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
<b>886,164</b>	<b>Total - Our Council</b>		<b>321,131</b>	<b>1,422,177</b>	<b>1,743,308</b>	<b>(208,419)</b>	<b>(566,516)</b>	<b>968,373</b>
<b>Central funding:</b>								
(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)
<b>0</b>	<b>Total - Our Council</b>		<b>321,131</b>	<b>1,422,177</b>	<b>1,743,308</b>	<b>(1,088,556)</b>	<b>(654,752)</b>	<b>0</b>

# 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
<b>886,164</b>	<b>Total - Our Council</b>	<b>42,400</b>	<b>928,564</b>	<b>22,942</b>	<b>54,996</b>	<b>(38,130)</b>	<b>968,373</b>

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
<b>242,290</b>	<b>Total - Children, Families, Lifelong Learning and Culture</b>	<b>132,852</b>	<b>374,338</b>	<b>507,190</b>	<b>(26,348)</b>	<b>(236,643)</b>	<b>244,199</b>
0	Delegated Schools		311,666	311,666		(311,666)	0
<b>242,290</b>	<b>Total - Children, Families, Lifelong Learning and Culture</b>	<b>132,852</b>	<b>686,004</b>	<b>818,856</b>	<b>(26,348)</b>	<b>(548,309)</b>	<b>244,199</b>

## 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
<b>242,290</b>	<b>Total - Children, Families, Lifelong Learning and Culture</b>	<b>1,401</b>	<b>243,690</b>	<b>6,823</b>	<b>5,665</b>	<b>(11,979)</b>	<b>244,199</b>

# 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
<b>0 Total - Public Health</b>		<b>2,703</b>	<b>27,533</b>	<b>30,236</b>	<b>0</b>	<b>0</b>	<b>30,236</b>

## 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
<b>0 Total - Public Health</b>		<b>30,236</b>	<b>30,236</b>	<b>0</b>	<b>319</b>	<b>(319)</b>	<b>30,236</b>

# 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
<b>364,811</b>	<b>Total - Adult Social Care</b>	<b>79,543</b>	<b>421,697</b>	<b>501,240</b>	<b>(116,376)</b>	<b>(12,736)</b>	<b>372,128</b>

## 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
<b>364,811</b>	<b>Total - Adult Social Care</b>	<b>(886)</b>	<b>363,925</b>	<b>8,816</b>	<b>11,731</b>	<b>(12,344)</b>	<b>372,128</b>

# Environment, Transport, & Infrastructure

Executive Director: Gillian Steward

Director (Community Protection &amp; 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)
<b>162,845</b>	<b>Total - Environment, Transport, &amp; Infrastructure</b>	<b>58,532</b>	<b>134,948</b>	<b>193,480</b>	<b>(20,375)</b>	<b>(4,927)</b>	<b>168,178</b>

## 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)
<b>162,845</b>	<b>Total - Environment, Transport, &amp; Infrastructure</b>	<b>(262)</b>	<b>162,583</b>	<b>4,804</b>	<b>4,757</b>	<b>(3,966)</b>	<b>168,178</b>

### 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
<b>13,332</b>	<b>Total - Transformation, Partnerships and Prosperity</b>	<b>14,749</b>	<b>5,663</b>	<b>20,412</b>	<b>(812)</b>	<b>(478)</b>	<b>19,122</b>

# 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
<b>13,332</b>	<b>Total - Transformation, Partnerships and Prosperity</b>	<b>3,537</b>	<b>16,869</b>	<b>415</b>	<b>2,859</b>	<b>(1,021)</b>	<b>19,122</b>

# 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)
<b>71,216</b>	<b>Total - Resources</b>	<b>31,502</b>	<b>70,448</b>	<b>101,950</b>	<b>(35,608)</b>	<b>(66)</b>	<b>66,276</b>

## 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)
<b>71,216</b>	<b>Total - Resources</b>	<b>(5,517)</b>	<b>65,699</b>	<b>2,084</b>	<b>2,567</b>	<b>(4,074)</b>	<b>66,276</b>

# 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
<b>31,670</b>	<b>Total - Central Income &amp; Expenditure</b>	<b>1,250</b>	<b>75,884</b>	<b>77,134</b>	<b>(8,900)</b>	<b>0</b>	<b>68,234</b>

## 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
<b>31,670</b>	<b>Total - Central Income &amp; Expenditure</b>	<b>13,892</b>	<b>45,562</b>	<b>0</b>	<b>27,098</b>	<b>(4,427)</b>	<b>68,234</b>

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## Capital Programme Budget - Expenditure 2020/21 - 2024/25

Project	Programme or Individual Project	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Highway Maintenance - Roads	Programme	22.8	17.3	17.3	17.3	17.3	92.0
Surrey Flood Alleviation - River Thames	Project	2.6	2.5	10.0	60.0	60.0	135.1
Surrey Flood Alleviation - Wider Schemes	Programme	1.1	3.6	3.6	3.6	3.6	15.3
<b>Infrastructure - Corporate Priority Schemes Total</b>		<b>26.5</b>	<b>23.4</b>	<b>30.9</b>	<b>80.9</b>	<b>80.9</b>	<b>242.4</b>
Surrey Fire - Purchase of New Fire Engines & Equipment	Programme	1.2	1.2	0.9	0.5	0.5	4.3
Making Surrey Safer – Our Plan 2020-2023	Project	0.3	0.3	0.5	0.5	0.5	1.9
Bridge/Structures Maintenance	Programme	0.8	5.5	7.1	7.1	7.1	27.6
Drainage Asset Capital Maintenance/Improvements	Programme	1.3	1.3	1.3	1.3	1.3	6.3
Highway Maintenance - Signs	Programme	0.4	0.0	0.0	0.0	0.0	0.4
Illuminated Street Furniture Maintenance/Replacement	Programme	2.9	2.7	1.9	1.9	1.9	11.3
Intelligent Traffic Systems Maintenance (Traffic Signals)	Programme	1.9	1.9	1.9	1.9	1.9	9.5
Safety Barrier Maintenance	Programme	0.0	0.0	0.5	0.5	0.5	1.5
Replacement Vehicles	Programme	0.2	0.2	0.2	0.2	0.2	0.8
A217 Reigate to Horley Safer Roads scheme	Project	0.7	0.3	0.0	0.0	0.0	1.0
LEP Funded Schemes Electric Vehicle Charging Point Pilot	Project	0.5	0.0	0.0	0.0	0.0	0.5
Surrey Quality Bus Corridor Improvement	Project	0.3	0.5	0.1	0.0	0.0	0.9
Smallfield Safety Scheme (CIL)	Project	0.0	0.3	0.0	0.0	0.0	0.4
Public Rights of Way	Programme	1.3	0.6	0.1	0.1	0.1	2.2
Improving Access to the Countryside	Project	0.8	0.2	0.0	0.0	0.0	1.1
Other - (Speed Cameras, ANPR at CRCs, Traffic Systems)	Project	0.8	0.5	0.1	0.0	0.0	1.4
<b>Infrastructure - Service Delivery Schemes Total</b>		<b>13.3</b>	<b>15.5</b>	<b>14.4</b>	<b>13.9</b>	<b>13.9</b>	<b>71.0</b>
Fire - Vehicle & equipment Replacement	Programme	2.1	1.6	1.6	1.6	1.6	8.6
Fire-Emergency Services Network	Project	0.2	0.0	0.0	0.0	0.0	0.2
Highway Maintenance	Programme	14.9	14.9	14.9	14.9	14.9	74.5
Bridge strengthening & Earthworks	Programme	3.1	3.1	3.1	3.1	3.1	15.3
Safety Barriers	Programme	1.0	1.0	1.0	1.0	1.0	5.1
Traffic signals	Programme	1.0	1.0	1.0	1.0	1.0	5.1
Flooding & drainage	Programme	1.5	1.5	1.5	1.5	1.5	7.3
External funding	Programme	1.2	1.2	1.2	1.2	1.2	6.0
Flood Resilience	Programme	0.4	0.0	0.0	0.0	0.0	0.4
Local Highways Schemes	Programme	2.0	2.0	2.0	2.0	2.0	10.0
Road Safety Schemes	Programme	0.2	0.2	0.2	0.2	0.0	0.8
Local Enterprise Partnerships Funded Schemes	Programme	3.3	0.0	0.0	0.0	0.0	3.3
Street Lighting LED Conversion	Project	5.7	5.7	4.8	0.0	0.0	16.3
Superfast Broadband	Project	0.1	0.1	0.0	0.0	0.0	0.1
Basingstoke Canal	Programme	0.3	0.2	0.2	0.2	0.2	0.9
Closed landfill sites	Programme	0.1	0.1	0.1	0.1	0.0	0.2
<b>Infrastructure - Existing Programme Total</b>		<b>36.9</b>	<b>32.5</b>	<b>31.5</b>	<b>26.7</b>	<b>26.4</b>	<b>154.0</b>
<b>Infrastructure - Total</b>		<b>76.8</b>	<b>71.3</b>	<b>76.7</b>	<b>121.4</b>	<b>121.2</b>	<b>467.3</b>

Project	Programme or Individual Project	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Schools Basic Need	Programme	5.0	15.0	20.4	25.1	5.7	71.1
SEND Strategy	Programme	8.9	10.0	7.6	0.0	0.0	26.5
Extra Care Housing	Programme	1.8	0.0	0.0	0.0	0.0	1.8
Moving Closer to Residents	Project	8.7	0.0	0.0	0.0	0.0	8.7
<b>Property - Corporate Priority Schemes Total</b>		<b>24.4</b>	<b>25.0</b>	<b>28.0</b>	<b>25.1</b>	<b>5.7</b>	<b>108.1</b>
Recurring Capital Maintenance Schools	Programme	4.5	7.5	7.5	7.5	4.3	31.3
Corporate Capital Maintenance	Programme	1.0	1.0	1.0	1.0	1.0	5.0
Pupil Referral Unit (PRU) Schemes	Programme	0.8	0.0	0.0	0.0	0.0	0.8
Priority Schools Building Programme	Project	2.2	0.0	0.0	0.0	0.0	2.2
<b>Property - Service Delivery Schemes Total</b>		<b>8.5</b>	<b>8.5</b>	<b>8.5</b>	<b>8.5</b>	<b>5.3</b>	<b>39.3</b>
Adaptions For CWD	Programme	0.3	0.3	0.3	0.3	0.3	1.7
Adults Capital Equipment	Programme	1.5	1.5	1.5	1.5	1.5	7.5
Devolved formula capital	Programme	1.1	1.1	1.1	1.1	1.1	5.7
Fire Risk Assessments	Programme	0.7	0.4	0.4	0.4	0.0	1.9
Foster carer grants	Programme	0.2	0.2	0.2	0.2	0.2	1.0
In house capital improvement scheme	Programme	0.1	0.1	0.1	0.1	0.0	0.4
Major Adaptions	Programme	0.3	0.3	0.3	0.3	0.3	1.5
Recurring Capital Maintenance Corporate	Programme	7.5	7.4	7.4	7.3	7.0	36.5
Recurring Capital Maintenance Schools	Programme	9.8	9.8	9.8	9.8	9.8	48.9
Schools Basic Need	Programme	13.3	14.7	18.0	18.6	0.0	64.6
SEND Strategy	Programme	0.2	0.0	0.0	0.0	0.0	0.2
Cranleigh School Scheme	Project	6.1	6.2	1.0	0.0	0.0	13.3
Fire Station Reconfiguration	Project	0.7	0.0	0.0	0.0	0.0	0.7
Henley Fort	Project	0.4	0.0	0.0	0.0	0.0	0.4
Priority Schools Building Programme	Project	5.8	0.0	0.0	0.0	0.0	5.8
Refurbishment of 8 vacant houses	Project	0.4	0.0	0.0	0.0	0.0	0.4
School Kitchens	Project	0.2	0.0	0.0	0.0	0.0	0.2
Winter Maintenance Depot (Salt Barns)	Project	0.0	3.2	0.0	0.0	0.0	3.2
Wray Park	Project	0.5	9.3	5.5	0.0	0.0	15.2
Preston Regeneration Funds (Merstham Hub)	Project	0.0	0.3	0.0	0.0	0.0	0.3
<b>Property - Existing Total</b>		<b>49.1</b>	<b>54.7</b>	<b>45.6</b>	<b>39.7</b>	<b>20.3</b>	<b>209.3</b>
<b>Property Total</b>		<b>82.0</b>	<b>88.1</b>	<b>82.1</b>	<b>73.3</b>	<b>31.2</b>	<b>356.7</b>

Project	Programme or Individual Project	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Education Management System	Project	0.9	0.2	0.0	0.0	0.0	1.1
<b>IT - New Service Delivery Schemes Total</b>		<b>0.9</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>
Agile Workforce - Transformation	Project	5.1	0.2	0.7	0.8	0.0	6.7
IT&D Hardware	Programme	7.5	1.1	1.6	1.9	0.0	12.1
IT&D Infrastructure	Programme	1.7	0.7	1.4	1.1	0.0	4.9
Telephones UNICORN network (BT)	Programme	1.7	0.2	0.1	0.1	0.0	2.1
Adult Social Care Infrastructure	Project	0.1	0.0	0.0	0.0	0.0	0.1
Data Centre Replacement	Project	0.0	0.1	0.0	0.1	0.0	0.1
<b>IT - Existing Programme Total</b>		<b>15.9</b>	<b>2.3</b>	<b>3.8</b>	<b>4.0</b>	<b>0.0</b>	<b>26.0</b>
<b>IT Total</b>		<b>16.8</b>	<b>2.5</b>	<b>3.8</b>	<b>4.0</b>	<b>0.0</b>	<b>27.1</b>
<b>Total Budget</b>		<b>175.7</b>	<b>161.9</b>	<b>162.6</b>	<b>198.6</b>	<b>152.4</b>	<b>851.2</b>

Capital Pipeline		2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Community Investment Fund		20.0	20.0	20.0	20.0	20.0	100.0
Other Pipeline Schemes		68.0	172.7	145.1	67.8	42.6	496.2
<b>Pipeline Total</b>		<b>88.0</b>	<b>192.7</b>	<b>165.1</b>	<b>87.8</b>	<b>62.6</b>	<b>596.2</b>

<b>Total Programme</b>		<b>263.7</b>	<b>354.6</b>	<b>327.7</b>	<b>286.4</b>	<b>215.0</b>	<b>1,447.4</b>
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#### Capital Programme - Financing 2020/21 - 2024/25

Funding Source	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Grant	95.1	85.0	72.7	73.9	65.0	391.7
Third Party Contributions	6.3	1.3	1.8	1.7	1.7	12.7
Revenue	7.5	6.3	6.2	7.1	5.7	32.8
Capital Receipts	21.7	75.4	0.0	0.0	0.0	97.1
Borrowing	132.9	186.7	247.0	203.7	142.6	913.0
<b>Overall Total</b>	<b>263.7</b>	<b>354.6</b>	<b>327.7</b>	<b>286.4</b>	<b>215.0</b>	<b>1,447.4</b>

Note: Each allocation has been categorised as a programme - where future amounts will be revisited throughout the MTF5, or an individual project - where although the forecast may change, commitment to delivery would only be reviewed by exception.

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### Projected Earmarked Reserves and Balances 31 March 2020

The Council holds a number of Earmarked Reserves for various purposes, which are listed below:

- i) **Budget Equalisation Reserve:** This reserve was set up to support future years' revenue budgets from unapplied income and budget carry forwards.
- ii) **Business Rate Appeals Reserve:** As part of the localisation of business rates the Council is liable to refund business rate payers for its share of business rates if it is determined that a rate payer has been overcharged rates. This reserve will be used to fund any successful appeals.
- iii) **Economic Prosperity Reserve:** This reserve is to allay the risks of erosion in the Council's tax base due to the impact of the localisation of Council tax benefit and provide for investment in the local economy.
- iv) **Revolving Investment & Infrastructure Fund:** This Fund was established in the 2013-18 Medium-Term Financial Strategy in order to provide for the revenue costs of funding infrastructure and investment initiatives that will deliver efficiencies and enhance income in the longer-term.
- v) **Insurance Reserve:** This reserve holds the balance resulting from a temporary surplus or deficit on the Council's self-insurance fund and is assessed by an actuary for the possible liabilities the Council may face. It specifically holds £4.2m to cover potential losses from the financial failure of Municipal Mutual Insurance (MMI) in 1992. The company had limited funds to meet its liabilities, consequently, future claims against policy years covered by MMI may not be fully paid, so would be funded from this reserve. The balance on this reserve represents the latest assessed possible liability.
- vi) **Investment Renewals Reserve:** Enables investment in service developments. The reserve makes loans to services for invest to save projects, which may be repayable. The recovery of the loan is tailored to the requirements of each business case, which is subject to robust challenge before approval as a part of the Council's governance arrangements.
- vii) **Capital Investment Reserve:** To fund revenue costs to pump-prime capital investment.
- viii) **Eco Park Sinking Fund:** To smooth the impact of the compressed distribution of the contract costs and re-profiling of the PFI credits.
- ix) **Equipment Replacement Reserve:** Enables services to set aside revenue budgets to meet future replacement costs of large equipment items. Services make annual revenue contributions to the reserve and make withdrawals to fund purchases. This reserve is being phased out over the medium-term to ensure consistency in the application of revenue funds for capital across the Council.
- x) **Street Lighting PFI Fund:** This reserve holds the balance of the street lighting PFI grant income over and above that used to finance the PFI to date. The balance in this reserve will be used in future years when the expenditure in year will exceed the grant income due to be received in the same year.

- xi) Transformation Reserve:** This was established to pump-prime projects that required upfront expenditure to deliver service re-design, critical to the Council.
- xii) Interest Rate Reserve:** This reserve is to enable the Council to fund its Capital Programme from borrowing in the event of an expected change in interest rates or other borrowing conditions.
- xiii) SEND & Schools Balances:** This represents unapplied revenue resources accumulated by maintained schools with delegated spending authority. The balance is controlled by schools and is not available to the Council for other purposes. The reserve has also been set aside to fund the deficit on the DSG High Needs Block, in the very unlikely situation it had to be resourced.
- xiv) Revenue Grants Unapplied:** This reserve holds grants from central government which have been held in reserve as expenditure in relation to the grant has yet to be incurred.

#### Forecast use of Earmarked Reserves & Balances

Reserve	Opening Balance 1 April 2019 £m	Forecast Movement £m	Forecast Balance at 31 March 2020 £m
Budget Equalisation Reserve	30.0	(0.4)	<b>29.6</b>
Business Rate Appeals	28.6		<b>28.6</b>
Economic Prosperity Reserve	11.7		<b>11.7</b>
Revolving Investment & Infrastructure Fund	11.1		<b>11.1</b>
Insurance	10.4	0.2	<b>10.6</b>
Investment Renewals	5.2		<b>5.2</b>
Capital Investment Reserve	4.9		<b>4.9</b>
Eco Park Sinking Fund	16.4	(0.4)	<b>16.0</b>
Equipment Replacement	2.9	0.7	<b>3.7</b>
Street Lighting PFI fund	3.1	(0.6)	<b>2.5</b>
Transformation Reserve	2.0	(0.5)	<b>1.5</b>
Interest Rate	1.0		<b>1.0</b>
<b>Earmarked Reserves</b>	<b>127.5</b>	<b>(1.0)</b>	<b>126.4</b>
SEND High Needs Block cover	18.7	28.9	<b>47.6</b>
SEND High Needs Block (DSG)	(18.7)	(28.9)	<b>(47.6)</b>
School Balances (SEN, Early years, Mainstream schools and Central, Building Maintenance and Staff cover)	43.2	1.8	<b>45.1</b>
<b>SEND &amp; School Balances</b>	<b>43.2</b>	<b>1.8</b>	<b>45.1</b>
Revenue Grants Carried Forward	21.0	(3.0)	<b>18.0</b>
<b>Total Earmarked Reserves</b>	<b>191.6</b>	<b>(2.2)</b>	<b>189.4</b>
<b>General Fund Balance</b>	<b>21.3</b>	<b>0.0</b>	<b>21.3</b>

### Council Tax Requirement

1. In January 2020 the Council was informed by each of the Districts and Boroughs of the Council Tax base for 2020/21. The tax base provided is scaled to the number of Band D equivalents. This information was received ahead of the legislative deadline of 31 January 2020. The total tax base for 2020/21 is 506,308 properties, an increase of 1.06% from 2019/20.
2. At the same time, the Districts and Boroughs provided estimates of the Council Tax Collection Fund balance relating to 2019/20. This balance is the difference between the estimated Council Tax collectable for 2019/20 and that actually collected. The total Collection Fund balance is £4,311,925.00.
3. 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.
4. Each year, the Council must decide if its proposed Council Tax increase is excessive, a referendum must be held in relation to that amount. Whether the proposed increase is excessive must be decided in accordance with a set of principles determined by the Secretary of State (SoS), referred to as referendum principle.
5. Since 2016/17, authorities with social care responsibilities have been allowed additional flexibility on their core Council Tax referendum principle so long as the money raised is used entirely for adult social care services. This is referred to as the Adults Social Care (ASC) precept.
6. In December 2019 the SoS for Housing Communities and Local Government, The Rt Hon Robert Jenrick, set a core Council Tax referendum principle of up to 2% and, an ASC precept of 2% on top of the core principle. Increases in the core Council Tax and ASC precept are calculated based on the full Council Tax precept for the preceding year.
7. Council is asked to approve the increase to the core Council Tax by 1.99% and the ASC precept by 2%, an overall increase of 3.99%, for 2020/21.
8. The Council Tax precept is the Council Tax requirement divided by the tax base. The following Council Tax requirement is based on an overall increase of 3.99%.

**Table 1 - Council Tax Requirement**

<b>(Income)/Expenditure</b>	<b>£</b>
Gross expenditure	1,743,308,145.03
Other income	(774,935,200.00)
<b>Budgeted revenue expenditure</b>	<b>968,372,945.03</b>
Contributions to/from reserves and balances	5,650,010.56
Business rates income	(53,136,000.00)
Business rates top-up	(63,088,453.73)
Other Government grants	(88,222,000.00)
Council tax collection fund balance	(4,311,925.00)
<b>Council tax requirement</b>	<b>765,264,576.86</b>

9. Contributions to/from reserves and balances includes an allocation of funding set aside to reallocate to the Districts and Boroughs for changes in Empty Homes policies.
10. The tax base is the number of Band D equivalent properties for precepting purposes. The tax base for 2020/21 is as follows:

**Table 2 - 2020/21 Tax Base**

<b>Billing Authority</b>	<b>No. of Band D equivalent properties</b>
Elmbridge	65,228.00
Epsom & Ewell	33,019.91
Guildford	57,645.39
Mole Valley	40,883.00
Reigate & Banstead	61,128.80
Runnymede	34,099.24
Spelthorne	40,085.00
Surrey Heath	38,525.86
Tandridge	38,646.10
Waverley	55,467.10
Woking	41,579.79
<b>Total</b>	<b>506,308.19</b>

11. The tax base for 2020/21 shows an increase of 1.06% on the 2019/20 tax base.
12. The Council is required to provide separately information on the amount by which Council Tax is raised in order to fund Adult Social Care services.

13. The Band D Council Tax precept for 2020/21 is calculated as follows:

**Table 3 - Band D Precept**

Council Tax Precept	CTR ÷ taxbase	Level
Core precept	£698,705,302.20 ÷ 506,308.19	= £1,380.00
Adult Social Care precept	£66,559,274.66 ÷ 506,308.19	= *£131.46
<b>Council tax precept</b>	<b>£765,264,576.86 ÷ 506,308.19</b>	<b>= £1,511.46</b>

\*The amount charged for the ASC precept is the sum of the ASC precept increases in 2016/17, 2017/18, 2018/19, and 2020/21; i.e. £24.39 + £38.05 + £39.95 + £29.07 = £131.46. There was no increase to the ASC precept in 2019/20.

14. The proposed increase is not considered excessive in accordance with the set of principles determined by the SoS.

**Table 4 - Increase in Council Tax**

Band D	2019/20	2020/21	Increase	Referendum Principle
Core precept	£1,351.11	£1,380.00	1.99%	up to 2%
ASC precept	£102.39	£131.46	2.00%	2% on top of the core
Council tax precept	£1,453.50	£1,511.46	3.99%	up to 4%

15. The proposals result in an overall increase of £57.96 per annum, £1.11 per week, for a Band D dwelling.
16. Surrey County Council's level of Council Tax for each category of dwelling in its area will be as follows:

**Table 5 - Council Tax by Valuation Band**

Valuation Band	Core Council Tax		Overall Council Tax Precept
	Precept	ASC Precept	
A	£920.00	£87.64	£1,007.64
B	£1,073.33	£102.25	£1,175.58
C	£1,226.67	£116.85	£1,343.52
D	£1,380.00	£131.46	£1,511.46
E	£1,686.67	£160.67	£1,847.34
F	£1,993.33	£189.89	£2,183.22
G	£2,300.00	£219.10	£2,519.10
H	£2,760.00	£262.92	£3,022.92

17. The payment for each billing authority including any surplus or deficit balances on the Collection Fund will be as follows:

**Table 6 - Payment for each billing authority**

Billing Authority	Payment
Elmbridge	£99,247,146.88
Epsom & Ewell	£49,985,732.17
Guildford	£87,128,701.17
Mole Valley	£61,850,366.18
Reigate & Banstead	£93,511,450.05
Runnymede	£51,539,637.28
Spelthorne	£61,038,874.10
Surrey Heath	£59,358,296.36
Tandridge	£58,351,312.31
Waverley	£84,542,187.97
Woking	£63,022,797.39
<b>Total*</b>	<b>£769,576,501.86</b>

\* This includes the Council Tax collection fund Balance

18. The billing authority payments are to be made in ten equal instalments on the following dates:

**Table 7 - Payment Dates**

Payment Dates	
17/04/2020	09/10/2020
22/05/2020	20/11/2020
29/06/2020	08/01/2021
27/07/2020	19/02/2021
11/09/2020	15/03/2021

PEOPLE PORTFOLIO	Flexible Use of Capital Receipts	Invest £m	Efficiency £m
Accommodation with Care and Support	Enhancing options for accommodation with care and support and improving the quality of life for residents that need these options, helping them be independent for longer	1.2	7.5
Adult Social Care Practice Improvement	Supporting people to live fulfilling lives by having better conversations and enabling and promoting greater independence	2.9	6.7
Adult Social Care Market Management	Working closely with social care providers and developing improved commissioning capacity to manage the costs of care within available resources	0.2	-
Mental Health (including staff transfer)	Improving mental health care services through new approaches and by working with partners to support people earlier and closer to home	0.3	0.9
Family Resilience	Ensuring all children in the county receive the right help at the right time to enable them and their families to develop resilience to face future life challenges independently	1.0	2.4
SEND Transformation (including transport)	Transforming the experiences of children and young people with Special Educational Needs and Disabilities in Surrey	2.0	5.1
Libraries and Cultural Services	Modernising libraries and cultural services across Surrey by involving the public and partners in creating efficient, effective and usable services that meet needs in their area	1.2	2.5
Domestic Abuse	Stopping the cycle of domestic abuse by ensuring prevention, identification, intervention and support is provided at the earliest opportunity	0.1	-
Preparing for Adulthood	Enabling young people with Special Educational Needs to develop the skills, knowledge and experiences that will enable them to lead fulfilled lives as adults and as independently as possible	1.0	-
Adults with Learning Disabilities and Autism	Increasing the number of people with learning disabilities and autism that live independently in their own homes, with higher quality and integrated care and support, access to employment, life skills and friendship groups	0.6	13.9
Health and Social Care Integration	Transforming health and social care so people can fulfil their potential, lead healthy lives and have good mental health and emotional wellbeing	1.0	-
Working Differently with Communities	Enabling and empowering people to have a strong connection with each other and the place where they live to support happier, healthier communities	0.05	-
		11.5	39.0

PLACE PORTFOLIO		Invest £m	Efficiency £m
Community Protection (including Surrey Fire and Rescue Service)	Delivering a new Community Protection Group that better protects residents, provides value for money and focuses on prevention	1.3	1.4
Rethinking Transport	Fundamentally shifting the county to a more sustainable relationship with transport and travel by developing new ways of working together and by drawing on new thinking, innovative technology and behaviour change techniques	0.7	1.5
Rethinking Waste	Fundamentally shifting the way we deal with municipal waste within Surrey, creating new infrastructure and working with districts and boroughs in a more collaborative way to make efficiencies and reduce the production of waste, maximise recycling and reuse and minimise the use of landfill	0.2	0.8
Improving Infrastructure	Fundamentally improving the infrastructure assets that the county holds, ensuring that we genuinely get the basics right while providing our Greener Futures and Rethinking transport ambitions with a delivery mechanisms that is cutting edge, dynamic and able to respond to the context in which we are working	0.4	-
Creating Environment, Transport and Infrastructure (ETI)	Creating the ETI team and reshaping the current department to enable the delivery of our place ambitions. Preparing and developing leadership, building understanding and capability to enable different ways to work with citizens, communities and partner organisations	0.1	-
Greener Future	Bringing together residents, partners and businesses to deliver SCC's vision of being a zero carbon and resilient county by 2050 through an inclusive Climate Change Strategy and Action Plan	0.4	-
Countryside	Open up our countryside to improve access, encourage and support people to use our assets and spaces more regularly	0.3	0.3
Economic Growth	Ensuring the council plays an active and effective role alongside all partners to shape and achieve "good growth" for Surrey; creating great places for people to live, work, learn and enjoy	-	-
		3.3	4.0

ORGANISATION PORTFOLIO		Invest £m	Efficiency £m
Moving Closer to Residents	Adopting a modern, flexible approach to using Council property and making sure services are located closer to residents to better serve their needs.	0.3	0.6
Digital	The way we do digital enables better lives for all. Digital is not only the implementation of technology but is crucially dependent on our digital skills and leadership to transform our culture and services that deliver better outcomes for the people and place of Surrey	2.3	-
Agile Workforce	Enabling council employees to work from anywhere at any time to provide services in the most effective way for residents in Surrey	2.2	-
Customer experience	Making people's experience of dealing with the council quicker, easier and better	0.5	0.2
Transforming our core processes	Transforming our core business processes through new enterprise wide software, providing centralised digital storage and a trusted source of accurate and timely financial, people and procurement data	-	-
Land and Property	Establish and implement a programme to improve the effectiveness, efficiency and commercialisation of the Land and Property function to ensure it supports service delivery to residents and organisational objectives for the council	0.5	7.0
Becoming more entrepreneurial	Being more creative, innovative, and entrepreneurial to help protect and invest in vital services by making better use our assets, opening up new services to residents, ensuring good value for taxpayers and ensuring sustainable services for future generations to use and enjoy	0.3	0.7
Data Insights	Actively using data to inform and develop the delivery of services to meet the needs of residents today and help plan for tomorrow	0.5	-
		6.6	8.5
<b>TOTAL:</b>		<b>21.4</b>	<b>51.5</b>

1. Those programmes with no specific efficiencies listed against them will be supporting and enabling other specific efficiencies and / or identifying future efficiencies
2. The investment and efficiencies figures relate specifically to the allocations of transformation funding and efficiencies linked to this from 2020/21-2024/25 - in some cases there will be additional investments (including capital) and efficiencies related to these areas of work as set out in the MTFs. As the figures presented are from the 2020/21 financial year onwards they also exclude any investments made in Q4 2019/20.
3. There is also a transformation investment of £0.8m in 2020/21 for the governance of the overall programme and support to deliver it (Transformation Support Unit).
4. In December 2019, the Council approved the Moving Closer to Residents (MCTR) Project:
  - This will enable our staff to work in more agile ways and seeing the Council locate its 'Civic Heart' in Surrey, is a fundamental part of the Council's overall transformation and modernisation plans, along with improving services to residents and securing efficiencies, these will ensure we are an employer of choice, attracting the best talent in an increasingly competitive labour market.
  - This project is funded by a number of budgets including a request to Council to approve the flexible use of capital receipts to fund revenue expenditure relating to this project. The expected profile of this spend is £5.6m from 2019/20 to 2022/23.
  - There is expected to be a net recurring annual efficiency of £600k from 2022/23, but wider transformational benefits resulting in staff being able to work in an agile manner and enabling more contact with residents by being located within a central location in the County.
  - Whilst not part of the Transformation Programme directly, but an enabling project, beyond the £5.6m of receipts required, a further £0.3m will fund an element of the revenue costs, which are detailed in the Organisation Portfolio in the above table.

## Capital Strategy 2020/21

### Introduction

1. This Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
2. Decisions made this year on capital, investment and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.
3. The Strategy is an integral part of the Council's overall financial and asset management planning framework and summarises key themes from:
  - The Investment Strategy (Annex I),
  - The Treasury Management Strategy (Annex J) and the
  - The Minimum Revenue Provision Policy (MRP) Statement (Annex H)



4. The Capital Strategy also provides an overview of risk management and the long-term sustainability of capital investment plans.
5. The Strategy will:
  - ensure capital expenditure contributes to the achievement of the Organisational Strategy
  - set a Capital Programme which is affordable and sustainable
  - maximise the use of the Council's assets
  - provide a clear framework for decision making and prioritisation relating to capital expenditure
  - establish a corporate approach to the review of asset utilisation

The Strategy covers distinct, but inter-related elements of capital and investment activity as follows:

6. **Capital Expenditure and Financing:** the Council incurs two types of capital expenditure, (the Capital Programme and commercial investment). The Strategy covers both of these areas, setting out the Council's capital expenditure and financing plans over the medium-term. It provides an overview of the governance arrangements for approval and monitoring of expenditure and, in relation to commercial investment activities, sets out the due diligence process and the Council's risk appetite in respect of these, including proportionality in respect of overall resources.
7. The section includes a projection of the Council's capital financing requirement and how this will be funded and repaid. It links to the Council's borrowing strategy and sets out the Council's policy to meet its statutory duty to make an annual revenue provision for the repayment of debt (Appendix 1).
8. **Prudential Indicators** Local Authority borrowing is governed by CIPFA's Prudential Code, which requires Local Authorities to set indicators which ensure that the level of borrowing is affordable, prudent and sustainable. The Prudential Indicators are set in the Treasury Management Strategy Statement each year, and monitored throughout the year by the Audit & Governance Committee. The Strategy highlights the key indicators relating to borrowing levels.
9. **Treasury Management Investments** provides an overview of the Council's approach to the management of investments and cash flows. Further details on this are contained in the Council's Treasury Management Strategy.
10. **Use of capital resources for revenue purposes** provides a summary of the Council's plans to utilise the Governments flexibilities to use capital receipts to finance the costs of its transformation plans. These are further detailed in the Council's Flexible Use of Capital Receipts policy.
11. **Knowledge & Skills** summarises the knowledge and skills available to the Council to support it in its decision making in these areas.

### **Capital Expenditure and Financing**

12. Capital expenditure is where a Local Authority spends money on assets, such as infrastructure, property or vehicles that will be used for more than one year. In Local Government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
13. In 2020/21, the Council has a total capital requirement of £277m as summarised in Table 1. Of this, £176m will form the capital budget and the remaining £88m comprises the capital pipeline; schemes that represent the capital ambitions of the Council but are subsequent to further detailed business cases and member approval. In addition, the Council is planning to spend £13m on its programme of investment properties.

**Table 1 - Prudential Indicator: Estimates of Capital Expenditure**

	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	Total budget £m
Capital Programme - Budget	128	154	176	162	163	199	152	851
Capital Programme - Pipeline			88	193	165	87	63	597
Commercial Investment	100	7	13	23	11	9	0	56
<b>TOTAL</b>	<b>228</b>	<b>161</b>	<b>277</b>	<b>378</b>	<b>339</b>	<b>295</b>	<b>215</b>	<b>1,504</b>

14. Capital expenditure for 2020/21 includes £1m due to a change in the accounting for leases and the Private Finance Initiative which require us to treat all leased assets as capital expenditure. The projection is based on expected lease renewals, however is likely to change if leasing new assets is determined to be the best solution to our accommodation needs.

15. The increased stability of the 2020/21 budget achieved in part through additional government funding, means we can deliver an ambitious Capital Programme of c£1.4bn over the next 5 years, if all proposals are approved. The revenue implications of this proposed programme are integrated and factored into the financial planning over the Medium-Term Financial Strategy (MTFS) period.

16. 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 Community – in our towns and high streets - of £100m over the next 5 years;
- We look after our vulnerable older adults through building Extra Care Accommodation where they can live independently for longer;
- We create additional local Special Educational Needs & Disabilities (SEND) places;
- Significant investment in our road infrastructure;
- We create a greener future, one of our strategic priorities. We are currently developing a number of propositions to deliver this, such as Solar Farms, Electric Charging points, Low emission buses and vehicles; and

- Acceleration of our Property Rationalisation Programme.

17. 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. As a result, the Council leadership will focus on driving improvements rather than just focussing on balancing the budget.

#### Governance:

18. Capital projects are subject to a rigorous governance process to ensure they are aligned with the Council's priorities, represent value for money and are capable of being delivered within expected timescales. Capital Strategy Groups for Infrastructure, Property and IT develop projects throughout the budget setting process which are scrutinised and approved by Capital Programme Panel; a group of officers from across the organisation, including the Council's Section 151 Officer and senior service representatives. Projects approved by Capital Programme Panel are then included in the budget for approval by Cabinet and Council.

19. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

**Table 2 - Capital Financing**

	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	Total budget £m
Grants and Contributions	97	95	101	86	74	76	67	404
Revenue budgets	1	1	8	6	6	7	6	33
Capital receipts	11	5	22	75	0	0	0	97
Borrowing	119	60	146	211	259	212	142	970
<b>TOTAL</b>	<b>228</b>	<b>161</b>	<b>277</b>	<b>378</b>	<b>339</b>	<b>295</b>	<b>215</b>	<b>1,504</b>

- Borrowing of £146m for 2020/21 consists of £133m to fund the Capital Programme (detailed in the Capital Budget) and £13m to fund commercial investment expenditure (Table 1).
- This table shows the planned usage of capital receipts for capital expenditure, including the application of amounts received in previous years. It does not include the use of capital receipts for transformation. To ensure a prudent estimate of borrowing, our planned overall usage of receipts is less than estimated income (shown in Table 5). This will be reviewed throughout the MTFS.

20. The capital receipts used for financing across the MTFs are based on receipts from assets already sold, and a prudent estimate of future receipts based on a planned disposal programme. This will be revisited regularly as the property estate rationalisation plans are finalised.

21. Borrowing is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

**Table 3 - Repayment of Debt Finance**

	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
MRP	20	15	15	21	25	29	34
Capital Receipts	29	0	0	0	0	0	0

22. The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure on service delivery and on investments, and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £153m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

**Table 4 - Prudential Indicator: Estimates of Capital Financing Requirement**

As at 31 <sup>st</sup> March	2018/19 actual £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Capital Programme	779	815	964	1,126	1,342	1,512	1,610
Commercial Investment	456	454	458	472	474	473	464
<b>TOTAL CFR</b>	<b>1,235</b>	<b>1,269</b>	<b>1,422</b>	<b>1,598</b>	<b>1,816</b>	<b>1,985</b>	<b>2,074</b>

23. The capital financing requirement for 2020/21 and subsequent years includes a £45m increase due to a change in the accounting for leases and the Private Finance Initiative (PFI). This does not have an impact on the total cost of leases and PFI to the Council.

24. **Asset management:** To ensure that capital assets continue to be of long-term use, the Council has an Asset and Place Strategy. This sets out the Council's approach to the strategic management of its assets, how it will support service delivery and provide the Council income and how it will be used to promote growth and place shaping within Surrey and deliver the Community.

25. **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2022/23.
26. In the Spending Review 2015, the Chancellor of the Exchequer announced that to support Local Authorities to deliver more efficient and sustainable services, the government will allow Local Authorities to spend up to 100% of their capital receipts from the sale of non-housing assets on revenue costs incurred to generate ongoing revenue efficiency, to reduce costs and / or transform service delivery in a way that reduces costs or demand for services in future years. This flexibility relates to expenditure which is properly incurred for the financial years that begin on 1 April from 2016 to 2021.
27. Local Authorities are only able to use capital receipts in the years in which this flexibility is offered. In using the flexibility, the Council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice. The Flexible use of Capital Receipts Strategy is included in the 2020/21 Final Budget Report and Medium-Term Financial Strategy, which shows how the flexibilities are proposed to be utilised.
28. Repayments of capital grants, loans and investments also generate capital receipts, but none are expected within the current MTFs period. The Council plans to receive £125m of capital receipts in the coming financial years as follows. The programme of property rationalisation and asset sales from 2020/21 onwards is under review.

**Table 5 - Capital Receipts Receivable**

	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Asset sales	9	21	55	70			

**Treasury Management**

29. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
30. Due to decisions taken in the past, the Council's borrowing at 31<sup>st</sup> March 2019 was £676m, with an average interest rate of 2.8%. Newer loans are taken at a much lower rate, however the Council had £397m of long-term debt at a rate of 4.1%. During 2019/20, debt is expected to rise by £50m

to £726m. In 2019/20, the Council has average treasury investments of approximately £42m at an average rate of 0.5%.

31. **Borrowing Strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).
32. Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement (see above).

**Table 6 - Prudential Indicator: External Borrowing and the Capital Financing Requirement**

As at 31 <sup>st</sup> March	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
External Borrowing	676	726	837	1,038	1,278	1,458	1,562
Capital Financing Requirement	1,235	1,269	1,422	1,598	1,816	1,985	2,074

Note, the growth in external debt from 2019/20 to 2020/21 above (£111m) consists of £146m increased borrowing (Table 2), reduced by £15m of minimum revenue provision (Table 3) and a £20m increase in our ability to borrow internally against cash balances.

33. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium-term.
34. **Liability benchmark:** To compare the Council's actual borrowing against an alternative Strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end. This benchmark is currently projected to be £823m for 2020/21 and is forecast to rise to £1,541m over the next four years. As the table demonstrates, the Council aims to stay as close as possible to the liability benchmark.

**Table 7 - External Borrowing and the Liability Benchmark**

	31.3.2019 actual £m	31.3.2020 forecast £m	31.3.2021 budget £m	31.3.2022 budget £m	31.3.2023 budget £m	31.3.2024 budget £m	31.03.2025 budget £m
External Borrowing	675	726	837	1,038	1,278	1,458	1,562
Liability benchmark	676	732	823	1,029	1,272	1,458	1,541

35. **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. Further details and context are provided in the Treasury Management Strategy.

**Table 8 - Prudential Indicators: Operational Boundary and Authorised Limit for External debt**

	2019/20 limit £m	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m
Operational boundary – borrowing	966	1,087	1,438	1,698	1,888	1,992
Operational boundary – PFI and leases	143	136	119	98	80	58
Operational boundary – total external debt	<b>1,109</b>	<b>1,223</b>	<b>1,557</b>	<b>1,796</b>	<b>1,968</b>	<b>2,050</b>
Authorised limit – borrowing	1,553	1,587	1,938	2,198	2,388	2,492
Authorised limit – PFI and leases	143	136	119	98	80	58
Authorised limit – total external debt	<b>1,696</b>	<b>1,723</b>	<b>2,057</b>	<b>2,296</b>	<b>2,468</b>	<b>2,550</b>

The authorised limit and operational boundary for 2020/21 and subsequent years include a £45m increase due to a change in the accounting for leases and the Private Finance Initiative.

36. **Treasury investment Strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
37. The Council's policy on treasury investments is to prioritise security and liquidity over yield; to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other Local Authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice. Further details on treasury investments are in the Treasury Management Strategy.
38. **Risk management:** The effective management and control of risk are prime objectives of the Council's treasury management activities. The Treasury Management Strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
39. **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and staff, who must act in line with the Treasury Management Strategy approved by Council. Regular reports on treasury management activity are presented to the Audit and Governance Committee. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

### Commercial Activities

40. With central government financial support for local public services declining, the Council invests in commercial property, both directly and through its wholly owned subsidiary, Halsey Garton Ltd. Total commercial investments are currently valued at £500m with the largest being a loan to Halsey Garton Ltd totalling £233m and providing a net return after all costs of approximately £14m per annum.
41. With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include reduction in capital value, under occupancy and defaults. These risks are managed by the relevant management board, and through the Shareholder and Investment Panel. In order that commercial investments remain proportionate to the size of the Council, commercial equity investments and loans are subject to a rigorous scrutiny process, and contingency plans are in place should expected yields not materialise.
42. **Governance:** Decisions on commercial investments are made by Asset Strategy Board. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the Capital Programme.

43. Further details on commercial investments and limits are included in the Investment Strategy.

### Revenue Budget Implications

44. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

**Table 9 - Prudential Indicator: Proportion of financing costs to net revenue stream**

	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
Financing costs (£m)	23	31	37	44	50	60
Proportion of net revenue stream	2.57%	3.18%	3.86%	4.61%	5.31%	6.45%

45. Financing costs for 2020/21 and subsequent years include a £5m increase due to a change in the accounting for leases and the Private Finance Initiative (PFI). This will not change the overall revenue cost of leases and PFI, but reclassify them as finance costs rather than service costs.
46. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Executive Director of Resources is satisfied that the proposed Capital Programme is prudent, affordable and sustainable because it remains proportional to the overall Council's revenue budget. The programme also contains significant elements which are intended to contain future revenue spend, for example through demand management in adult social care, and SEND school placements, which reduce the net impact of capital financing costs on the revenue budget.

### Knowledge and Skills

47. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council pays for officers to study towards relevant professional qualifications including CIPFA.
48. All officers involved in the treasury and investment management function have access to relevant technical guidance and training to enable them to acquire and maintain the appropriate level of expertise, knowledge and skills to undertake the duties and responsibilities allocated to them. The Council currently employs treasury management advisers, and seeks external legal and property related advice and due diligence as required. The Council's commercial investment Strategy is supported by guidance from our advisors, CBRE.
49. Those charged with governance (Members of the Audit and Governance Committee and the Corporate Overview Select Committee) recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The Section 151 Officer will

ensure that elected members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

50. The Orbis partnership enables the creation and development of specialist resources. Centres of Expertise have been established for key areas of finance, and central teams of pooled expertise have been created to provide robust services which are resilient to meet the changing service needs of partners.
51. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

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**Annual Minimum Revenue Provision (MRP) Policy Statement 2020/21**

1. The Council is required by statute to make a prudent provision for the repayment of its debt. It is also required to 'have regard' to guidance on how to calculate this provision, issued by the Ministry for Housing, Communities and Local Government (MHCLG). The Council has assessed the Minimum Revenue Provision and are satisfied that the guidelines for their annual amount of MRP, set out within this policy statement, will result in their making a prudent provision.
2. Where capital expenditure was incurred before 1 April 2008, the guidance suggests writing down the remaining Capital Financing Requirement by providing MRP of 4% per annum. The Council agreed in 2016/17 to write this amount off over the next 50 years, resulting in the whole balance being provided for over a finite period and far sooner than under the 4% reducing balance method.
3. As suggested in the guidance, for capital expenditure incurred on or after 1 April 2008 and funded through borrowing, the Council will calculate MRP by charging expenditure over the expected useful life of the relevant assets, on an annuity basis. MRP will be first charged in the year following the date that an asset becomes operational.
4. For the following types of capital expenditure, the Council has determined that an alternative methodology for determining the annual MRP charge should be adopted:
  - For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability, or over the life of the asset.
  - Where loans are made to other bodies for their capital expenditure, and are to be repaid under separate arrangements, no MRP will be charged. The capital receipts generated by the repayment of those loans will be set aside to repay the debt.
  - In order to better match MRP to the period of time that the assets are expected to generate a benefit to the Council, MRP for investment properties purchases will be based on an estimated useful life of 50 years, on an annuity basis. This is in recognition that these assets are held for income generation purposes and that the Council holds a saleable asset, the capital receipt from which will be used to repay any outstanding debt when sold.
  - The Council will determine MRP on equity investments based on a 20 year life. However, for equity investments in asset backed companies, a 50 year life will be assumed to match the Council's policy for investment assets.
5. The Council reserves the right to determine alternative MRP approaches in particular cases, in the interests of making prudent provision, where this is material, taking account of local circumstances, including specific project timetables and revenue-earning profiles.
6. Each year a new MRP statement will be presented.

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## Investment Strategy 2020/21

### Introduction

1. This strategy sets out Surrey County Council's approach to managing its capital investment for the next five years. The Council invests its money for three broad purposes:
  - As a result of surplus cash from its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**);
  - To support local public services by setting up, lending to or buying shares in other organisations (**service investments**); and
  - To earn investment income (known as **commercial investments** where this is the main purpose).
2. This Investment Strategy meets the requirements of statutory guidance issued by the Government in January 2018, and focuses on the second and third of these categories. The Investment Strategy sits alongside three other key documents that set out the Council's approach to Capital, Investment and Treasury Management:
  - a. The Capital Strategy (an overarching summary) (Annex G)
  - b. The Treasury Management Strategy Statement (Annex J)
  - c. The Minimum Revenue Provision (MRP) Policy (Annex H)

### Treasury Management Investments

3. The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.
4. **Further details:** Full details of the Council's policies and its plan for 2020/21 for treasury management investments are covered in a separate document, the Treasury Management Strategy Statement (TMSS).

### Service Investments: Loans

5. **Contribution:** The Council lends money to its subsidiaries and other organisations to support local public services and stimulate local economic growth. Subsidiaries of this nature include:
  - a. SE Business Services Ltd – a Local Authority Trading Company (LATC) wholly owned by the Council for the provision of business services.
  - b. Surrey Choices Ltd – a LATC, wholly owned by the Council to deliver day services and community support options for people with disabilities and older people.

6. **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

**Table 1 - Loans for service purposes in £ millions**

Category of borrower	31.3.2019 actual		
	Balance owing £m	Loss allowance £m	Net figure in Accounts £m
Subsidiaries	3	-	3

7. Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's Statement of Accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum advanced and has appropriate credit control arrangements in place to recover overdue repayments.
8. **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans by reference to their financial position, past experience and other factors. We wholly own our subsidiaries for service purposes and so their financial position is subject to the same rigour and control as that of the council.

#### Commercial Investments: Property

9. **Contribution:** The Council invests in local commercial property; office space, leisure and retail, with the intention of making a surplus that will be spent on local public services. The table below shows the value of our investments by main category, including those under construction where the ultimate use is to be determined.

**Table 2 - Property held for investment purposes in £ millions**

Property	Actual	31.3.2019 actual	
	Purchase cost £m	Gains or (losses) £m	Closing Value £m
Office	118	12	130
Retail	6	(2)	4
Leisure	1	0	1
Under Construction	5	0	5
<b>TOTAL</b>	<b>130</b>	<b>10</b>	<b>140</b>

10. **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
11. A fair value assessment of the Councils investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. The Council holds investment properties for long-term rental income, and short-term fluctuation in investment values can be expected. Our investment properties operate in a challenging commercial environment, with particular pressure on retail. Should the 2019/20 year-end Accounts preparation and audit process value these properties below their purchase cost, we will take mitigating actions to protect the capital invested, such as exploring alternate uses where appropriate.
12. **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding property investments through a thorough analysis of the market and economic conditions using external advisors where necessary. Separately, the Council has a comprehensive risk management strategy to mitigate risks of over spend or income shortfalls to the base budget position.
13. **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. The Council is not reliant on investments in property to maintain its liquidity and manages liquidity through other investments and borrowing. The Council has Reserves and Contingencies to maintain stability over a period of inadequate returns from its investment portfolio.

#### Commercial Investment – Equity Investments and Loans

14. The Council fully owns Halsey Garton Ltd which has a portfolio of national investment properties used to generate a return to the Council. The financial return takes the form of interest on the outstanding loan and dividend payments. The value of our investment in Halsey Garton Ltd as at 31<sup>st</sup> March 2019 is set out below.

**Table 3 - Equity and Loans to Halsey Garton Ltd in £ millions**

Category of Investment	31.3.2019 actual		
	Balance outstanding	Loss allowance	Net figure in Accounts
	£m	£m	£m
Equity Shares	93	-	93
Loans	234	(1)	233

15. Accounting standards require the Council to set aside loss allowance for investments, reflecting an assessment of risk. The figures in the Council's Statement of Accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum advanced and has appropriate credit control arrangements in place to recover overdue repayments.
16. The value of property owned by Halsey Garton Ltd at 31<sup>st</sup> March 2019 was assessed as being £27m lower than cost, representing an 8% reduction, largely due to pressures on the retail environment. Halsey Garton is holding the assets for long-term rental income and short-term variations in fair value do not currently affect the value of the Council's investment.
17. Surrey County Council also holds shares of £0.5m in the UK Municipal Bonds Agency (UKMBA) whose aim is to reduce the long-term borrowing costs of Local Authorities who join together to issue local authority bonds. The Council does not currently have a bond-issue with UKMBA but is taking regular advice from its Treasury advisors, Arlingclose on the most appropriate source of finance for its long-term capital spending plans.

#### **Loan Commitments and Financial Guarantees**

18. Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.
19. We do not currently extend financial guarantees to other organisations, however if we chose to be part of a bond issue with UKMBA, we would be liable for defaults of other Local Authorities in proportion to our share of the total amount of the bond. It is highly unlikely that another Local Authority would default in this way and so the risk is theoretical rather than a practical reality.

#### **Proportionality**

20. The Council's revenue budget includes an element of profit generating investment activity to support services. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the MTFS. Investment activity is forecast to remain at approximately 2% of the Council's gross spend over the medium-term. Should we fail to achieve the expected net profit, the Council would manage the impact on budget through use of Contingency in the current financial year and a re-assessment of efficiency plans for the remainder of the medium-term.

**Table 4 - Proportionality of Investments**

	<b>2018/19 Actual</b>	<b>2019/20 Forecast</b>	<b>2020/21 Budget</b>	<b>2021/22 Budget</b>	<b>2022/23 Budget</b>	<b>2023/24 Budget</b>	<b>2024/25 Budget</b>
Gross service expenditure (£m)	1,321.1	1,362.9	1,431.6	1,428.5	1,413.5	1,403.9	1,388.7
Investment income (£m)	23.3	20.9	24.0	22.2	26.2	28.2	26.2
Proportion	1.8%	1.5%	1.7%	1.6%	1.9%	2.0%	1.9%

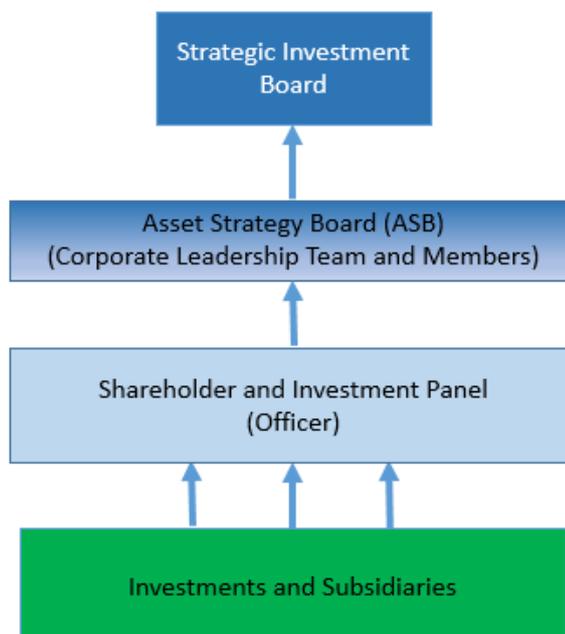
**Capacity, Skills and Culture**

21. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council pays for officers to study towards relevant professional qualifications including CIPFA.
22. All officers involved in the Treasury and Investment management function have access to relevant technical guidance and training to enable them to acquire and maintain the appropriate level of expertise, knowledge and skills to undertake the duties and responsibilities allocated to them. The Council currently employs Treasury Management advisers, and seeks external legal and property related advice and due diligence as required. The Council's commercial investment strategy is supported by guidance from our advisors, CBRE.
23. Those charged with governance (Members of the Audit and Governance Committee and the Resources & Performance Select Committee) recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The Section 151 Officer will ensure that elected members tasked with Treasury Management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.
24. The Orbis partnership enables the creation and development of specialist resources. Centres of Expertise have been established for key areas of finance, and central teams of pooled expertise have been created to provide robust services which are resilient to meet the changing service needs of partners.
25. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

**Corporate Governance**

26. The governance arrangements for Treasury and Capital investments are set out in the Treasury Management Strategy and Capital Strategy respectively. Commercial investments are taken through a rigorous Officer and Member led process to ensure that decisions are taken with an

adequate level of scrutiny. The diagram, below, shows the governance groups charged with delivering commercial investments:



### Investment Indicators

27. The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
28. **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

**Table 5 - Total investment exposure in £millions**

Total investment exposure	31.03.2019	31.03.2020	31.03.2021
	Actual	Forecast	Forecast
	£m	£m	£m
Treasury management investments	31	40	40
Service investments: Loans	3	3	3
Commercial investments: Property	140	147	160
Commercial investments: Loans	233	233	233
Commercial investments: Shares	93	93	93
<b>TOTAL INVESTMENTS</b>	<b>500</b>	<b>516</b>	<b>529</b>

29. **How investments are funded:** Government guidance states that our indicators should include an analysis of how investments are funded. Councils, including SCC, do not generally associate

borrowing with individual assets, since we borrow as required to fund the whole portfolio of capital spend. However, the following investments could be described as being funded from capital sources, including borrowing and receipts. The remainder of the Council's investments are funded by usable Reserves and income received in advance of expenditure.

**Table 6 - Investments funded by borrowing in £millions**

<b>Investments funded by borrowing</b>	<b>31.03.2019 Actual £m</b>	<b>31.03.2020 Forecast £m</b>	<b>31.03.2021 Forecast £m</b>
Commercial investments: Property	140	147	160
Commercial investments: Loans	233	233	233
Commercial investments: Shares	93	93	93
<b>TOTAL FUNDED FROM CAPITAL SOURCES</b>	<b>466</b>	<b>473</b>	<b>486</b>

**30. Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex Local Government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred. Income from service investments was higher in 2018/19 due to income from Babcock 4S which was sold during 2018/19.

**Table 7 - Investment rate of return (net of all costs)**

<b>Investments net rate of return</b>	<b>2018/19 Actual £m</b>	<b>2019/20 Forecast £m</b>	<b>2020/21 Forecast £m</b>	<b>2020/21 Forecast %</b>
Treasury management investments	0.7	0.3	0.3	1
Service investments	2.0	0.6	0.6	2
Commercial investments: Property	6.8	7.3	8.8	37
Commercial investments: Shares and Loans	13.8	12.7	14.3	60
<b>ALL INVESTMENTS</b>	<b>23.3</b>	<b>20.9</b>	<b>24.0</b>	<b>100</b>

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## Treasury Management Strategy Statement 2020/21

### Introduction

1. Treasury management at Surrey County Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.
2. In addition, the Ministry of Housing, Communities and Local Government (MHCLG) issued revised Statutory Guidance on Local Government Investment in February 2018. The new requirements of the MHCLG Investment Guidance are covered in the Council's Capital and Investment Strategy, which will be considered by Council on 4<sup>th</sup> February.
3. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. A full set of Prudential Indicators and Treasury Indicators are set out in Annex 1.
4. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
5. Investments held for service purposes or for commercial profit are considered in the Capital and Investment Strategies and therefore this strategy relates solely to borrowing and investments undertaken as part of the daily treasury management activities.
6. Managing the cost of the Council's borrowing is at the heart of the strategy and we work proactively with our Treasury Management advisor, Arlingclose, to ensure that our approach represents the best balance between minimising cost and managing the risk of interest rate changes. Our strategy is under constant review throughout the year.

### External Context

7. **Economic background:** Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's treasury management strategy for 2020/21. The General Election has removed some uncertainty within the market, however following the expected Withdrawal Bill, uncertainties around the future trading relationship with the EU remain.
8. **Interest rate forecast:** The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the need for greater clarity on post-Brexit trade arrangements and the continuing global economic slowdown.

9. Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.
10. For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 1%, and that new long-term loans will be borrowed at an average rate of 3%.

#### Local Context:

11. On 31 March 2019 the Council held £676m of short and long-term borrowing and £31m of investments. By 31<sup>st</sup> December 2019, this changed slightly to £674m of borrowing and £11m of investments. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. Internal borrowing allows the Council to utilise its internal cash balances (i.e. working capital and reserves) which are not required in the short to medium-term in order to reduce risk and keep interest costs low. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below.

**Table 1 - Balance sheet summary and forecast**

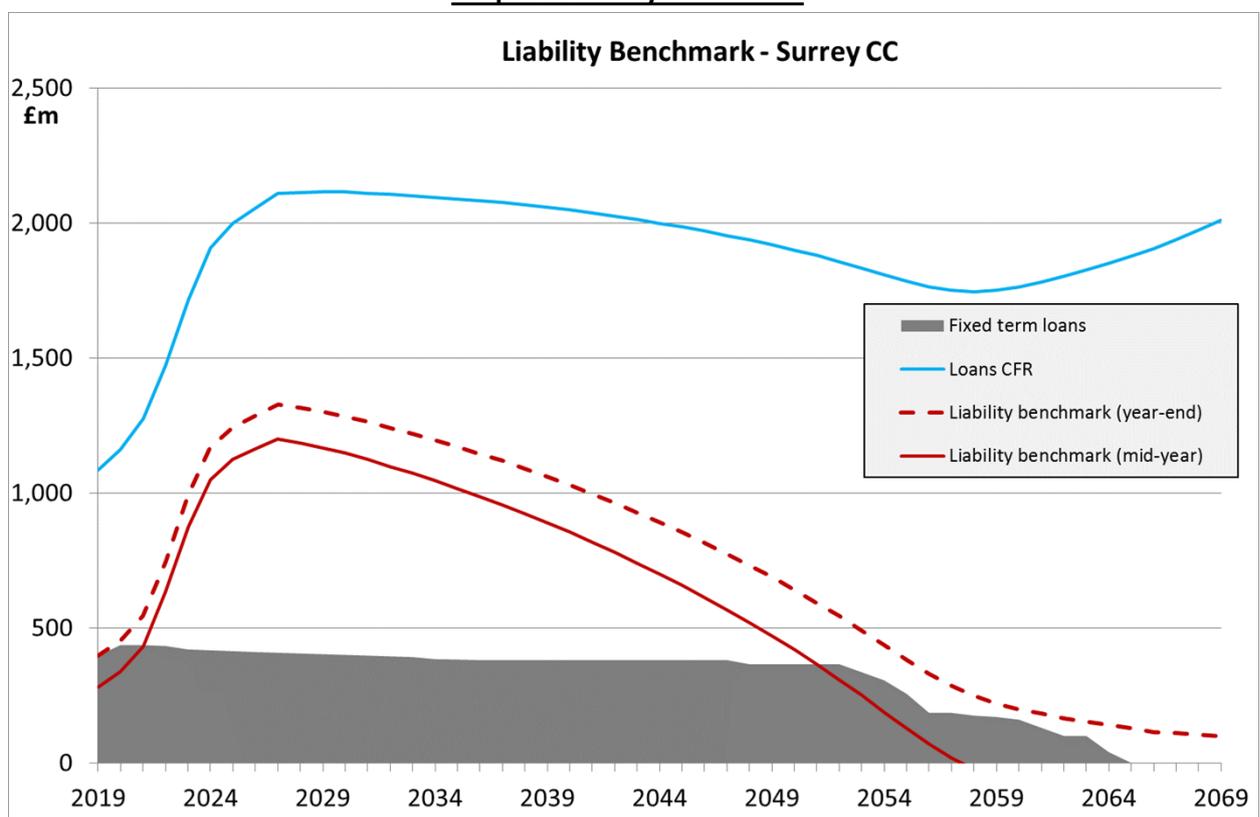
	<b>31.3.19 Actual £m</b>	<b>31.3.20 Estimate £m</b>	<b>31.3.21 Forecast £m</b>	<b>31.3.22 Forecast £m</b>	<b>31.3.23 Forecast £m</b>	<b>31.3.24 Forecast £m</b>	<b>31.3.25 Forecast £m</b>
General Fund CFR	1,217	1,269	1,422	1,598	1,816	1,985	2,074
Less: PFI and lease liabilities	(132)	(114)	(136)	(119)	(98)	(80)	(58)
<b>Net CFR (underlying need to borrow)</b>	<b>1,085</b>	<b>1,155</b>	<b>1,286</b>	<b>1,479</b>	<b>1,718</b>	<b>1,905</b>	<b>2,016</b>
Less: External borrowing (long term)	(397)	(437)	(436)	(433)	(420)	(417)	(414)
Internal borrowing (based on projected reserves, balances and working capital)	(409)	(429)	(449)	(441)	(440)	(447)	(454)
<b>Projected additional external borrowing requirement</b>	<b>278</b>	<b>289</b>	<b>401</b>	<b>605</b>	<b>858</b>	<b>1,041</b>	<b>1,148</b>

12. The Council has an increasing CFR over the period to 31 March 2025, due to the proposed Capital Programme and approved investment strategy projects. The maximisation of internal borrowing

leads to a borrowing requirement above the Council's ability to utilise its internal resources to fund this capital expenditure. It will therefore be required to raise additional external borrowing over the forecast period.

13. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2020/21.
14. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the Council's projected treasury management position over the next 50 years.

**Graph 1: Liability benchmark**



15. The long-term liability benchmark assumes:

- Capital expenditure funded by borrowing as per the 2020-25 Capital Programme
- Projects included in the Capital Programme (Budget and Pipeline) and approved investment strategy spend are included
- Minimum Revenue Provision (MRP) on new capital expenditure is based on the existing MRP policy
- Reserves and Balances are based on proposed and approved use over the life of the Medium-term Financial Plan (MTFS) and increase by inflation of 2.5% a year thereafter.

16. As illustrated in the graph above, the difference between the CFR (underlying need to borrow) and actual external borrowing is funded from Reserves and Balances (internal borrowing). The current

strategy to internally borrow continues to support the Council's financial position in the short to medium-term.

17. As shown, the Council's current debt portfolio is long dated and there are no significant repayments until the 2050s.

### **Borrowing Strategy**

18. The Council is projected to have £726m of borrowing as at the end of March 2020, an increase of £50m since 31 March 2019. Long term borrowing has increased from £397m at 31 March 2019 to £437m - £40m of long-term loans were taken out as part of a balanced approach to managing interest rate risk. Short-term borrowing is expected to increase by £10m by the end of the year.

19. **Objectives:** The Council's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.

20. **Strategy:** The Council is facing unprecedented financial pressures, principally driven by rising need for services from residents and continuing reductions in government funding. Given these pressures, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, the Council continues to maximise the use of internal resources (internal borrowing) and borrowing short-term to fund the additional requirement based on cash flow forecasts.

21. By doing so, the Council is able to suppress net borrowing costs (despite foregone investment income) and reduce market and credit risk in the investment portfolio. However, short-term borrowing does increase the Council's exposure to changes in interest rates as when short-term loans mature they may need to be replaced at a higher rate of interest. The level of internal / short-term borrowing will be reviewed on a regular basis, taking account of the overall cash position and market forecasts. Arlingclose will assist in this review with 'cost of carry' and breakeven analysis, which will support decisions on whether to take additional longer term external borrowing at fixed rates in 2020/21, with a view to keeping future interest costs low.

22. Alternatively, the Council may arrange forward starting loans where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost without suffering a cost of carry in the intervening period.

23. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- banks or building societies authorised to operate in the UK
- UK Local Authorities

- UK public and private sector pension funds (except the Surrey Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable Local Authority bond issues.

24. The Council has previously raised the majority of its long term borrowing from the PWLB. For short-term borrowing, the Council has, and will continue, to use other sources of finance, such as loans from other Local Authorities, pension funds and other public bodies as these are often available at more favourable rates. These short-term loans leave the Council exposed to the risk of interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

25. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative (PFI)
- sale and leaseback

All such sources of finance are subject to a robust options appraisal.

26. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to Local Authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow through the Agency will therefore be the subject of a separate report.

27. **Debt rescheduling:** The PWLB allows Local Authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost efficiency or a reduction in risk.

### Investment Strategy

28. The Council holds invested funds representing income received in advance of expenditure plus reserves. For the first half of 2019/20, the Council held average balances of £42m, compared to with £39m for the equivalent period in 2018/19. The average return for the first half of 2019/20 was 0.72%. Cash balances are expected to remain low during 2020/21.

29. **Objectives:** The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
30. **Negative interest rates:** If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
31. **Strategy:** Due to the continuation of the strategy to maximise internal borrowing and use short-term borrowing to manage cash flow shortfalls, investment levels are expected to remain low during 2020/21. The majority of the Council's surplus cash continues to be invested in money market funds and short-term unsecured bank deposits. Money Market Funds offer same-day liquidity, very low or no volatility and also ensure diversification to reduce the security risk of holding the majority of cash deposits with a limited number of UK banks.
32. While the Council's investment balances remain low (less than £100m), Money Market Funds and short-term bank deposits will be utilised, with a cash limit per counterparty/fund of £25m. If the economic situation changes, which results in a decision to undertake additional borrowing, resulting in higher cash balances, other investment counterparties may be considered and the counterparty limits set out below would apply.
33. **Business models:** Under the new International Financial Reporting Standard (IFRS 9) standard, the accounting for certain investments depends on the Council's "business model" for managing them. The new standard requires entities to account for expected credit losses in a timely manner; from the moment when financial instruments are first identified. These investments will continue to be accounted for at amortised cost.
34. **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in Table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

35. **Table 2 - Approved investment counterparties and limits**

<b>Credit rating</b>	<b>Banks unsecured</b>	<b>Banks secured</b>	<b>Government*</b>
UK Govt	n/a	n/a	£ Unlimited 50 years
AAA	£10m 5 years	£20m 20 years	n/a
AA+	£10m 5 years	£20m 10 years	n/a
AA	£10m 4 years	£20m 5 years	n/a
AA-	£10m 3 years	£20m 4 years	n/a
A+	£10m 2 years	£20m 3 years	n/a
A	£10m 13 months	£20m 2 years	n/a
A-	£10m 6 months	£20m 13 months	n/a
None	£1m 6 months	n/a	<b>n/a</b>
Pooled Funds	£25m per fund		

\* UK Local Authorities

This table must be read in conjunction with the notes below.

36. **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
37. **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
38. **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt

from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

39. **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and Local Authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
40. **Pooled funds:** Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
41. Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short-term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
42. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB - and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1m. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity. The Council's bank, HSBC, has a credit rating of AA-.
43. **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
44. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will

be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

45. **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis. No investments will be made with an organisation if there are substantive doubts about its credit quality.
46. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills or with other Local Authorities.
47. **Investment limits:** The Council's revenue reserves and balances available to cover investment losses are forecast to be approximately £65m on 31<sup>st</sup> March 2020. In order that no more than 30% of available reserves will be put at risk in the case of a single default, the maximum that will be invested with any one organisation (other than the UK Government) will be £20m and the limit for any one pooled fund will be £25m.

**Table 3 - Investment limits**

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£20m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£20m per group
Any group of pooled funds under the same management	£25m per manager
Money Market Funds	£150m in total
Unsecured investments with Building Societies	10m in total

48. **Liquidity management:** The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial

commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

### Treasury Management Indicators

49. The Council measures and manages its exposures to treasury management risks using the following indicators.

50. **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	60%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	25%

51. Time periods start on the first day of each financial year. The maturity date of borrowing is the date of the loans are due to be repaid.

52. **Principal sums invested for periods longer than 1 year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2020/21	2021/22	2022/23
Limit on principal invested beyond year end	£40m	£20m	£10m

### Other Items

53. There are a number of additional items that the Council is obliged by CIPFA and MHCLG to include in its treasury management strategy.

54. **Policy on the use of Financial Derivatives:** Local Authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over Local Authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

55. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks

that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

56. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
57. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believes this to be the most appropriate status.
58. **Treasury Management Advice:** Surrey County Council has appointed Arlingclose Limited as Treasury management advisers and receives specific advice on investments, debt and capital finance matters.
59. **Treasury Management Training:** Member and Officer training needs are assessed regularly as part of the staff appraisal process. Additional training will be provided as and when there is a change in roles and responsibilities. The Council also benefits from the Orbis partnership Centre of Expertise, which provides a robust Treasury team providing day to day treasury management operational activities to Surrey County Council, Brighton & Hove City Council and East Sussex County Council.

### Financial Implications

60. The budget for investment income in 2020/21 is £300,000, based on an average investment portfolio of £40m at an interest rate of 0.75%. The budget for debt interest paid in 2020/21 is £19m, which is based on a mix of short-term borrowing and the existing long term fixed rate debt portfolio.
61. The CIPFA Code does not prescribe any particular treasury management strategy for Local Authorities to adopt. The Section 151 Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain

Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
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## Annex 1

**Prudential and Treasury Indicators 2020/21**

1. The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of Local Authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.
2. The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice.

**Estimates of capital expenditure**

3. The Council's planned capital expenditure and financing is summarised in table 1. This prudential indicator is a summary of the Council's annual capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

**Table 1 - Actual and estimated capital expenditure**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Projected	← ----- Estimated ----- →				
	£m	£m	£m	£m	£m	£m	£m
Capital Programme expenditure	128	161	264	355	328	286	215
Approved investment strategy spend	100	7	13	23	11	9	0
Financed By:							
- Government grants and third party contributions	97	95	101	86	74	76	67
- Capital Receipts	11	5	22	75	0	0	0
- Revenue and reserves	1	1	8	6	6	7	6
<b>Net financing need for the year*</b>	<b>119</b>	<b>67</b>	<b>146</b>	<b>211</b>	<b>259</b>	<b>212</b>	<b>142</b>

\*Capital expenditure to be met by borrowing

**The Council's borrowing need (the capital financing requirement)**

4. Table 2 sets out the Council's estimated capital financing requirement (CFR). The CFR represents capital expenditure funded by external debt and internal borrowing and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. The CFR therefore measures a Council's underlying need to borrow for a capital purpose. Any capital expenditure which has not been funded from locally determined resources will increase the CFR. The CFR will reduce by the minimum revenue provision (MRP).

5. The MRP is a statutory annual revenue charge which reduces the borrowing need in a similar way to paying principal off a household mortgage.
6. The CFR includes any other long term liabilities, e.g., PFI schemes, finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes and they therefore do not form part of the Council's underlying need to borrow.
7. The CFR is increasing over the MTFS period which results in an increase in external debt (after we have maximised internal borrowing) and therefore an increase in the revenue cost of borrowing. This is reflected in an increased Operational Boundary and Authorised Limit as shown in Tables 4 and 5. Table 6 - Ratio of financing costs to net revenue stream, shows that the revenue cost of debt is an increasing but relatively low proportion of our overall budget. The impact of funding the Capital Programme is built into the revenue budget and MTFS.

**Table 2 - Capital Financing Requirement (CFR)**

	2018/19 Actual £m	2019/20 Projected £m	2020/21 ← ----- £m	2021/22 £m	2022/23 Estimated £m	2023/24 ----- £m	2024/25 ----- £m
Opening CFR	1,152	1,235	1,269	1,422	1,598	1,816	1,985
Movements:							
- Minimum revenue provision	(20)	(15)	(15)	(17)	(20)	(25)	(31)
- Application of capital receipts	(29)	0	0	0	0	0	0
- PFI & finance leases	13	(18)	22	(17)	(21)	(18)	(22)
- Net financing need	119	67	146	210	259	212	142
	83	34	153	176	218	169	89
Closing CFR	<b>1,235</b>	<b>1,269</b>	<b>1,422</b>	<b>1,598</b>	<b>1,816</b>	<b>1,985</b>	<b>2,074</b>

\*includes the addition to fixed assets on the balance sheet under PFI

### **Gross borrowing and the capital financing requirement**

8. In order to ensure that over the medium-term borrowing will only be for a capital purpose, the Council should ensure that its debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next 2 financial years. This allows some flexibility for early borrowing in advance of need, but ensures that borrowing is not undertaken for revenue purposes. This is a key indicator of prudence.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Projected	← -----	Estimated	-----	→	
	£m	£m	£m	£m	£m	£m	£m
External Borrowing	675	726	837	1,038	1,278	1,458	1,562
CFR	1,235	1,269	1,422	1,598	1,816	1,985	2,074

9. Total debt is expected to remain below the CFR during the forecast period.

#### **The Council's operational boundary for external debt**

10. Table 4 sets out the Council's operational boundary. The operational boundary is an indicator against which to monitor its external debt position. It is based on the Council's estimate of the most likely (ie prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the CFR and cash flow requirements and is a key management tool for in-year monitoring.

11. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. Other long-term liabilities comprise finance lease, PFIs and other liabilities that are not borrowing but form part of the Council's debt position.

12. The operational boundary is not a limit and actual borrowing could vary around this boundary for short periods during the year. It should act as an indicator to ensure the authorised limit is not breached. The operational boundary increases over the MTFS period to reflect an increasing underlying need to borrow linked to the Capital Programme. We monitor against the indicator throughout the year.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Agreed	← -----	Estimated	-----	→	
	£m	£m	£m	£m	£m	£m
Borrowing	966	1,087	1,438	1,698	1,888	1,992
Other long term liabilities	143	136	119	98	80	58
<b>Total</b>	<b>1,109</b>	<b>1,223</b>	<b>1,557</b>	<b>1,796</b>	<b>1,968</b>	<b>2,050</b>
Estimated External Borrowing	716	837	1,038	1,278	1,458	1,562

### **The Council's authorised limit for external debt**

13. Table 5 sets out the Council's authorised limit for external debt. This key prudential indicator represents a control on the maximum level of borrowing. It is a statutory limit determined under section 3(1) of the Local Government Act 2003 and represents a limit beyond which external debt is prohibited. It is the maximum amount of debt that the Council can legally owe.
14. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised since the introduction of the Prudential Code.
15. The Authorised limit provides headroom over and above the operational boundary for unusual cash movements and potential additional borrowing to meet the ambitions of the Council in respect of its investment strategy.
16. As with the operational boundary, the limit separately identifies borrowing from other long term liabilities such as finance leases and PFIs. The authorised limit increases over the MTF5 period to reflect an increasing underlying need to borrow linked to the Capital Programme.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Agreed	← -----	Estimated	-----	→	
	£m	£m	£m	£m	£m	£m
Borrowing	1,553	1,587	1,938	2,198	2,388	2,492
Other long term liabilities	143	136	119	98	80	58
<b>Total</b>	<b>1,696</b>	<b>1,723</b>	<b>2,057</b>	<b>2,296</b>	<b>2,468</b>	<b>2,550</b>
Estimated External Borrowing	716	837	1,038	1,278	1,458	1,562

### **Estimated ratio of financing costs to net revenue stream**

17. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

<b>Table 6 - Ratio of Financing Costs to Net Revenue Stream</b>						
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>Projected</b>	<b>← ----- Estimated -----</b>			<b>-----&gt;</b>	
Ratio of Financing Costs to Net Revenue Stream	2.57%	3.18%	3.86%	4.61%	5.31%	6.45%

18. The revenue implications of potential, yet to be identified, investment opportunities that meet the Council's long term capital strategy criteria, will be funded from the investment returns of such investments. If there is a delay in the realisation of sufficient returns then costs will be funded from the Council's Revolving Infrastructure & Investment Fund.

#### **Treasury Indicators:**

Principal sums invested for periods longer than a year (including shares, which is the only remaining limit for non-specified investment)

<b>Price risk indicator</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Limit on principal invested beyond year end	£40m	£20m	£10m

Refinancing risk - Maturity structure of borrowing

<b>Refinancing rate risk indicator</b>	<b>Upper limit</b>	<b>Lower limit</b>
Under 12 months	60%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	25%

## Arlingclose Economic & Interest Rate Forecast

### Underlying assumptions:

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
- Brexit has been delayed until 31 January 2020. The General Election has removed some uncertainty within the market, however following the Withdrawal Bill, a key concern is the limited transitional period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.
- UK GDP growth rose by 0.4% in the third quarter of 2019 from -0.2% in the previous three months, with the annual rate falling further below its trend rate to 1.1% from 1.2%. Services, construction and production added positively to growth, by 0.5%, 1.2% and 0.1% respectively, while agriculture recorded a fall of 0.1%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment. This results in forecast GDP growth of 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.
- Domestic inflationary pressures have abated, as domestic gas and electricity price freezes have taken effect until 2020. The price of oil has fallen through the year, despite a rise in prices in December 2019. The limited inflationary pressure from real wages will likely keep inflation below the Bank of England target of 2%. The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty continues or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates.
- Inflation is running below target. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.
- The US economy has continued to perform relatively well compared to other developed nations; however, the Federal Reserve has started to unwind its monetary tightening through 2019. The Federal Reserve has cut rates three times to 1.5% - 1.75%, to stimulate growth as GDP growth has started to fall (to 2.1%).
- The repercussions from the US-China trade war continues which, risks contributing to a slowdown in global economic activity in 2019. Recent suggestions have been an initial compromise and potential unwinding of tariffs; however, this can change quickly. Slow growth in Europe, combined with

changes in leadership at the ECB and IMF has led to a change of stance in 2019. Quantitative easing has continued and been extended.

- Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

#### Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on the progression towards a post-Brexit trade arrangement and the evolution of the global economy.
- Arlingclose judges that the risks are weighted to the downside.
- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>3-month money market rate</b>														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>1yr money market rate</b>														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
<b>5yr gilt yield</b>														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
<b>10yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
<b>20yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
<b>50yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

## Investment &amp; Debt Portfolio Position as at 31 March 2019

	Actual Portfolio £m	Average Rate %
<b>External borrowing:</b>		
Public Works Loan Board	387	4.10
Market	10	5.00
Local Authorities	279	0.8
<b>Total external borrowing</b>	<b>676</b>	
<b>Other long-term liabilities:</b>		
Private Finance Initiative	134	
<b>Total other long-term liabilities</b>	<b>134</b>	
<b>Total gross external debt</b>	<b>810</b>	
<b>Treasury investments:</b>		
Banks & building societies (unsecured)	-	
Government (incl. Local Authorities)	-	
Money Market Funds	31	0.51
<b>Total treasury investments</b>	<b>31</b>	
<b>Net debt</b>	<b>779</b>	

## **Glossary of Terms**

**CCLA – Churches, Charities and Local Authorities**

**CFR – Capital Financing Requirement**

**CIPFA – Chartered Institute of Public Finance Accountancy**

**CPI – Consumer Price Index**

**DMO – Debt Management Office**

**DMADF – Debt Management Account Deposit Facility**

**ECB – European Central Bank**

**GDP – Gross Domestic Product**

**MHCLG – Ministry of Housing, Communities and Local Government**

**MiFID - Markets in Financial Instruments Directive**

**MMF – Money Market Fund**

**MPC – Monetary Policy Committee**

**MRP – Minimum Revenue Provision**

**PWLB – Public Works Loan Board**

**TMPs – Treasury Management Practices**

**TMPS – Treasury Management Policy Statement**

**TMSS – Treasury Management Strategy Statement**

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## Surrey County Council Budget 2020/21 – Equality Impact Assessment

1. This report summarises potential equality impacts on residents and Surrey County Council staff arising from proposed service changes that will improve services for residents and support the council to realise a sustainable budget for the 2020/21 financial year. It also includes mitigating actions to maximise any positive impacts and minimise any adverse ones.
2. This should be read with a number of appendices, including individual Equality Impact Assessments (EIAs) and the 2020/21 Final Budget and Medium-Term Financial Strategy 2020/21 – 2024/25 Cabinet report of 28 January 2020. Reading this report will support Members to comply with equality law so they can pay due regard to the equality implications in setting the new budget for 2020/21.

### Summary/headline findings

3. In October 2019, we agreed a new [Organisation Strategy 2020-2025](#). To support this strategy, it is crucial we allocate our resources in the most efficient ways possible, so we need to be clear about what the efficiencies package underpinning the budget means for residents, partners and staff.
4. From reviewing the efficiency proposals, we are adopting four strategic approaches towards balancing the budget in 2020/21:
  - a. Promotion of choice and control for residents
  - b. Changing the way we work, internally and for residents
  - c. Prioritising spend to make us financially viable
  - d. Maximising our income streams without disadvantaging residents.
5. Given the scale and complexity of change required, the council's efficiency proposals for 2020/21 have been analysed as a whole to understand the impact on our residents, particularly where certain groups may be impacted by multiple efficiency proposals. Individual EIAs outline the potential impact of proposed efficiencies for each service area on residents with protected characteristics<sup>1</sup>.
6. Four EIAs are being presented to Cabinet where at the time of setting the budget, the efficiency proposals are well defined. The following groups have been identified as being affected by more than one service proposal:
  - Older adults
  - Carers
  - People with physical, mental and learning disabilities.

Some efficiency proposals are in a formative stage, and as they are firmed up, the specific equality impacts will be considered by the relevant Cabinet Member and Executive Director ahead of their implementation.

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<sup>1</sup> The Equality Act 2010 lists nine protected characteristics. These are: Age (including younger and older people), Disability, Gender reassignment, Pregnancy and maternity, Race (including ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, Sexual orientation and Marriage/civil partnerships. Carers are also protected by association, e.g., if they are a carer for an older, disabled person.

### Our Duties

7. There are no legal requirements to carry out an EIA on the council's budget, however it is important for us to identify and consider the equality implications of our budget decisions on our residents.
8. This analysis also supports Cabinet with meeting their statutory duty to pay due regard to equality issues. When approving financial plans, Members must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires them to have due regard to the need to:
  - a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
  - b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
9. Members are also required to comply with Section 11 of the Children Act 2004, which places a duty on the council to ensure service functions, and those contracted out to others, are discharged having regard to the need to safeguard and promote the welfare of children.
10. Cabinet must read each individual EIA (listed in Paragraph 18) in full and take their findings into consideration when determining these proposals. Having 'due regard' requires Members to understand the consequences of the decision for those with the relevant protected characteristics and consider these alongside other relevant factors when making decisions. In addition, consideration of equality is an ongoing process and should take into account evidence from consultation and engagement activity and other data sources where appropriate.
11. 'Due regard' also means that consideration given to equality matters should be appropriate in the context of the decision being taken. This means Members should weigh up equality implications against any other relevant factors in the decision-making process. In this case the most significant other matters are:
  - a. the statutory requirement to set a balanced budget;
  - b. the ambitions the council has for Surrey as a place, which are set out in the [Community Vision for Surrey in 2030](#) and the [Organisation Strategy 2020-2025](#);
  - c. the priorities within the council's [Confident in Surrey's Future: Equality, Fairness and Respect Strategy 2015 – 2020](#); and
  - d. the [demographic pressures](#) facing the council's services that include a rising population with projected increases in the number of older residents and children and young people. Increases in these age groups are placing, and will continue to place, additional demands and pressures on adult and children's social care services and local schools.

### Surrey County Council Efficiency Proposals 2020/21 - Strategic Approaches

12. An analysis of the proposals for securing efficiencies to balance the budget in 2020/21 shows they can be grouped into four strategic approaches:

## Annex K – SCC Budget 2020/21 Equality Impact Assessment

- **Promotion of choice and control for residents.** This relates to increasing introduction of self-service for residents in several areas, including more flexibility in ways they can contact the council. Alongside this, the council is continuing to increase the numbers of people who exercise control over budgets for their own care, such as through Direct Payments in Adult Social Care, as well as supporting families to remain together where possible as part of changes in Children’s Services.
  - **Changing the way we work, internally and for residents.** This relates largely to changes to working practice with residents, including vulnerable adults and children. These are likely to include using digital technology and supporting our workforce to be more productive to enable transformation projects and deliver productivity gains, developing new technologies, becoming a more agile organisation and thinking creatively about resource allocation within services.
  - **Prioritising spend to make us financially viable.** This will help us make sure we are delivering the right service, to the right people, every time within the budget available to us. This includes looking at the practices of similar size local authorities to maximise performance and ensure the most effective allocation of resources.
  - **Maximising our income streams without disadvantaging residents.** This encompasses areas in which the council is considering commercial opportunities, as well as introducing charges for some services we offer, including as part of changes in Environment, Transport and Infrastructure and continued service development in Adult Social Care.
13. These actions represent our continuing work to modernise the organisation and develop services that are responsive to the needs of residents while remaining financially sustainable. This includes increasing access to services through digital technology, more effective allocation of resources to support the most vulnerable residents in Surrey and transforming back-office processes to enable the council to invest more in frontline service delivery.
14. Through our efforts to achieve this, and ensure we set a budget that does not rely on any reserves to balance the budget, we will continue to do things to drive efficiencies and deliver real value for money. This will enable us to set a budget so we can invest in Surrey residents and places now and for future generations.

### **Surrey County Council Efficiency Proposals 2020/21 – Equality Impact Assessments**

15. We have reviewed the whole package of efficiencies proposed for 2020/21 to determine which proposals require EIAs and which do not. For those changes where residents are most likely to see differences in the way services are delivered, and where the equality implications are well defined at the time of setting the budget, individual EIAs are included in **Annexes K1 – K4** .
16. Our assessment of the likely impacts of these started when proposals were being formed. They will only be implemented after Members have actively paid due regard and considered all possible actions and mitigations to achieve the three aims set out in Section 149 of the Act (paragraph 9 of this report).

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17. It is open to the council to formulate its efficiency proposals (having regard to the likely impact on protected characteristics), and once these are further developed, Members and officers will consider in greater detail the specific equality impacts of the efficiencies that might be implemented within the budgetary framework.
18. Where decisions on how to achieve efficiencies within the agreed budget will be taken in-year, subsequent decisions will be taken by the relevant Cabinet Member and Executive Directors, and shall be made based on a clear understanding of what the potential impacts might be.
19. There are four individual Equality Impact Assessments for Cabinet and Council to consider when giving due regard to the proposals outlined in the budget. These have been appended due to the day-to-day impact residents may experience with these service areas:
  - Adult Social Care Transformational Efficiencies EIA (updated from the version presented to Cabinet 29 January 2019)
  - Making Surrey Safer (Surrey Fire and Rescue Service) EIA (presented to Cabinet 24 September 2019)
  - Libraries and Cultural Services Transformation EIA (originally presented to Cabinet 26 November 2019)
  - Special Educational Needs and Disabilities (SEND) Strategy EIA (updated from the version presented to Cabinet 29 January 2019)
20. These individual assessments represent the proposals which, if approved, are likely to change how residents currently access or receive services and therefore require consideration of what potential equality implications may be, and how these could be mitigated. As these EIAs have been presented to previous Cabinet meetings, these are presented to remind Members of the equality implications.
21. While some efficiency proposals have clear equality impacts, some proposals are still in a formative stage, so services are not yet in a position to assess the full impacts of these. Where impacts are identified at a later date, the relevant Cabinet Member and Executive Director will consider these prior to proposals being implemented.
22. Some efficiencies within the 2020/21 budget will not have any direct effect on residents or service delivery (such as budget adjustments and removal of vacant posts), and therefore are not considered within this report.
23. The following section assesses the council's proposed efficiencies for 2020/21 in a cross-cutting way and considers the cumulative impact of some of these changes. Members may consider this cumulative analysis alongside the individual EIAs but must still read, consider conscientiously and give due regard to each individual EIA document when making decisions on the proposals outlined in the budget.

### **Surrey County Council Efficiency Proposals 2020/21 – Cumulative Impact**

24. Analysis of the EIAs shows that the groups with the potential to be affected by multiple changes proposed in the efficiencies package for 2020/21 are:
  - Older adults
  - Carers

- People with disabilities

25. This analysis is based on the information contained in the EIAs in Annexes K1 – K4.

### Adult Social Care

26. The shift towards more creative and informal provision of Adult Social Care is intended to encourage similar responses from care companies and maximise efficiency. Residents of all ages will be encouraged to explore what care and support their family, friends and local community can provide to meet their needs. This focus on active community participation will encourage creativity whilst enabling service users to maintain their independence.
27. These changes may lead to some concerns among older and disabled residents as they may not have the same ability to access a variety of support services, which could potentially also affect carers, care users and broader residents. There may also be increasing demands placed upon the voluntary, community and faith sector from people of all ages. This could overload the sector and lead to support not being available for everyone who needs it. Decisions made around placements may mean older people are offered residential or nursing care that is further away from their family and networks.

#### Mitigations:

- a. Ensure staff take the time to listen to and respond to anxieties that arise as a result of the changes so that people feel reassured and supported
  - b. Explore ways in which families, friends and local communities can support older residents to enable them access to community based services
  - c. Continue to work with partners to support and expand the role of the voluntary, community and faith sector, including maintaining our investment in the sector
  - d. Work with families and friends to find creative, efficient ways to make the nursing and residential care settings work for social care service users who have been placed further away from their support network.
27. Transforming Adult Social Care services will bring a number of benefits for disabled service users, such as their greater involvement in the planning and delivery of their care and more choice, control and independence, such as through more people benefitting from direct payments and greater support from family, friends and local communities.
28. There are some changes however that may lead to negative impacts for residents with disabilities, including increasing the distance their family and networks may need to travel to new care placements, and how the care provided by family, friends and community networks can be quality assured for safeguarding purposes.

#### Mitigations

- a. Work will take place to co-design and reshape services, listening to the voice of people with a disability and implementing their ideas

## Annex K – SCC Budget 2020/21 Equality Impact Assessment

- b. Ensure staff are trained so they can have strength based conversations with residents
  - c. Ensure mental health staff are trained and able to implement the Care Act
  - d. Strengthen the range of Technology Enabled Care on offer to people
  - e. Ensure staff are equipped to support people in taking proportionate risks and safeguarding procedures are adhered to.
29. Continuing to implement the Adult Social Care (ASC) transformation programme will mean wide ranging changes to policy, function and services so we can support more residents to be independent and have control over their own outcomes.
30. Direct payments will have a positive impact on carers by offering them more choice and an increase in home adaptations will enable more families to look after their adult family member at home.
31. Carers may be concerned about what these changes mean for them and the people they care for and their wellbeing. They may feel obligated to take on more of a caring role, which could lead to issues in work-life balance if they are employed, or have a more detrimental impact on their health if they are an older carer.

### Mitigations:

- a. Involve carers in the co-design of new services at the earliest opportunities.
- b. Continue to support carers in their caring roles and ensure they themselves have support plans in place to facilitate this. Young carers should be identified and given support.

### Fire and Rescue Service

32. Older people are more likely to be affected by proposed changes as a result of the modernisation of the Fire and Rescue Service. Modernisation of the service will potentially have a range of positive impacts for more vulnerable people in Surrey.
33. With forecast increases in the numbers of older people living alone, have dementia, and/or who are unable to carry out self-care and domestic tasks without support means there are more people likely to be vulnerable to fires in their homes. We also know that some residents with disabilities, such as those with mobility and mental health issues, will potentially be affected. We recognise residents may be concerned about what changes to crewing patterns at some stations will mean for them.

### Mitigations:

- a. Increase targeted campaigns and community engagement to support prevention of fires and other emergencies affecting vulnerable residents, including older people
- b. Increase prevention work across the county, such as through Safe and Well Visits, to educate and inform residents on how to prevent fires and other

## Annex K – SCC Budget 2020/21 Equality Impact Assessment

emergencies. Vulnerable people will be targeted in particular, with our aim to increase the number of visits being delivered to 20,000 by 2021.

- c. Increase the number of homes equipped with telecare designed to support the prevention of fires, such as pendants that can be worn, smoke and carbon monoxide detectors, and bed and falls sensors for those with mobility difficulties.

34. The implementation of the Making Surrey Safer Plan 2020 – 2023 will result in a reduction of employees working within response, which will impact some Surrey Fire and Rescue (SFRS) employees across the county. This change has the potential to negatively impact staff with caring responsibilities as a result of changes to their roles, whether through changes to crewing patterns or shifting to a more preventative role.

### Mitigations:

- a. The affected employees have been asked to complete a preference form and detail any extenuating circumstances they feel should be considered during the selection process. This includes anything that may fall within the Equality Act. Information provided on these forms will be assessed to minimise negative impact on these employees as a result of the changes.
35. The increase in dedicated fire safety roles may also provide greater career development opportunities for firefighters who develop disabilities, such as reduced mobility, that prohibit an operational role, such as responding to emergency incidents.

### Libraries and cultural services

36. Transformation of our libraries and cultural services into a range of modern, affordable services for people will involve looking at reducing the net cost of these services while increasing their impact.
37. Older people represent a greater proportion of library users when compared to the wider population. They will represent a priority group to engage in the co-design phase in 2020 and early 2021, so we can identify and monitor the impacts of this transformation on these groups and mitigate any negative ones in the final library service model.
38. The transformation of libraries and cultural services will potentially better support people with long-term health conditions, disabilities and mental health issues. There is potentially a greater prevalence of people with these conditions given that older people and some children and young people with disabilities are likely to form a significant proportion of library users, and we will gather data on this as we go through the co-design process. We will carry out targeted co-design and engagement with disabled people, and work closely with disability organisations in Surrey, such as the Surrey Coalition of Disabled People and their member organisations.
39. Through the co-design process, we can establish a new model of libraries and cultural services that better serves the needs of residents with disabilities and long-term health conditions. As we go through the co-design process, we will be better able to identify positive and negative impacts arising from the new model and put in

## Annex K – SCC Budget 2020/21 Equality Impact Assessment

place mitigations. We will also support staff with disabilities working in those services as the changes progress.

### Special Educational Needs and Disabilities (SEND)

40. The continued transformation of our services for children and young people with SEND will deliver a range of positive benefits including strengthened early identification to speed up access to preventative services and increased provision in local schools to reduce the travel distance and time taken for them to attend school.
41. In addition, there are a number of initiatives in the programme aimed at strengthening support for young people with SEND transitioning to adulthood, such as increased post-16 and post-19 pathways and expanding our adult learning, employment provision and Supported Internship programmes.
42. These initiatives are aimed at reducing costs to the council by reducing demand for higher cost services, better market management, greater partner accountability for funding and better service delivery and decision-making through early identification and Education, Health and Care Plan processes.
43. While the aim is to reduce the numbers of children and young people with SEND placed further away in non-maintained and independent educational settings, this could lead to parents perceiving that the council is reducing access to specialist placements for children who need it most.

Mitigations:

- a. Continue to communicate and engage with parents to show how the proposals in the strategy will lead to more appropriate placements.

### **Surrey County Council Efficiency Proposals 2020/21 – Other Impacts**

44. The council is aware that some elements of the efficiencies to be delivered in 2020/21 could result in unintended or unexpected impacts on residents, which we are not yet in a position to fully assess. This cumulative analysis highlights some of the high level impacts that we are able to define at this time, as they relate to the projects mentioned.
45. Through reviewing the Equality Impact Assessments undertaken as part of the budget process, it is noted that there are other areas in which decisions that the council is taking are likely to impact on service delivery for residents which are not mentioned in the attached EIAs.
46. Any proposals contained in the council's budget are not "set in stone" at this time. The proposed changes to service delivery referred to below, and elsewhere in the report, will be subject to specific consideration of the equality impacts prior to a final decision being made by Cabinet or officers to implement any proposed changes.
47. Changes are being proposed to the **Stop Smoking service**. Existing GP and pharmacy Public Health Agreements are due to come to an end on 2019/20. This means GP practices and pharmacies will stop offering services and provision will be

offered through the One You Surrey service.

48. The provision will still be available for affected smokers but may be offered in a different format, such as online or via the telephone. This has the potential to affect higher risk groups of residents, such as mothers who continue to smoke while pregnant. This will be mitigated through continued provision of Stop Smoking clinics across Surrey, digital and telephone channels and close working with maternity services for ease of access for pregnant and new mothers to access stop smoking services.
49. The **Registrations service** are proposing to develop a more commercial offer for ceremonies which aims to create more choice for ceremony customers to meet their needs. It will include a greater offer for all ceremonies, including civil ceremonies and naming ceremonies. A statutory ceremonial offer, for customers who chose this option, will continue to be provided at an affordable cost. The take up of the different offers will be monitored by protected characteristics. The move to online booking for ceremonies will offer more flexibility for customers to self-serve but telephone booking will still be available for customers who are unable to access online services. A full EIA will be developed to capture understanding of the impacts on service users.
50. There are a number of proposals in the efficiencies package that could affect **children, young people and their families**, but the impacts are unclear at this stage. Proposals include making efficiencies against the contract offering short breaks for disabled children, spot purchases of supported accommodation places for children and young people leaving care and the contact service in Children's Services. There are also proposals to make changes to services for children and young people delivered in partnership with Clinical Commissioning Groups. Full EIAs will be produced for each of these proposals.
51. Changes to remodel Children's Centres into **Family Centres** that were agreed for the 2019/20 budget will continue into 2020/21. This involved moving towards a targeted approach for the most vulnerable children in Surrey and placing main centres in locations most likely to be adversely affected by deprivation. A detailed [EIA was presented to Cabinet in January 2019](#) outlining the impact of these changes and mitigating strategies, such as targeted outreach deployment and providing better information for families so they know where to go for support.
52. We continue to look at reducing **waste management** costs, including through a range of targeted campaigns aimed at increasing the amount residents recycle. We also continue to look at market testing for disposal costs, which currently do not impact on service delivery. Should this change, a full EIA will be carried out.
53. We will carry out additional **highway enforcement**, e.g. bus lane camera enforcement, to ensure bus journeys are more reliable to support sustainable transport choices. Some of these proposals could negatively impact the residents with protected characteristics but the final proposals or individual enforcement schemes are being developed, so impact cannot be quantified at this stage. Any impact on service delivery will be reviewed by EIAs covering individual enforcement schemes.

54. We will continue to change the way residents are able to contact the council and access some of its services. The **Customer Experience transformation** project will continue into 2020/21 to promote more digital and self-service options for customers and provide a single front door so access to council services is consistent and cost effective. [The EIA carried out for last year's budget remains valid](#) as the people most likely to be affected by these changes are those with low levels of digital skills and people whose first language is one other than English, and have limited abilities to read or speak the language. The contact centre will continue to provide support for customers less able to use digital self-service channels over the telephone, and a telephone interpretation service would be offered to customers who need it.

### **Mitigations**

55. As part of this equality analysis work, services have developed a range of mitigating actions that seek to offset impacts of efficiency proposals on residents and staff with protected characteristics.
56. In general terms, the council's approach to mitigating impacts has been, or will be as strategic principles are developed into more formative proposals, to adopt one or more of the following:
- a. Putting service users and staff at the heart of service re-design, using co-design and consultation methods to produce services that are responsive and focus on supporting people that need them most. This means bringing together the right people early in the process to understand the issues and then decide what can be done collectively to improve outcomes.
  - b. Undertaking ongoing evaluation of the impacts of changes to services so we can build further evidence of who is affected by them, to refine and strengthen the mitigations that are in place and to document and respond to unforeseen negative impacts.
  - c. Providing tailored information to service users that are impacted negatively by efficiency proposals so they can draw on their own resources or seek further support either from the council or partner organisations.
  - d. Ensuring any changes to staffing levels or staff structures are completed in accordance with the council's human resources policies and procedures and take account of the impact these changes have on the workforce profile. In particular, there may be positive career opportunities for staff with protected characteristics as a result of this activity.
  - e. Increasing opportunities for residents to access council services in new and easier formats, such as through the use of digital technologies. Additional support will be provided for residents who may need help to adapt to the new formats, such as some older or disabled people.
  - f. Ensuring that staff with protected characteristics are fully supported with training and adjustments as appropriate to allow them to access the new ways of working the transformation proposals give rise to and for all staff to be equipped to support residents to do the same.

**Conclusions**

57. As part of our continued efforts to ensure the council remains financially sustainable, we are changing the way we deliver some services to residents. Some of these changes require Equality Impact Assessments to identify any groups with protected characteristics who may be impacted by these proposals. When taking a decision to set the budget, Members must use this paper to so they can discharge their duty to pay due regard to the equality implications of agreeing this package of efficiencies to balance the budget.
58. This report has summarised the main themes and potential impacts on residents arising from efficiency proposals for the 2020/21 year, as well as mitigating activity. The council continues to go through significant transformation, and we will continue to consider how these changes affect the most vulnerable residents and how we can support them to ensure that no-one is left behind.
59. **This summary report should only be read in conjunction with each individual EIA.**

<b>EIA Title</b>	<b>Adult Social Care Transformational Efficiencies 2020/21</b>			
<b>Did you use the EIA Screening Tool?</b> (Please tick or specify)	Yes (Please attach upon submission)		No	√

**1. Explaining the matter being assessed**

<p><b>What policy, function or service change are you assessing?</b></p>	<p>Adult Social Care’s vision is to promote people’s independence and wellbeing. Delivering this vision will mean people:</p> <ul style="list-style-type: none"> <li>• Have access to information, advice and support in the community to help themselves and each other.</li> <li>• Build upon their strengths, with the same hopes and aspirations as everyone to work and to live independently.</li> <li>• Are supported to regain their skills and confidence after an illness or injury, so they can do things for themselves and stay independent.</li> <li>• Feel safe and experience health, social care and community partners working together to meet their needs.</li> </ul> <p>This vision for a modern service will be delivered through the ASC transformation programme. The key elements of this programme, which will deliver efficiencies of <b>£12.3m</b> on 2020/21 will be:</p> <ol style="list-style-type: none"> <li>1. <b>Practice Improvement</b> – This programme will equip practitioners to take a strength based approach, ensure they have the technology they need to work in an agile way; implement a rigorous approach to reviews; ensure direct payments are the default offer; and enhance the use of technology-enabled care. This programme has an efficiencies target of £6.2m in 2020/21.</li> <li>2. <b>Learning Disability &amp; Autism</b> – This programme will reshape services to increase the number of people living independently in their own homes, with access to employment, friendship groups or other worthwhile pastimes; it will reshape day services; and facilitate better access to health provision. This programme has an efficiencies target of £4.6m in 2020/21.</li> <li>3. <b>Accommodation with Care &amp; Support</b> – This programme will increase the availability of extra care accommodation for older people; expand the development of new independent living provision for people with a learning disability and/or autism; stimulate the mental health/substance misuse supported living market; and ensure provision of specialist residential and nursing care beds across the county. This programme has an efficiencies target of £0.8m in 2020/21.</li> <li>4. <b>Mental Health</b> – This programme will implement new service models for approved mental health professionals, older people services, working aged adult services,</li> </ol>
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	<p>prisons, , transitions and substance misuse, all of which will be focused on promoting services to enhance independence. This programme has an efficiencies target of £0.7m in 2020/21.</p> <p>5. <b>Market Management</b> – This programme will introduce new centralised processes, governance and decision making accountabilities for social care placements. No efficiencies target has been set for this programme in 2020/21 but it facilitates the efficiencies planned across other programmes.</p> <p>6. <b>Reablement</b> – This programme will reshape how ASC’s reablement services are used to promote greater independence for all who would benefit; and implement digital solutions for rota and care planning. No efficiencies target has been set for this programme in 2020/21 but it facilitates the efficiencies planned across other programmes.</p>																																
<p><b>Why does this EIA need to be completed?</b></p>	<p>The ASC transformation programme will mean wide ranging changes to policy, function and services affecting people who use services, their carers and SCC staff. This EIA will help us build up a profile of residents and staff with protected characteristics who may be affected by these changes. It will provide insight to help break down any barriers to accessing services and to mitigate any potential negative impacts.</p> <p>The EIA will help us meet our commitment to ensure “no one is left behind”. Assessing the impact of these changes on different ‘protected characteristic’ groups is an important part of our compliance with duties under the Equality Act 2010.</p>																																
<p><b>Who is affected by the proposals outlined above?</b></p>	<p>The proposals will affect:</p> <ul style="list-style-type: none"> <li>• People who use services and their carers</li> <li>• Adult Social Care staff</li> <li>• Surrey Choices (SCC’s Local Authority Trading Company)</li> </ul>																																
<p><b>How does your service proposal support the outcomes in <a href="#">the Community Vision for Surrey 2030</a>?</b></p>	<ul style="list-style-type: none"> <li>• Everyone gets the health and social care support and information they need at the right time and place.</li> <li>• Communities are welcoming and supportive, especially of those most in need, and people feel able to contribute to community life.</li> </ul>																																
<p><b>Are there any specific geographies in Surrey where this will make an impact?</b> (Please tick or specify)</p>	<table border="1"> <tr> <td>County Wide</td> <td>√</td> <td>Runnymede</td> <td></td> </tr> <tr> <td>Elmbridge</td> <td></td> <td>Spelthorne</td> <td></td> </tr> <tr> <td>Epsom and Ewell</td> <td></td> <td>Surrey Heath</td> <td></td> </tr> <tr> <td>Guildford</td> <td></td> <td>Tandridge</td> <td></td> </tr> <tr> <td>Mole Valley</td> <td></td> <td>Waverley</td> <td></td> </tr> <tr> <td>Reigate and Banstead</td> <td></td> <td>Woking</td> <td></td> </tr> <tr> <td>Not Applicable</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="4">County Divisions (please specify if appropriate):</td> </tr> </table>	County Wide	√	Runnymede		Elmbridge		Spelthorne		Epsom and Ewell		Surrey Heath		Guildford		Tandridge		Mole Valley		Waverley		Reigate and Banstead		Woking		Not Applicable				County Divisions (please specify if appropriate):			
County Wide	√	Runnymede																															
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Guildford		Tandridge																															
Mole Valley		Waverley																															
Reigate and Banstead		Woking																															
Not Applicable																																	
County Divisions (please specify if appropriate):																																	

**Briefly list what evidence you have gathered on the impact of your proposals?**

- Feedback from chief executives of our strategic user and carer partners at the ASC Partner Update meeting (every 2-months) where updates on the ASC transformation programme are shared
- Quarterly meetings with Healthwatch Surrey to share feedback from residents
- On-going engagement with a wide range of networks:
  - Disability groups/networks - including Local Valuing People Groups, Disability Empowerment Network Surrey, Learning Disability Partnership Board, Autism Partnership Board, Surrey Positive Behaviour Support, Spelthorne Access Network
  - Independent Mental Health Network
  - Older people groups
  - Commissioning user groups - including Surrey Hard of Hearing Forum, Long Term Neurological Conditions group, Surrey Vision Action Group, Surrey Deaf Community
  - Carers' commissioning group
  - Seldom heard groups/equalities groups
  - Clinical commissioning groups patient engagement forums
  - ICS communications and engagement groups
  - Surrey Heartlands Online Residents Panel

## 2. Service Users / Residents

### AGE

**What information (data) do you have on affected service users/residents with this characteristic?**

The number of individuals supported by Adult Social Care is shown below, broken down by age range:

**Open ASC cases (November 2019)<sup>1</sup>**

under 18	127
18-44	3,702
45-54	2,113
55-64	2,556
65-74	2,523
75-84	3,515
85-94	4,040
>95	935
not known	11
Grand total	19,522

<b>Impacts</b> (Please tick or specify)	Positive		Negative		Both	√
<b>Impacts identified</b>	<b>Supporting evidence</b>		<b>How will you maximise positive/minimise negative impacts?</b>		<b>When will this be implemented by?</b>	<b>Owner</b>
+ Create more age appropriate services, including independent	Changes which may impact people who use services with		Take a coordinated approach, provider by provider, introducing		31 March 2021	AD LD, Autism & Transition

<sup>1</sup> ASC LAS system [accessed 25 November 2019]

# Equality Impact Assessment

<p>living or residential age appropriate settings</p>	<p>an age characteristic will be driven by the following programmes:</p> <ul style="list-style-type: none"> <li>• Practice Improvement</li> <li>• Learning Disability &amp; Autism</li> <li>• Market Management</li> <li>• Reablement</li> </ul>	<p>more specificity to support plans with clearer outcomes and finding creative solutions to deliver best value for money</p> <p>Work with the market to grow the provision of independent living accommodation, particularly for people with a learning disability</p>		<p>AD Commissioning</p>
<p>+ Offer family carers of 70yrs+ more effective support and engagement in early planning for their adult child's future wellbeing, support and financial arrangements etc</p>		<p>Identify family carers 70yrs+ and offer effective support and engagement using the family carers network to assist in conversations</p>	<p>31 March 2021</p>	<p>AD LD, Autism &amp; Transition</p>
<p>+ Align our offer for young adults transitioning into adult services with the opportunities we will be creating for working age adults</p>		<p>Align work with Children's Services 'Next Steps - Preparing for Adulthood' programme</p> <p>Improve the flow of information and data from Children's Services</p>	<p>31 March 2021</p>	<p>AD LD, Autism &amp; Transition</p>
<p>+ It will encourage a more creative and age appropriate response by care companies</p>		<p>Ensure commissioners and care companies co-design services with, and listen to the voices of, people who use services and their carers</p>	<p>31 March 2021</p>	<p>AD LD, Autism &amp; Transition AD Commissioning</p>
<p>+ There will be a focus upon ensuring people have access to universal health care and screening at the right age/time in their lives</p>		<p>Work with health and community partners to deliver the LD Health/Complex Needs change programme</p>	<p>31 March 2021</p>	<p>AD LD, Autism &amp; Transition</p>

<p>+ There may be opportunities for people with a learning disability over 65 years of age to move to more age appropriate services with their peer age group</p>		<p>Continue to secure personalised packages of care to meet the changing needs of people over 65 years of age</p>	<p>31 March 2021</p>	<p>AD LD, Autism &amp; Transition</p>
<p>+ Residents of all ages will be encouraged to explore what care and support their family, friends and local community can provide to meet their needs. This will encourage creativity, people to continue to play an active part in their community and to maintain their independence</p>		<p>Continue to embed strengths based practice</p>	<p>31 March 2021</p>	<p>ADs</p>
<p>+ Skilled and trained staff will ensure residents of all ages experience earlier decision making, and provision of appropriate information and signposting</p>		<p>Train and support staff to have strengths based conversation with residents Continue to grow staff's knowledge of local community based resources Continue to work as part of Local Joint Commissioning Groups to expand the role of, the voluntary, community and faith sector</p>	<p>31 March 2021</p>	<p>ADs</p>
<p>+ The promotion of direct payments and Individual Service Funds will give residents of all ages more choice, control and independence</p>		<p>Put support mechanisms in place to enable people of all ages to use direct payments Ensure the Personal Assistant rate is adequate to enable people to recruit and retain staff</p>	<p>31 March 2021</p>	<p>AD LD, Autism &amp; Transition AD Commissioning</p>

# Equality Impact Assessment

<p>+ Robust, timely and proportionate reviews will mean residents of all ages have services at a level and duration to meet their needs</p>		<p>Equip staff with the skills to undertake strengths based reviews and reassessments</p>	<p>31 March 2021</p>	<p>ADs</p>
<p>+ Reablement services will be reshaped to support more older people in a community setting, rather than simply on discharge from hospital</p>		<p>Develop a therapy led enablement service</p>	<p>31 March 2021</p>	<p>AD Service Delivery</p>
<p>+ Technology Enabled Care will support older people to continue to live independently in the community and to provide reassurance to family</p>		<p>Strengthen the range of Technology Enabled Care on offer to people</p>	<p>31 March 2021</p>	<p>Head of Resources</p>
<p>- Older residents may not have the same ability to access a menu of support services and/or community based support services</p>		<p>Explore how family, friends and the local community can support older residents to access community based services</p>	<p>31 March 2021</p>	<p>ADs</p>
<p>- The shift towards more creative and informal care may generate some anxiety for people of all ages</p>		<p>Ensure staff take the time to listen to, and respond to, anxieties so that people feel reassured</p>	<p>31 March 2021</p>	<p>ADs</p>
<p>- Decisions around placements may mean older people needing residential/nursing care, are offered a setting at a distance from their family and networks</p>		<p>Look for creative ways to make the setting on offer work for families  Facilitate a broad discussion with families including the option of top-up arrangements to extend choice</p>	<p>31 March 2021</p>	<p>ADs AD Commissioning</p>

# Equality Impact Assessment

<ul style="list-style-type: none"> <li>- There may be increasing demands placed upon the voluntary, community and faith sector from people of all ages, which may become overloaded and unable to support everyone who approaches them</li> </ul>		<p>Continue to work with partners to support and expand the role of the voluntary, community and faith sector</p>	<p>31 March 2021</p>	<p>ALT</p>
<ul style="list-style-type: none"> <li>- There may be quality assurance and safeguarding issues around the care provided by family, friends and community networks for people of all ages, how this is assured and to whom concerns should be raised</li> </ul>		<p>Ensure staff are equipped to support people in taking proportionate risks and safeguarding procedures are adhered to</p>	<p>31 March 2021</p>	<p>ALT</p>
<p><b>What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decisions makers need to be aware of</b></p>				
<ul style="list-style-type: none"> <li>• 'Next Steps – Preparing for Adulthood' programme will help to prepare young people with a disability in transition for independent living, employment, using public transport etc.</li> </ul>				
<p><b>Any negative impacts that cannot be mitigated? Please identify impact and explain why</b></p>				
<p>There are no negative impacts that cannot be mitigated</p>				

## DISABILITY

### What information (data) do you have on affected service users/residents with this characteristic?

Individuals supported by Adult Social Care by primary reason for support are listed below.

#### Open ASC cases as at Nov 2019<sup>2</sup>

Learning Disability Support	3,933
Mental Health Support	1,634
Physical Support - Access and Mobility Only	1,507
Physical Support - Personal Care Support	7,571
Sensory Support - Support for Dual Impairment	42
Sensory Support - Support for Hearing Impairment	181
Sensory Support - Support for Visual Impairment	137
Short term support (unclassified)	902
Social Support - Asylum Seeker Support	1
Social Support - Substance Misuse Support	57
Social Support - Support for Social Isolation / Other	190
Social Support - Support to Carer	2,311
Support with Memory and Cognition	1,056
<b>Grand Total</b>	<b>19,522</b>

Impacts (Please tick or specify)	Positive		Negative		Both	√

<sup>2</sup> ASC LAS system [accessed 25 November 2019]

Impacts identified	Supporting evidence	How will you maximise positive/minimise negative impacts?	When will this be implemented by?	Owner
<p>+ Commissioners and care companies will co-design new services and listen to the voice of people with a disability in shaping services to meet need</p>	<p>Changes which may impact people who use services with a disability characteristic will be driven by the following programmes:</p>	<p>Work to co-design and reshape services listening to the voice of people with a disability</p>	<p>31 March 2021</p>	<p>AD Commissioning MD Surrey Choices</p>
<p>+ It will create opportunities for people with a disability to explore alternative community based solutions and different living arrangements</p>	<ul style="list-style-type: none"> <li>• Practice Improvement</li> <li>• Learning Disability &amp; Autism</li> <li>• Accommodation with Care &amp; Support</li> <li>• Market Management</li> <li>• Reablement</li> </ul>	<p>Continue to embed strengths based practice</p>	<p>31 March 2021</p>	<p>ADs AD Commissioning MD Surrey Choices</p>
<p>+ Residents with a disability will be encouraged to have a more detailed discussion, exploring what care and support their family, friends and local community can provide to meet their needs. This will encourage creativity, people to continue to play an active part in their community and to maintain their independence</p>		<p>Continue to embed strengths based practice</p>	<p>31 March 2021</p>	<p>ADs</p>
<p>+ Skilled and trained staff will ensure residents with a disability experience earlier decision making, and provision of appropriate information and signposting</p>		<p>Train and support staff to have strengths based conversation with residents</p> <p>Continue to grow staff's knowledge of local community based resources</p> <p>Continue to work as part of Local Joint Commissioning Groups to expand the role of,</p>	<p>31 March 2021</p>	<p>ADs</p>

# Equality Impact Assessment

		the voluntary, community and faith sector		
+ The promotion of direct payments and Individual Service Funds will give residents with a disability more choice, control and independence		Put support mechanisms in place to enable people with a disability to use direct payments Ensure the Personal Assistant rate is adequate to enable people to recruit and retain staff	31 March 2021	AD LD, Autism & Transition AD Commissioning
+ Robust, timely and proportionate reviews will mean residents with a disability have services at a level and duration to meet their needs		Equip staff with the skills to undertake strengths based reviews and reassessments	31 March 2021	ADs
+ The transfer of mental health services into ASC will ensure a more holistic approach looking at all aspects of care and support		Ensure mental health staff are trained and able to implement the Care Act, strengths based practice etc	31 March 2021	AD, Mental Health
+ Technology Enabled Care will support people with a disability to live independently in the community and to provide reassurance to their family		Strengthen the range of Technology Enabled Care on offer to people	31 March 2021	Head of Resources
- Placing people with a disability in community settings may be perceived as a risk to themselves and the community		Ensure people are equipped and their needs are suitable to access community resources Ensure robust safeguarding arrangements are in place Use success stories to reassure families	31 March 2021	AD, Learning Disabilities, Autism & Transition MD Surrey Choices

<ul style="list-style-type: none"> <li>- The shift towards more creative and informal care may generate some initial anxiety for people with a disability</li> </ul>		<p>Ensure staff take the time to listen to, and respond to, anxieties so that people feel reassured</p>	<p>31 March 2021</p>	<p>ADs</p>
<ul style="list-style-type: none"> <li>- Decisions around placements may mean people with disabilities are offered a setting at a distance from their family and networks</li> </ul>		<p>Look for creative ways to make the setting on offer work</p> <p>Ensure staff offer families top-up arrangements to extend choice</p>	<p>31 March 2021</p>	<p>ADs AD Commissioning</p>
<ul style="list-style-type: none"> <li>- There may be increasing demands placed upon the voluntary, community and faith sector from people with a disability, which may become overloaded and unable to support everyone who approaches them</li> </ul>		<p>Continue to work with partners to support and expand the role of the voluntary, community and faith sector</p>	<p>31 March 2021</p>	<p>ALT</p>
<ul style="list-style-type: none"> <li>- There may be quality assurance and safeguarding issues around the care provided by family, friends and community networks for people with a disability, how this is assured and to whom concerns should be raised</li> </ul>		<p>Ensure staff are equipped to support people in taking proportionate risks and safeguarding procedures are adhered to</p>	<p>31 March 2021</p>	<p>ALT</p>

**What other changes is the council planning/already in place that may affect the same groups of residents?  
Are there any dependencies decisions makers need to be aware of**

- Changes introduced from April 2019 mean holders of a disabled person's bus pass or a disabled companion pass pay a fare to travel by bus before 9.30am or after 11pm on weekdays. However they will still be able to travel for free between 9.30am and 11pm on weekdays and any time at the weekend and on public holidays.
- 'Next Steps – Preparing for Adulthood' programme will help to prepare young people with a disability in transition for independent living, employment, using public transport etc.

## Equality Impact Assessment

- Proposals to discontinue the Surrey Disability Register will be subject to a public consultation in January 2020. The Adults Leadership Team have discussed actions to mitigate/minimise any potential negative impacts, pending the outcome of the consultation.
- Termination of the Section 75 arrangement between Surrey County Council and Surrey and Borders Partnership NHS Foundation Trust will affect residents with a mental health problem. These changes have been subject to extensive co-production, joint communications, regular governance meetings, Data Protection Impact Analysis and an Equality Impact Assessment to maximise positive and minimise negative impacts.

### **Any negative impacts that cannot be mitigated? Please identify impact and explain why**

There are no negative impacts that cannot be mitigated

## RACE INCLUDING ETHNIC OR NATIONAL ORIGINS, COLOUR OR NATIONALITY

What information (data) do you have on affected service users/residents with this characteristic?

### Open ASC cases as at Nov 2019 by Ethnicity<sup>3</sup>

<b>White</b>	<b>17165</b>
English / Welsh / Scottish / Northern Irish / British	16320
Irish	226
Gypsy or Irish Traveller	19
Any other White background	600
<b>Mixed / multiple ethnic groups</b>	<b>199</b>
White and Black Caribbean	48
White and Black African	15
White and Asian	48
Any other mixed / multiple ethnic background	88
<b>Asian / Asian British</b>	<b>617</b>
Indian	173
Pakistani	200
Bangladeshi	32
Chinese	47
Any other Asian background	165
<b>Black / African / Caribbean / Black British</b>	<b>195</b>
African	74
Caribbean	78
Any other Black / African / Caribbean background	43
<b>Other ethnic group</b>	<b>219</b>
Arab	19
Other	200
<b>No data</b>	<b>1127</b>

<sup>3</sup> ASC LAS system [accessed 25 November 2019]

# Equality Impact Assessment

	Refused	61				
	Undeclared / Not known	1066				
	Grand Total	19,522				
<b>Impacts</b> (Please tick or specify)	Positive		Negative		Both	√
<b>Impacts identified</b>	<b>Supporting evidence</b>		<b>How will you maximise positive/minimise negative impacts?</b>	<b>When will this be implemented by?</b>	<b>Owner</b>	
<i>What impacts have you identified?</i>	<i>What are you basing this on?</i>		<i>Actions to mitigate or enhance impacts</i>	<i>Due date</i>	<i>Who is responsible for this?</i>	
+ The offer of a direct payment may enable people to access services which cater for their race	Changes which may impact people who use services with a race characteristic will be driven by the following programme: <ul style="list-style-type: none"> <li>Practice Improvement</li> </ul>		Put support mechanisms in place to enable people to use direct payments	31 March 2021	AD Commissioning	
+ People of different races will be encouraged to explore support available from within their community			Continue to embed strengths based practice Continue to grow staff's knowledge of local community based resources	31 March 2021	ADs	
<b>What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decisions makers need to be aware of</b>						
-						
<b>Any negative impacts that cannot be mitigated? Please identify impact and explain why</b>						
There are no negative impacts that cannot be mitigated						

## RELIGION OR BELIEF INCLUDING LACK OF BELIEF

What information (data) do you have on affected service users/residents with this characteristic?

### Open ASC cases as at Nov 2019 by Religion<sup>4</sup>

Baha'i	1
Buddhist	39
Christian	10747
Declined/ refused	1052
Hindu	100
Jain	2
Jewish	59
Muslim	324
None	2744
Other	419
Pagan	15
Sikh	34
Unknown	3980
Zoroastrian	6
<b>Grand Total</b>	<b>19522</b>

<b>Impacts</b> (Please tick or specify)	Positive		Negative		Both	√
<b>Impacts identified</b>	<b>Supporting evidence</b>		<b>How will you maximise positive/minimise negative impacts?</b>	<b>When will this be implemented by?</b>	<b>Owner</b>	
+ The offer of a direct payment may enable people to access services which cater for their faith	Changes which may impact people who use services with a religion or belief		Put support mechanisms in place to enable people to use direct payments	31 March 2021	AD Commissioning	

<sup>4</sup> ASC LAS system [accessed 25 November 2019]

# Equality Impact Assessment

<p>+ People with a religion or belief system will be encouraged to access support from within their faith community</p>	<p>characteristic will be driven by the following programme:</p> <ul style="list-style-type: none"> <li>• Practice Improvement</li> </ul>	<p>Continue to embed strengths based practice</p> <p>Continue to grow staff's knowledge of local community based resources</p>	<p>31 March 2021</p>	<p>ADs</p>
<p><b>What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decisions makers need to be aware of</b></p>				
<p>-</p>				
<p><b>Any negative impacts that cannot be mitigated? Please identify impact and explain why</b></p>				
<p>There are no negative impacts that cannot be mitigated</p>				

## CARERS PROTECTED BY ASSOCIATION

What information (data) do you have on affected service users/residents with this characteristic?

### Number of carers known to ASC as at November 2019 by age<sup>5</sup>

under 18	4
18-29	54
30-39	80
40-49	306
50-59	782
60-69	659
70-79	427
80-89	285
90+	50
not recorded	11
<b>Grand Total</b>	<b>2,658</b>

'Carers look after family, partners or friends in need of help because they are ill, frail or have a disability. The care they provide is unpaid'<sup>6</sup>. Carers are the largest source of support for disabled and vulnerable and the most significant form of 'social capital' in our communities. Effective support for carers is therefore critical for the effective delivery of both health and social care services.

Based on the 2011 Census and population projections we can estimate that in 2016 there were 115,216 carers of all ages living in Surrey in 2016, this equates to 10% of the population<sup>7</sup>. Based on the Valuing Carers 2015 research, these carers save the public purse an estimated £1.8 billion a year in Surrey. The figure for the UK is estimated at £132 billion<sup>8</sup>. Support for carers in the community is an important factor in preventing emergency admission.

<sup>5</sup> ASC LAS system [accessed 25 November 2019, includes Carers and Carers who also use services]

<sup>6</sup> Action for Carers Surrey. Working definition of a carer. Available from: <http://www.actionforcarers.org.uk/what-we-do/>

<sup>7</sup> Office for National Statistics. 2011 Census and population projections. Available from: <https://www.ons.gov.uk/census/2011census/2011censusdata>

<sup>8</sup> Carers UK. Valuing Carers 2015 – The Rising Value of Carers' Support, 2015. Available from: <http://www.carersuk.org/for-professionals/policy/policy-library/valuing-carers-2015>

# Equality Impact Assessment

The impact of caring can be detrimental to carers' health owing to a number of factors, including stress related illness or physical injury. Carers may experience financial hardship as a result of their caring role. The impact of caring on the carer is partly dependent on the number of hours spent caring. Other factors might include whether or not a carer is in employment, and for older carers in particular there is an impact on health. Based on the 2011 Census and population projections, Surrey's 2016 projected BAME carers population is 18,817 (16.3% of the total carers population); this group has been identified as facing particular difficulties in accessing and using support services for carers for a number of reasons, such as language barriers and a lack of culturally-appropriate information.

Based on the 2011 Census and population projections, it is estimated that there are higher numbers of female carers in Surrey. The proportion is the highest in the 16-64 age group, where 60% of carers are female. This increases to 67% in that age group where they are caring for 50 or more hours per week. The 85+ age group is an exception to this, however, as the majority of carers (57%) are male. This increases to 58% for carers aged 85 and over who are caring for more than 20 hours per week.

Impacts (Please tick or specify)	Positive		Negative		Both	√
Impacts identified	Supporting evidence			How will you maximise positive/minimise negative impacts?	When will this be implemented by?	Owner
+ Direct payments will offer carers more choice and support options	Changes which may impact upon carers will be driven by the following programmes: <ul style="list-style-type: none"> <li>• Practice Improvement</li> <li>• Learning Disability &amp; Autism</li> </ul>			Strengthen support mechanisms to enable carers to use direct payments	31 March 2021	AD Commissioning
+ Increase home adaptations to encourage and enable families to look after their adult family member at home				Work with district and borough councils to ensure home adaptations are undertaken with pace	31 March 2021	ADs
- Carers may be resistant to, and feel anxious about, change				Involve carers in the co-design of new services  Provide clear communication to help carers understand why and how services are changing  Listen to carers concerns and reflect these into service design	31 March 2021	ADs

# Equality Impact Assessment

<p>- Carers may feel obliged to take on more of a caring role</p>		<p>Continue to support carers in their caring role</p> <p>Monitor the use of carers' services to ensure equitable access</p> <p>Ensure carers are assessed in their own right and have a support plan</p> <p>Ensure any young carers are identified and given support</p>	<p>31 March 2021</p>	<p>ADs</p>
<p><b>What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decisions makers need to be aware of</b></p>				
<p>-</p>				
<p><b>Any negative impacts that cannot be mitigated? Please identify impact and explain why</b></p>				
<p>There are no negative impacts that cannot be mitigated</p>				

## 3. Staff

AGE						
What information do you have on the affected staff with this characteristic?						
9% of the HW & ASC workforce are under 30 years old compared to 13% countywide. 43% of the HW & ASC workforce are over 50 years old compared to 36% countywide.						
Impacts	Positive		Negative		Both	√
Impacts identified	Supporting evidence		How will you maximise positive/minimise negative impacts?		When will this be implemented by?	Owner
+ The review of organisational structure and accountabilities may create opportunities for staff of all ages to develop new skills and to take on new roles and responsibilities.	Review of the organisational structure and accountabilities in ASC and the rollout of hybrid technology which are both part of the Practice Improvement programme.		Ensure any review of organisational structure and accountabilities is supported by HR and a formal consultation process.		31 March 2021	ADs
+ The review of organisational structure may create new entry level roles to support young people to join the workforce.			Consider opportunities for Apprentice and entry level roles across the service open to all candidates.		31 March 2021	ADs
- The roll out of hybrid technology to frontline staff may be more challenging for mature members of staff to adopt			Provide training to support the roll out of hybrid technology to staff		31 March 2021	ADs
What other changes is the council planning that may affect the same groups of staff? Are there any dependencies decisions makers need to be aware of						
- The 2020 Pay award will impact this group of staff positively in increased pay for those with headroom in their grade.						

## Equality Impact Assessment

**Any negative impacts that cannot be mitigated? Please identify impact and explain why**

There are no negative impacts that cannot be mitigated

## DISABILITY

### What information do you have on the affected staff with this characteristic?

2.35% of the HW and ASC workforce have declared a disability compared to SCC at 2.83% of the countywide workforce.

Impacts	Positive		Negative	√	Both	
Impacts identified	Supporting evidence	How will you maximise positive/minimise negative impacts?		When will this be implemented by?	Owner	
- Any change to organisation structure or location could mean staff with a disability find travelling to carry out their duties more challenging	Review of the organisational structure and accountabilities in ASC as part of the Practice Improvement programme	<p>Ensure any review of organisational structure and accountabilities is supported by HR and a formal consultation process</p> <p>Ensure staff are engaged and consulted regarding changes to location and reasonable adjustments continue to be made.</p>		31 March 2021	ADs	

### What other changes is the council planning that may affect the same groups of staff? Are there any dependencies decisions makers need to be aware of

- Moving closer to Residents (MCTR) will involve the relocation of the civic hub from County Hall to Woking and a redistribution of staff within the county.
- Agile working – will provide people with the tools to work from any location. It will not apply to every role and every individual but focuses on the principle that work is something we do not somewhere we go.

### Any negative impacts that cannot be mitigated? Please identify impact and explain why

There are no negative impacts that cannot be mitigated

## CARERS PROTECTED BY ASSOCIATION

**What information do you have on the affected staff with this characteristic?**

*We do not collect data on carers within the workforce.*

Impacts	Positive		Negative		Both	√
Impacts identified	Supporting evidence		How will you maximise positive/minimise negative impacts?		When will this be implemented by?	Owner
+ Introduction of hybrid devices will enable staff to be more flexible so they can accommodate caring responsibilities	Review of the organisational structure and accountabilities in ASC as part of the Practice Improvement programme		Provide training to support the roll out of hybrid technology to staff		31 March 2021	ADs
- Any change to organisation structure or location could mean staff with a caring responsibility find travelling to carry out their duties more challenging			Ensure any review of organisational structure and accountabilities is supported by HR and a formal consultation process  Ensure reasonable adjustments continue to be made		31 March 2021	ADs

**What other changes is the council planning that may affect the same groups of staff?  
Are there any dependencies decisions makers need to be aware of**

- Moving closer to Residents (MCTR), this will involve the relocation of the civic hub from County Hall to Woking and a redistribution of staff within the county.
- Agile working – will provide people with the tools to work from any location. It will not apply to every role and every individual but focuses on the principle that work is something we do not somewhere we go.

**Any negative impacts that cannot be mitigated? Please identify impact and explain why**

There are no negative impacts that cannot be mitigated

## 4. Amendments to the proposals

CHANGE	REASON FOR CHANGE
No changes have been made as a result of this EIA	-

## 5. Recommendation

Based your assessment, please indicate which course of action you are recommending to decision makers. You should explain your recommendation in the in the blank box below.

Outcome Number	Description	Tick
<b>Outcome One</b>	<b>No major change to the policy/service/function required.</b> This EIA has not identified any potential for discrimination or negative impact, and all opportunities to promote equality have been undertaken	
<b>Outcome Two</b>	<b>Adjust the policy/service/function</b> to remove barriers identified by the EIA or better advance equality. Are you satisfied that the proposed adjustments will remove the barriers you identified?	
<b>Outcome Three</b>	<b>Continue the policy/service/function</b> despite potential for negative impact or missed opportunities to advance equality identified. You will need to make sure the EIA clearly sets out the justifications for continuing with it. You need to consider whether there are: <ul style="list-style-type: none"> <li>Sufficient plans to stop or minimise the negative impact</li> <li>Mitigating actions for any remaining negative impacts plans to monitor the actual impac.</li> </ul>	√
<b>Outcome Four</b>	<b>Stop and rethink</b> the policy when the EIA shows actual or potential unlawful discrimination <small>(For guidance on what is unlawful discrimination, refer to the Equality and Human Rights Commission’s guidance and Codes of Practice on the Equality Act concerning employment, goods and services and equal pay, available <a href="#">here</a>).</small>	
<i>Please use the box on the right to explain the rationale for your recommendation</i>	<p>The ASC transformation programme is evolutionary in approach, building upon changes to the way care and support services are delivered that have been underway for a number of years.</p> <p>There will be many positive impacts for people who use services and their carers arising from the ASC transformational changes in 2020/21. For example, we will build upon people’s strengths and help them stay connected to their community, extend reablement to all client groups in a community setting; reshape our learning disability services to offer more creative, community based options; extend the use of direct payments to give more choice and control etc.</p> <p>However, the ‘easy wins’ to deliver efficiencies have long since been implemented. With the need to save a further £12.3m in 2020/21, it is acknowledged that whilst actions are in place to mitigate and minimise negative impacts it will be difficult to do so in all cases. For example:</p>	



	<ul style="list-style-type: none"> <li>• Decisions around placements may mean people needing residential and nursing care, are offered settings at a distance from their family.</li> <li>• Tough conversations with people, their families and carers about what ASC can do and what they need to do.</li> <li>• Increasing demands upon the voluntary, community and faith sector to support people in the community.</li> <li>• Quality assurance and safeguarding issues around the care provided by family, friends and community networks.</li> <li>• Carers may feel obliged to take on more of a caring role and anxious about change.</li> </ul> <p>ASC is absolutely committed to providing a consistent and good quality service where it is needed most, but also has to do so within the financial and other resources available to the Council.</p>
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## 6a. Version Control

Version Number	Purpose/Change	Author	Date
v1	Initial draft	Kathryn Pyper	22 November 2019
v2	Incorporate data, and HR input	Kathryn Pyper	13 December 2019
v3	Incorporate feedback from Finance and ASC Directorate Equality Group	Kathryn Pyper	19 December 2019
v4	Signed-off by Executive Director	Kathryn Pyper	7 January 2020

## 6b. Approval

	Name	Date approved
	Simon White, Executive Director, Adult Social Care	7 January 2019
	Sinead Mooney, Cabinet Member for Adult Social Care	
	ASC Directorate Equality Group	16 December 2019

<b>EIA Author</b>	Kathryn Pyper
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**6c. EIA Team**

<b>Name</b>	<b>Job Title</b>	<b>Organisation</b>	<b>Team Role</b>
Kathryn Pyper	Senior Programme Manager	Adult Social Care	Equalities and diversity lead for Adult Social Care
Hannah Dwight	HR Business Partner	Surrey County Council	HR&OD
Veronica Bezeal	Information Analyst	Adult Social Care	Information Analyst
Wil House	Strategic Finance Business Partner for ASC	Adult Social Care	Finance lead

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# Equality Impact Assessment (EIA)

## 1. Topic of assessment

<b>EIA title</b>	Making Surrey Safer – Our Plans for 2020 - 2023
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<b>EIA author</b>	Sally Wilson
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## 2. Approval

	<b>Name</b>	<b>Date approved</b>
<b>Approved by</b>		

## 3. Quality control

<b>Version number</b>		<b>EIA completed</b>	
<b>Date saved</b>		<b>EIA published</b>	

## 4. EIA team

<b>Name</b>	<b>Job title</b>	<b>Organisation</b>	<b>Team role</b>
Sally Wilson		Surrey Fire and Rescue Service	Lead
Owen Wilson	Equality, Diversity and Inclusion Officer	Surrey Fire and Rescue Service	Data analysis/ compilation

## 5. Explaining the matter being assessed

**What policy, function or service is being introduced or reviewed?**

All Fire and Rescue Authorities are required to produce an Integrated Risk Management Plan (IRMP) which considers all of the fire and rescue risks that could affect our communities.

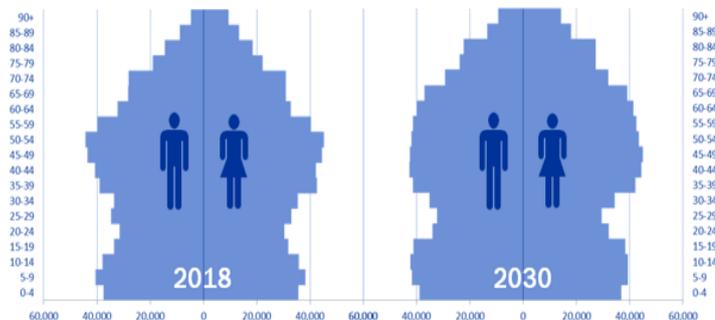
The vision of Surrey Fire and Rescue Service (SFRS) is to make Surrey a safer place to live, work, travel and do business. To achieve this in an ever changing environment, we need to reimagine our service and innovate. This means thinking differently about how we deliver our prevention, protection and response activities and finding better ways of working with partners, residents and businesses. The detail of how we intend to do this is set out in Making Surrey Safer – Our Plan 2020-2023 (“Our Plan”), our new IRMP.

### Population Snapshot

As people are living longer, the age profile of the population will alter. There will be an increase in the proportion of people aged over 60 and aged over 85.

### Surrey’s population in 2030

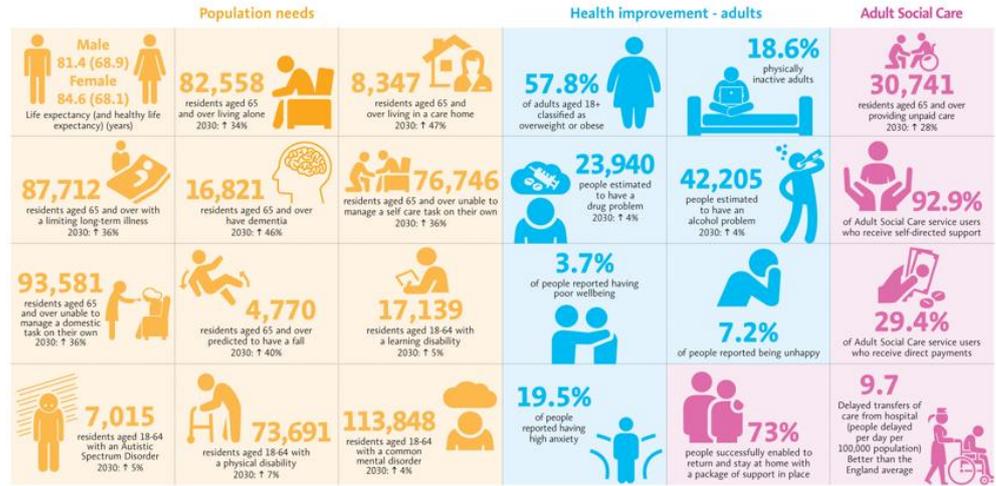
- The latest data shows Surrey’s population is growing rapidly, with more people living longer, consistently high birth rates and high migration levels. For instance, by 2030, over 22% of Surrey residents will be aged 65 and over (compared to 19% in 2018).
- Organisations need to continue adapting to keep pace with the changing and increasingly divergent needs, expectations and aspirations of the population. This includes increasing numbers of older people with more complex care needs and growing numbers of children and young people.



**Notes:**

- All data is latest available from sources such as Joint Strategic Needs Assessment, Surrey County Council publications and central government datasets
- Benchmarking used to show where Surrey stands out compared to local authority peers, regional and/or national averages

## Growing older in Surrey



### What proposals are you assessing?

Our Plan makes the following proposals:

- To spend more time on community and business safety prevention and protection activities to reduce the likelihood of emergencies. This means educating people and businesses about the risks of fire and other emergencies, and how to prevent them. This will realign our resources to meet the risk in Surrey and this will ensure that we deliver public value.
- To increase availability of crews at Haslemere and Walton over during weekends, during the days, which will improve our resilience for specific risks including water and wildfire.
- To maintain the number of fire stations in Surrey and change how some of them are crewed. Changes are proposed in the Banstead, Camberley, Egham, Fordbridge, Guildford, Painshill and Woking areas. Camberley, Fordbridge, Guildford and Woking will have one frontline appliance immediately available fire engine available of a night, rather than two. There will be no dedicated night time response cover for Egham, Banstead and Painshill. Night time cover at these locations would come from neighbouring fire stations. The response for the first appliance, would continue, on average, to be less than 10 minutes.
- To increase the number of On Call firefighters in Surrey. We will do this by improving the attractiveness of the role and by increasing the area we can recruit from. This will further improve our availability to respond.
- To charge for some incidents we attend such as false reports of fire (hoax calls and automatic false alarms) and animal rescues so that we can recover our costs. Wherever possible, we will work with partners, business and animal owners (in particular farmers), to avoid the need to respond to these types of incidents in the first place - handing them over to the responsible person(s). This will avoid the need for a charge to be made.

**Who is affected by the proposals outlined above?**

- All communities in Surrey
- Visitors to the county
- Surrey Fire and Rescue members of staff
- Fire Authority Members
- Surrey Local Authorities and other Emergency Services we work with

## 6. Sources of information

### Engagement carried out

#### Direct contact:

- 37 face to face briefings offered to all SFRS staff at fire stations were attended by 371 members of staff.
- Briefing for SCC Chairman's Group meeting
- Presentations/ briefings for Elmbridge, Mole Valley and Reigate & Banstead informal local committees
- Presentation at Surrey Police Independent Advisory Group meeting
- Member workshop
- Briefing and Q&A for the Vision Action Group
- Briefing and Q&A for Long Term Neurological Conditions Community Group
- Briefing and Q&A for the East Disability Empowerment Network
- Briefing and Q&A for the Haslemere Lunch Club
- Information shared (by email) with all members of the Surrey Equality Group, Faith Groups, Surrey Minority Ethnic Forum and Sight for Surrey
- Information shared by Catalyst (drug and alcohol service)
- Information shared by Surrey Youth Cabinet (via social media)
- Regular member briefings and FAQs
- Emails to staff.

#### Print:

- Full and summary versions of the draft plan and questionnaires distributed to libraries, district and borough offices, SCC's contact centre and members of the public (on request).
- Emails to approximately 200 stakeholders, including other emergency services (e.g. Police, NHS, Ambulance and other fire and rescue services), Surrey MPs, borough and county councillors, district and borough council leaders & chief executives, parish councils, business groups, Surrey Coalition of Disabled People members and other partners.
- Posters issued to fire stations, libraries, district and boroughs, colleges, community centres, churches, resident associations and parish councils.
- Postcards issued to libraries and district and boroughs

- Roadside banners at Reigate, Guildford, Camberley, Woking, Walton, Painshill, Sunbury and Egham fire stations
- Articles in newsletters including Surrey Matters, e-brief, Issues Monitor and Communicate.
- Newspaper advertising
- Media –the proposals featured in many items of media during the consultation period, including BBC Surrey radio, Eagle Radio, the Surrey Advertiser and the Herald series. Media work included media releases, a video and radio interviews.

**Online:**

- Standard and accessible formats (easy read, audio, screen reader and large print from May 2019) of the draft plan/summary document
- On-line consultation survey
- Regular social media promotion on SFRS Twitter and Facebook and SCC Surrey Matters account
- Online advertising, Facebook promoted posts and messenger scrolling text banner.

### Data used

The following are some examples of the data we have used to support this work to date.

- Fatal Fires Report
- Surrey-i
- Community Risk Profile – Understanding the risks we face is a key part of our decision making process. It forms our planning for how and where we should use our resources to reduce the occurrence and impact of emergency incidents across Surrey. Our [Community Risk Profile](#) document has been developed setting out how the Service works to address risk in Surrey and to achieve the proposals set out in our Plan.
- SFRS local intelligence data
- Office of National Statistics (ONS) data
- Neighbourhood data

## 7. Impact of the new/amended policy, service or function

This EIA focusses on the overall impact of the Making Surrey Safer – Our Plan 2020-2023.

Impacts may come from changes to both the community safety offer and the change to response times. There are potential impacts from the changes to fire and rescue cover at the stations of Banstead, Camberley, Dunsfold, Egham, Fordbridge, Gomshall, Haslemere, Guildford, Painshill, Walton and Woking. In some areas, response times are predicted to increase, and so it will take longer on average for an appliance to arrive at an incident. In other areas, response times are predicted to decrease, so on average the first appliance will arrive sooner than under the current

system. Appendix K2 - C provides the response time data for each Borough/District, and is summarised in the following section.

A change in the way that community and business safety activities are delivered may have positive impacts to certain groups. For example the plan is to increase Safe and Well Visits from approximately 4,500 in 2018 to 20,000 by 2021. Targeted visits could have an overall positive impact for groups at risk of fire, including the elderly and people with disabilities.

The proposals within Making Surrey Safer – Our Plan 2020-2023 set out similar provision for fire and rescue cover at each of the stations as they have now, with the same amount of fire engines at the same locations. The primary difference would be the way in which they are crewed.

Changes to crewing patterns from ‘days and nights’ to ‘days only’ will have an impact on staff. There may be positive and/or negative impacts to individuals depending on their personal circumstances. Patterns in terms of impacts to groups with shared protected characteristics will be assessed by an EIA specific to the changes in crewing patterns, using internal data regarding the specific staff at each station.

No specific issue has been identified at this stage, however there is potential for disproportionate impact to staff with caring responsibilities who are based at stations where day crewing will be implemented. This needs to be analysed in the EIA(s) for the crewing system once these are known and will then be addressed accordingly.

To understand the impact that the proposed changes to crewing patterns will have on the communities that they serve, response times have been analysed. The detail for the choice of data sets used, the different response times in the scenario proposed in the Plan, and supporting data, are contained in Appendix K2 - C.

Summary of potential changes to response:

- Daytime response times on a weekday – no change.
- Daytime response times on a weekend - on average a first appliance will arrive at a critical incident 12 seconds sooner under the Plan.
- Night time response cover - on average a first appliance will arrive at a critical incident 38 seconds later under the Plan.
- Average response times – on average a first appliance will arrive at a critical incident 12 seconds later under the Plan, up from 07:22 minutes to 07:34 minutes.

The proposed changes to response times per Borough/District are captured in Appendix K2 - C.

Where response times are reduced there is potential for a positive impact on all areas of the community, as at times of emergency the public would receive a more rapid response than the current response. In the proposed scenario, these improved times are found, for the most part, on weekend days resulting from changes in fire and rescue cover at Walton and Haslemere.

Where response times are increased, there is potential for a negative impact on all areas of the community, as at times of emergency the public will have to wait longer for a fire appliance than the current response. There is evidence to suggest that the people most vulnerable to these outcomes are disproportionately likely to come from certain protected characteristics, the elderly and people with disabilities in particular. In the proposed scenario, these increased times are found, for the most part, at night, resulting from changes to night-time cover at Banstead, Camberley, Egham, Fordbridge, Guildford, Painshill and Woking.

The impacts on equalities in regards to people from specific protected characteristics are captured in Section 7a. The Action Plan in Section 9 sets out the mitigating actions to compensate for the potential negative impacts. Our Plan sets out an uplift in business and community safety activity

and over a number of years such activity has been shown to drive down the likelihood of incidents occurring in the first place.

Following the public consultation period, comments were reviewed and compared against the original findings in this EIA. Potential impacts were identified and the EIA was updated where appropriate.

Perceived impacts are:

- Potential cost recovery for animal rescue. This issue was analysed and no evidence was available that indicated a disproportionate impact to any particular group with a specific protected characteristic.
- Risk to residents in high rise accommodation. This issue was analysed and no evidence was available that indicated a disproportionate impact to any particular group with a specific protected characteristic.
- The risk to students in tertiary education in the event of a fire. This issue was analysed and potential impacts were identified, the findings of which are included in section 7a and 9. Mitigating factors have been considered and will be implemented as detailed in section 9.
- The impact on the elderly and vulnerable from reductions in night time fire and rescue cover. This issue had already been covered, but sections 7a and 9 have been updated to acknowledge concerns regarding the trend in more people aged 65 or older living alone with reduced ability to undertake domestic or self-care tasks. Mitigating factors have been considered and will be implemented as detailed in section 9.
- The impact on the ability of Surrey Fire and Rescue Service to respond to water rescue and flooding incidents as a result of changes to crewing patterns. Evidence suggests that males aged 15 to 29 and 45 to 59 are disproportionately likely to suffer death in water related incidents. The majority of these incidents (70%) took place during the day where proposed changes to fire and rescue cover wouldn't have a direct impact. Investing in prevention and educational activities has the potential to reduce these incidents, so may have a particular positive impact on males in these age groups.
- The impact on the ability of Surrey Fire and Rescue Service to respond to air accidents. This issue was analysed and no evidence was available that indicated a disproportionate impact to any particular group with a specific protected characteristic.
- The impact to residents of office to residential conversions in the event of a fire. This issue was analysed and no evidence was available that indicates a disproportionate impact to any particular group with a specific protected characteristic.

## 7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p><b>Age</b></p>	<p>The proposed Lifelong Learning programme will help to identify what community safety provision is most valuable for people in different age groups. The plan is to ensure that safety messages are delivered to residents at all stages of their lives in Surrey, to build communities resilient to fire and other emergencies.</p> <p>Increased, targeted use of our Safe and Well Visit programme should allow us to reduce the risk to vulnerable people in higher risk age groups. A focus on campaigns for older people will allow us to target those most at risk. An uplift in visits from 4,500 to 20,000 by 2021 will significantly increase our capacity.</p> <p>Increased use of wider community safety initiatives may be used to target accident prevention work to at risk groups. For example the Safe Drive Stay Alive programme has delivered road safety awareness</p>	<p>An increase in response times in certain areas at certain times through changes to fire and rescue cover may mean greater risk to life and serious injury. This could have a greater impact on the elderly given their vulnerability statistically to be injured or killed in fires. Furthermore, forecasts suggest that the number of people aged 65 and older who live alone, have dementia, are unable to perform self-care tasks, or are unable to perform domestic tasks will increase. These people are likely to be more vulnerable to fire in the home.</p> <p>Increase in response times to road traffic collisions may hamper our ability to provide emergency first aid and extricate casualties as quickly as we can under the current resourcing model. This may have a greater impact on young people, as they are disproportionately likely to be involved in road collisions, are disproportionately likely to be</p>	<p>A study by Arch and Thurston into Cheshire Fire and Rescue Service shows that in the period 2002-12 community fire safety provision was statistically correlated with a reduction in accidental dwelling fires (ADFs). Analysis on Surrey data in the period 2006 to 2017 indicates a correlation between the number of Safe and Well Visits and a decrease in dwelling fires in Surrey (see Appendix K2 - D).</p> <p>In England as a whole, research has demonstrated that older people, people with disabilities, those living in single parent households, males aged 46-60 who live alone and drink and smoke in the home, and young people aged 16-24 (including students) are at a greater risk of dying in fires. Those aged 80 and over have a higher fire-related fatality rate, accounting for 5 per cent of the population but 20 per cent of all fire-related fatalities in 2016/17.</p> <p><u>People aged 65+</u> Internal data shows that in Surrey, in the years 2009-18, 45% of fire fatalities fell into the age group 70+, although they only represented 14% of the population.</p> <p>Data from the community risk profile suggests that by 2030 the number of people aged 65 and older living alone will have increased by 34%. The number of people aged 65 and older with dementia will have increased by 46%. The number of people aged 65 and older unable to perform a self-care task or domestic task will have increased by 36%.</p>

to approximately 13,500 young people in 2018.

Data shows that in Surrey in the years 2015-2018, people in the age groups 15-29 and 45-59 account for 60% of all deaths in water to which SFRS responded. An increase in community engagement and educational work through an expanded community safety programme may serve to reduce incidence of water rescue and fatality to these vulnerable groups.

**Safe and Well Visits** look at all elements of a family's lifestyle and circumstances. They offer meaningful advice and interventions to help ensure that families not only stay safe in their homes but get wider support in their community. An uplift in these visits could mean more families can be better protected.

killed or seriously injured in road collisions, and are likely to be involved in road collisions at night where fire and rescue cover will be reduced.

Students have been shown to be at a greater risk from fire. Large concentrations of young people, including students, are resident in Runnymede and Guildford due in part to the presence of tertiary education establishments. These boroughs are predicted to have longer average response times under the proposed plans.

S11 Children Act 2004 imposes a duty to ensure that decisions affecting children have regard to the need to safeguard them and protect their welfare. An increase in response times in certain areas at certain times through changes in fire and rescue cover may mean greater risk to life and serious injury. This could have a greater impact for families with children in areas where cover will be reduced at night.

Young People

Young drivers (aged 17-24) are known to be in the highest risk group for road traffic collisions. Department of Transport Data shows that in 2013 in Great Britain, drivers in this age group accounted for 5% of miles travelled but 18% of reported road traffic collisions.

The road safety charity, Brake, highlight that in the UK, male drivers aged 17-20 are seven times more likely to crash than all male drivers, but between the hours of 2am and 5am their risk is 17 times higher (2005 data). This may not reflect the situation in Surrey.

Data from Surrey County Council's Travel and Transport Group shows that in the years 2004 to 2016, 25% of all people killed or seriously injured in road traffic collisions were aged 17-24. This age group only makes up 11% of the driving age population (17+).

Data from RoSPA and the Water Incident Database shows that in England in the period 2015 – 2018, males accounted for 83.7% of all naturally occurring or accidental deaths in water. Of these, 51.4% were males in the 15-29 and 45-69 age brackets.

Internal data shows that in Surrey in the years 2015-2018, 60% of all deaths in water to which SFRS responded were in the age groups 15-29 and 45-59. 70% of these incidents occurred in the hours of 07:00 to 19:00. 75% of these incidents occurred on a week day, and 25% on a weekend day.

**Surrey picture of the population**

There are estimated to be 72,900 children aged under 5 in Surrey (6.2% of the population). Elmbridge (7.4%) and Woking (7.2%) have the highest proportion of under 5s and Mole Valley the lowest (5.3%).

There are estimated to be 169,500 children aged 5-16

			<p>(14.5% of the population). Elmbridge has the highest proportion of children (16.3%) and Runnymede the lowest (12.5%).</p> <p>There are estimated to be 104,400 people aged 17-24 making up almost a tenth of the population (8.9%). Runnymede (14.0%) and Guildford (13.8%) have the highest percentage due to the universities situated in these boroughs, and Elmbridge the lowest (6.5%).</p> <p>There are estimated to be 605,300 people aged 25-64 making up just over half of the population (51.8%). Woking has the highest percentage (54.0%) and Waverley the lowest (48.9%).</p> <p>There are estimated to be 216,700 older people aged 65+, making up just under one in five (18.5%) of the population. Mole Valley has the highest proportion of older people (22.8%) and Guildford the lowest (16.3%).</p> <p>Appendix K2 - B1 provides a breakdown of age groups per Borough/District.</p>
<p><b>Disability</b></p>	<p>Increased, targeted use of our Safe and Well Visit programme should allow us to reduce the risk to vulnerable people with disabilities.</p> <p>An uplift in visits from 4,500 to 20,000 by 2021 will significantly increase our capacity.</p> <p>Increased use of wider community safety initiatives may be used to target accident</p>	<p>An increase in response times in certain areas at certain times through changes to fire and rescue cover may mean greater risk to life and serious injury. This could have a greater impact on those with mobility or mental health issues given their vulnerability statistically to be injured or killed in fire, and on people with mobility issues given that they may have greater difficulty escaping a fire.</p>	<p><u>Census 2011</u> In 2011, 13.5% of residents in Surrey reported a health problem, with 7.8% limited a little and 5.7% limited a lot. The overall proportion reporting a health problem was unchanged from 2001.</p> <p>The proportion of the Surrey population reporting a health problem is highest in Spelthorne (14.9%) and lowest in Elmbridge (12.1%). Fewer Surrey residents reported a health problem than the national average. In England as a whole 17.6% reported a health problem with 9.3% limited a little and 8.3% limited a lot.</p> <p><u>Disability and Mobility:</u></p>

	<p>prevention work to at risk groups.</p>	<p>Between April 2006 and March 2012, of the 16 people who died in a fire in Surrey, 7 (45%) were known to have mobility issues that affected their ability to escape the fire. All the people who were asleep at the time of the fire had additional underlying issues of restricted mobility, mental health and/or alcohol misuse. (CRP 2013/14)</p> <p><u>Mental Health:</u> The fatal fires analysis highlights mental health issues as a contributory factor to accidental dwelling fire deaths.</p> <p>9 of the 18 people who died in fires outside the home between April 2006 and March 2016 were suffering from mental health issues.</p> <p>The numbers of people with alcohol and drug dependencies are also forecast to rise by 4% by 2030.</p> <p><u>Race and ethnicity:</u> Differences in the levels of mental well-being and prevalence of mental disorders are influenced by a complex combination of socio-economic factors, racism, diagnostic bias and cultural and ethnic differences and are reflected in how mental health and mental distress are presented, perceived and interpreted.</p> <p><u>Gender:</u> Gender impacts significantly on risk and protective factors for mental health and expression of the experience of mental distress. Neurotic disorders including depression, anxiety, attempted suicide and self-harm are more prevalent in women than men, while suicide, drug and alcohol abuse, anti-social personality disorder, crime and violence are more prevalent among men. Gay, lesbian, bisexual and gender reassignment people are at increased risk for some mental health problems –</p>
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			<p>notably anxiety, depression, self-harm and substance misuse – and more likely to report psychological distress than their heterosexual counterparts.</p> <p><u>Smoking (and Mental Health):</u> Surrey’s Joint Strategic Needs Assessment (JSNA) also identifies that mental health service users exhibit rates of smoking at least twice that found among the general population. Between April 2006 and March 2016, in 35% of the accidental fatal dwelling fires, smoking materials was the primary cause of the fires.</p> <p>Appendix K2 provides a breakdown of B2 Long term illness or disability per Borough/District</p>
<b>Gender reassignment</b>	There is no indication that there will be a significant impact on people with this protected characteristic.	There is no indication that there will be a significant impact on people with this protected characteristic	Data on gender reassignment across the county is limited. The Office of National Statistics have identified the need for this data to inform further policy making decisions.
<b>Pregnancy and maternity</b>	The proposed Lifelong Learning programme will help to identify what community safety provision is most valuable for people in different age groups. The plan is to ensure that safety messages are delivered to residents at all stages of their lives in Surrey, to build communities resilient to fire and other emergencies.	An increase in response times in certain areas at certain times through changes to fire and rescue cover may mean greater risk to life and serious injury. This could have a greater impact for people generally in areas where cover will be reduced.	Expectant and new mothers could potentially be more at risk when escaping from a fire, as emergency evacuation may be difficult due to reduced agility, dexterity, co-ordination, speed, reach and balance. Mothers will also face the additional difficulty of evacuating babies and/or young children. Further research needs to be done to establish a link between pregnancy/maternity and risk from fire and other emergencies.
<b>Race</b>	Increased, targeted use of our Safe and Well Visit programme and business fire safety auditing should allow us to reduce the risk to residents and businesses from all groups. Community	There is no indication that there will be a significant impact on people with this protected characteristic	<i>The breakdown of racial/ethnic groups by Borough/District can be found in the appendices (A and B3) to this document, and are taken from Surrey-i – 2011 census data.</i>

	<p>outreach programmes will assist in ensuring that people who have English as a second language will receive appropriate fire safety provision.</p>		<p>In some areas there are populations of people from certain ethnic backgrounds notably larger than the Surrey average (mean). Elmbridge, Reigate and Banstead, Runnymede, Spelthorne and Woking are all cases in point. Of these, Runnymede is facing the biggest impact to response times under the proposed changes. It could be argued that the Indian community are disproportionately affected by the changes to response times, as the Indian population in Runnymede is 39% higher than the Surrey average. However there is no evidence to suggest that people from an Indian background in Runnymede will be disproportionately affected compared to the community of Runnymede as a whole. Furthermore Runnymede will retain a response time within the target of 10 minutes and quicker than the Surrey mean.</p>
<p><b>Religion and belief</b></p>	<p>Increased, targeted use of our Safe and Well Visit programme and business fire safety auditing should allow us to reduce the risk to residents and businesses from all groups. Community outreach programmes will assist in ensuring that fire safety activities will take place in places of religious worship in order to reach a large audience.</p>	<p>There is no indication that there will be a significant impact on people with this protected characteristic.</p>	<p><i>The breakdown of religious groups by Borough/District can be found in the appendices (A and B4) to this document, and are taken from Surrey-i – 2011 census data.</i></p> <p>In certain areas there are populations of people from certain religions notably larger than the Surrey mean. Epsom and Ewell, Spelthorne and Woking are all cases in point. All of these boroughs will retain a response time within the target of 10 minutes and quicker than the Surrey mean, so it cannot be clearly argued that people from any particular religion will be disproportionately impacted by changes to fire and rescue cover.</p>
<p><b>Sex</b></p>	<p>In Surrey in the years 2015-2018 85% of FRS incidents involving fatalities in water the casualties were males. An increase in community engagement and educational work through an expanded</p>	<p>There is no indication that there will be a significant impact on people with this protected characteristic</p>	<p>Surrey's population, according to the ONS's estimates for 2017 is 50.9% female and 49.1% male in all age groups as a whole. Guildford Borough has the most statistically balance population, with 50% male and female, and Elmbridge Borough the least balanced, with 51.6% female and 48.4% male. Further information is available in Appendix K2 - B5.</p>

	<p>community safety programme may serve to reduce incidence of water rescue and fatality to this vulnerable group.</p>		<p>Data from RoSPA and the Water Incident Database shows that in England in the period 2015 – 2018, males accounted for 83.7% of all naturally occurring or accidental deaths in water. Internal data shows that in Surrey in the years 2015-2018, 85% of water related fatalities that SFRS responded to were males. 70% of these incidents occurred in the hours of 07:00 to 19:00. 75% of these incidents occurred on a week day, and 25% on a weekend day.</p>
<p><b>Sexual orientation</b></p>	<p>There is no indication that there will be a significant impact on people with this protected characteristic</p>	<p>There is no indication that there will be a significant impact on people with this protected characteristic</p>	<p>Data on sexual orientation across the county is limited. ONS estimates are by County and are not broken down into Borough so do not contain the detail necessary for analysis. Estimates suggest that in 2013-15 97.3 % of the Surrey population was heterosexual, 0.7% gay or lesbian, 0.3% bisexual, 0.3% other and 5.1% don't know or refuse to comment. This is broadly in line with National estimates. There is a slightly higher estimated percentage of heterosexual individuals compared to the National average (93.5%) a slightly lower estimated percentage of gay or lesbian (1.2% Nationally), a lower estimated percentage of bisexual (0.6 Nationally), a lower estimated percentage of "other" (0.4 Nationally) and a higher estimated percentage of those who didn't know or preferred not to comment (4.4 Nationally).</p> <p>There is no strong evidence to suggest that people of any particular sexual orientation may be at a higher risk of injury from fire or other FRS-relevant incidents.</p>
<p><b>Marriage and civil partnerships</b></p>	<p>There is no indication that there will be a significant impact on people with this protected characteristic</p>	<p>There is no indication that there will be a significant impact on people with this protected characteristic</p>	<p>People who live alone, rather than those who live with partners, are at higher risk of accidental fires.</p> <p>The largest change (in the number of people living alone by age group, 2005 – 2015) is in the 45 to 64 age group, where the number of people living alone increased by 23% between 2005 and 2015, a statistically significant change. This is partly due to the increasing population aged 45 to 64 in the UK over this period, as the 1960s baby boom</p>

			<p>generation have been reaching this age group. The increase could also be due to a rise in the proportion of the population aged 45 to 64 who are divorced or never married.</p> <p>Appendix K2 - B6 provides a breakdown of marital status by Borough/District.</p>
<p><b>Carers (protected by association)</b></p>	<p>Increased, targeted use of our Safe and Well Visit programme should allow us to reduce the risk to vulnerable people in higher risk groups. Improved fire safety in these homes may help protect carers by association.</p>	<p>An increase in response times in certain areas at certain times through changes to fire and rescue cover may mean greater risk to life and serious injury. This is likely to have a greater impact on elderly and disabled residents. Their carers may be impacted by association, but there is no clear evidence for this.</p>	<p>There is no clear evidence available to correlate adverse impact to carers with changes to fire and rescue response times.</p>

## 7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p><b>Age</b></p>	<p>An increase in dedicated fire safety roles may provide opportunities for firefighters for whom the fitness requirements of an operational role can become progressively more challenging.</p>	<p>No specific issue has been identified at this stage</p>	<p>A 1990 study by Rogers et al found that, from the age of 30, VO2 max (VO2 max measures the optimum rate at which heart, lungs and muscles can effectively use oxygen during exercise) declines by 12% per decade. VO2 max is used as a factor in determining firefighter fitness.</p> <p>Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.</p>

<p><b>Disability</b></p>	<p>An increase in dedicated fire safety roles may provide opportunities for firefighters who develop disabilities that prohibit an operational role, such as reduced mobility.</p>	<p>No specific issue has been identified at this stage</p>	<p>Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.</p>
<p><b>Gender reassignment</b></p>		<p>No specific issue has been identified at this stage</p>	<p>Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.</p>
<p><b>Pregnancy and maternity</b></p>		<p>No specific issue has been identified at this stage</p>	<p>Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.</p>
<p><b>Race</b></p>		<p>No specific issue has been identified at this stage</p>	<p>Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.</p>
<p><b>Religion and belief</b></p>		<p>No specific issue has been identified at this stage</p>	<p>Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.</p>
<p><b>Sex</b></p>		<p>No specific issue has been identified at this stage</p>	<p>Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.</p>
<p><b>Sexual orientation</b></p>		<p>No specific issue has been identified at this stage</p>	<p>Data on the profile of the Service according to sexual orientation is not mandatory for employees to declare, and to date responses have been at low levels. This leaves the Service with limited data on the number of LGBT employees in Service. Therefore it is not possible to tell whether members of a particular sexual orientation are impacted positively or negatively, for example therefore suffer an indirect impact through the service restructure. Efforts will be undertaken to capture better staff demographic data in order to better understand impacts in future. Positive action could be taken to mitigate any adverse risk.</p> <p>On a national level data from the Fire &amp; Rescue Service Equality and Diversity Strategy 2008 – 2018 demonstrates that there is recognition that the number of gay, lesbian and bisexual Fire &amp; Rescue Service employees who feel</p>

			able to be open about their sexuality at work is less than 10 per cent of the national average. Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.
<b>Marriage and civil partnerships</b>		No specific issue has been identified at this stage	Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.
<b>Carers (protected by association)</b>	No specific benefit has been identified at this stage, however there is potential for flexible working to have a positive impact to staff with caring responsibilities who are based at stations where day crewing will be implemented. This needs to be analysed in the individual EIAs for each region/station affected.	No specific issue has been identified at this stage, however there is potential for disproportionate impact to staff with caring responsibilities who are based at stations where day crewing will be implemented. This needs to be analysed in the individual EIAs for each crewing system once these are known.	Any change to the duty system will incorporate a dedicated Equality Impact Assessment which will assess the impacts on staff with this protected characteristic.

## 8. Amendments to the proposals

Change	Reason for change

## 9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
An increase in targeted fire safety provision should reduce the risk to the most people most vulnerable to fire, which includes the elderly and people with restricted mobility, sensory impairments and mental health issues	Targeted campaigns in coordination with community engagement programmes will assist in delivering fire safety provision to people most vulnerable from fire and other emergencies.	Frequency based on risk analysis and Person Centred Approach	Andrew Treasure
The increase in response times through changes to fire and rescue cover at several fire stations may mean greater risk to life and serious injury. This could have a greater impact on the following groups: <ul style="list-style-type: none"> <li>the elderly given their vulnerability statistically to be injured or killed in fires, and on the elderly and parents with young children given that they may have greater difficulty escaping a fire.</li> <li>those with mobility or mental health issues given their vulnerability statistically to be injured or killed in fire, and on the disabled given that they may have greater difficulty escaping a fire.</li> <li>On Carers and the children or adults they</li> </ul>	<p>Additional investment will be allocated to fire safety provision. Prevention work will continue across the County, e.g. Safe and Well Visits (SAWVs), in order to inform and educate the public about reducing the risk of fire and other emergencies. Individuals at greatest risk, such as the elderly and people with mobility issues will be targeted to improve equality of opportunity in fire safety provision. The number of SAWVs is proposed to increase from 4,500 in 2018 to 20,000 by 2021.</p> <p>A key priority for Surrey County Council is to support people to live at home for longer. Telecare is the name given to the range of sensors which link with the traditional community or lifeline alarms. Telecare equipment ranges from pendants that can be worn to smoke and carbon monoxide detectors, and bed and falls sensors for those with mobility</p>	<p>Increases on an annual basis</p> <p>Increases in partnerships on an annual basis</p>	<p>Andrew Treasure</p> <p>Andrew Treasure</p>



General impacts to people of different protected groups may not be immediately evident from existing analysis.	Robust equality monitoring during the consultation process may reveal patterns in views relevant to protected groups.	End of September 2019	Sarah Kershaw
Temporal fire patterns within Surrey, and specifically in the areas most directly affected by the proposed changes, need to be analysed to assess the potential impact on different groups.	Negative impacts may be mitigated by an increase of targeted fire safety provision, but the overall effect of such mitigation should be assessed. SAWVs will increase from 4,500 to 20,000 by 2021.	Increases on an annual basis	Andrew Treasure

## 10. Potential negative impacts that cannot be mitigated

<b>Potential negative impact</b>	<b>Protected characteristic(s) that could be affected</b>
No impact has been identified for which measures cannot be taken in an attempt at mitigation. However the anticipated positive impacts of mitigation will be monitored using evaluative performance measures to assess effectiveness.	

## 11. Summary of key impacts and actions

<b>Information and engagement underpinning equalities analysis</b>	<p>Full public consultation was undertaken and responses considered in regard to potential impacts. The findings of the consultation process can be found at:</p>
<b>Key impacts (positive and/or negative) on people with protected characteristics</b>	<p>Increased business and community safety provision will benefit all sectors of our community, and there will be an increased focus on fire safety for people who are most vulnerable, which includes people 65 and older and people with disabilities. Increases in response times might impact young drivers and older people.</p>
<b>Changes you have made to the proposal as a result of the EIA</b>	<p>The content of the EIA, and the impacts identified, have been considered along with feedback from the consultation when developing the final plan. No substantive changes have been made to the initial proposals. However there are clear actions that we can take to mitigate the impact set out here whilst still delivering the plan.</p>
<b>Key mitigating actions planned to address any outstanding negative impacts</b>	<p>Business and community safety work will see a significant increase across the County, including all areas which are being affected by a change in fire and rescue cover. Work will look into focussing on people and communities most vulnerable to fire and other emergencies and those who have had lower than average levels of fire safety engagement.</p>
<b>Potential negative impacts that cannot be mitigated</b>	

# Appendix A

Summary of protected characteristics in Borough/Districts potentially directly affected by proposed changes to fire and rescue cover.

Data from Surrey-i.

Percentages are given to 3 significant figures.

A more detailed breakdown of data by Borough/District and protected characteristic can be found in Appendix B.

In any group where representation was 25% or more above the Surrey average (mean), mention has been given to this group in this summary. In the tables in Appendix B, these figures are highlighted in yellow. Although seemingly arbitrary, this figure allowed a consistent methodology to be applied to all groups within each protected characteristic for which we have data. The figure of 25% highlighted areas that had a greater representation of people from certain characteristics than the Surrey mean. A number much lower than 25% would provide too many examples for meaningful analysis, and a number much higher would provide too few examples, so 25% was chosen as the threshold.

No data is available for the protected characteristics of gender reassignment, pregnancy and maternity, sexual orientation or carers (protected by association).

<b>Borough/District</b>	<b>Summary of specific demographics in Borough.</b>
Elmbridge	Analysis of Surrey-i data shows no group with protected characteristics for which we have data with a population 25% or greater than the mean.
Epsom and Ewell	2011 data show Epsom and Ewell having a population of people from the ethnic group "Asian/Asian British: Indian" as 33.3% above the Surrey mean (2.4% and 1.8% respectively). The same data show people from the ethnic group "All Black/African/Caribbean/Black British ethnic groups" as 36% above the Surrey mean (1.5% and 1.1% respectively). No other ethnic group show a population 25% or higher than the mean. 2011 data show Epsom and Ewell having a population of people from the Hindu religion as 92% above the Surrey mean (2.5% and 1.3% respectively). The same data show a population of people from the Muslim religion as 36% above the Surrey mean (3% and 2.2% respectively). No other religious group show a population 25% or higher than the mean. No other group within other protected characteristics for which we have data show a population 25% or greater than the mean.
Guildford	2017 age group estimates show Guildford having a population in the 15-30 age range as 44.4% above the Surrey mean (24.1% and 16.7% respectively). No other age group show a population 25% or higher than the mean. No other group within other protected characteristics for which we have data show a population 25% or greater than the mean.
Mole Valley	Analysis of Surrey-i data shows no group with protected characteristics for which we have data with a population 25% or greater than the mean.

Reigate and Banstead	2011 data show Reigate and Banstead having a population of people from the ethnic group "All Black/African/Caribbean/Black British ethnic groups" as 43.2% above the Surrey mean (1.57% and 1.10% respectively). No other ethnic group show a population 25% or higher than the mean. No other group within other protected characteristics for which we have data show a population 25% or greater than the mean.
Runnymede	2017 age group estimates show Runnymede having a population in the 15-30 age range as 41.7% above the Surrey mean (23.6% and 16.7% respectively). No other age group show a population 25% or higher than the mean. 2011 data show Runnymede having a population of people from the ethnic group "Asian/Asian British: Indian" as 40.6% above the Surrey mean (2.51% and 1.79% respectively). No other ethnic group show a population 25% or higher than the mean. No other group within other protected characteristics for which we have data show a population 25% or greater than the mean.
Spelthorne	2011 data show Spelthorne having a population of people from the ethnic group "Asian/Asian British: Indian" as 135% above the Surrey mean (4.20% and 1.79% respectively), the same data show people from the ethnic group "All Black/African/Caribbean/Black British ethnic groups" as 47.2% above the Surrey mean (1.62% and 1.10% respectively). No other ethnic group show a population 25% or higher than the mean. 2011 data show Spelthorne having a population of people from the Hindu religion as 83.9% above the Surrey mean (2.44% and 1.33% respectively). No other religious group show a population 25% or higher than the mean. Internal data show Spelthorne having a population of people classed as vulnerable to fire as 36% above the Surrey mean (0.079% and 0.058% respectively). No other group within other protected characteristics for which we have data show a population 25% or greater than the mean.
Surrey Heath	Analysis of Surrey-i data shows no group with protected characteristics for which we have data with a population 25% or greater than the mean.
Tandridge	Internal data show Tandridge having a population of people classed as vulnerable to fire as 34% above the Surrey mean (0.078% and 0.058% respectively). No other group within other protected characteristics for which we have data show a population 25% or greater than the mean.
Waverley	Analysis of Surrey-i data shows no group with protected characteristics for which we have data with a population 25% or greater than the mean.
Woking	2011 data show Woking having a population of people from the ethnic group "Asian/Asian British: Indian" as 31.4% above the Surrey mean (2.35% and 1.79% respectively). The same data show people from the ethnic group "Asian/Asian British: Pakistani" as 500% above the Surrey mean (5.73% and 0.96% respectively). The same data show people from the ethnic group "All Black/African/Caribbean/Black British ethnic groups" as 27% above the Surrey mean (1.39% and 1.10% respectively). No other ethnic group show a population 25% or higher than the mean. 2011 data show Woking having a population of people from the Hindu religion as 48.4% above the Surrey mean (1.97% and 1.33% respectively). The same data show a population of people from the Muslim religion as 243% above the Surrey mean (7.38% and 2.15% respectively). No other religious group show a population 25% or higher than the mean. No other group within other protected characteristics for which we have data show a population 25% or greater than the mean.

# Appendix B

Population information by protected characteristic by Surrey Borough/Districts.

Data from Surrey-i.

Percentages are given to 1 decimal point or 3 significant figures as appropriate.

No data is available for the protected characteristics of gender reassignment, pregnancy and maternity, sexual orientation or carers (protected by association).

Age data was sourced in 5-year divisions and has been grouped into larger blocks for analysis.

## B1 – Age groups per Borough/District (adapted from Surrey-I – ONS Population estimates by 5 year age groups and gender).

Region	All ages	Age 0-14	%0-14	Age 15-30	%15-30	Age 30-44	%30-44	Age 45-64	%45-64	Age 65+	%65+
<i>England</i>	55619430	10048365	18.1	10478495	18.8	10842801	19.5	14219258	25.6	10030511	18.0
<b>Surrey</b>	<b>1185321</b>	<b>219560</b>	<b>18.5</b>	<b>197622</b>	<b>16.7</b>	<b>228477</b>	<b>19.3</b>	<b>317430</b>	<b>26.8</b>	<b>222232</b>	<b>18.7</b>
Elmbridge	136379	28656	21.0	18191	13.3	27268	20.0	37686	27.6	24578	18.0
Epsom and Ewell	79451	15231	19.2	12993	16.4	15789	19.9	21003	26.4	14435	18.2
Guildford	147777	24886	16.8	35579	24.1	27327	18.5	35696	24.2	24289	16.4
Mole Valley	87128	14588	16.7	12428	14.3	14301	16.4	25785	29.6	20026	23.0
Reigate and Banstead	146383	28245	19.3	22112	15.1	30679	21.0	38860	26.5	26487	18.1
Runnymede	86882	14277	16.4	20519	23.6	15927	18.3	21318	24.5	14841	17.1
Spelthorne	99120	18220	18.4	15356	15.5	20511	20.7	26625	26.9	18408	18.6
Surrey Heath	88765	16012	18.0	13940	15.7	16420	18.5	25272	28.5	17121	19.3
Tandridge	87297	15745	18.0	13149	15.1	15882	18.2	24625	28.2	17896	20.5
Waverley	125010	23248	18.6	18487	14.8	21782	17.4	34265	27.4	27228	21.8
Woking	101129	20452	20.2	14868	14.7	22591	22.3	26295	26.0	16923	16.7

**B2 – Long term illness or disability per Borough/District (taken Surrey-i - 2011 census data)**

<b>Region</b>	All persons	Number without long term illness or disability	% Without long term illness or disability	Long term illness or disability - All with day-to-day activities limited	Long term illness or disability - % with day-to-day activities limited
<i>England</i>	<i>53012456</i>	<i>43659870</i>	<i>82.4</i>	<i>9352586</i>	<i>17.6</i>
<b>Surrey</b>	<b>1132390</b>	<b>979036</b>	<b>86.5</b>	<b>153354</b>	<b>13.5</b>
Elmbridge	130875	115044	87.9	15831	12.1
Epsom and Ewell	75102	65036	86.6	10066	13.4
Guildford	137183	119867	87.4	17316	12.6
Mole Valley	85375	72833	85.3	12542	14.7
Reigate and Banstead	137835	118569	86.0	19266	14.0
Runnymede	80510	69355	86.1	11155	13.9
Spelthorne	95598	81334	85.1	14264	14.9
Surrey Heath	86144	75304	87.4	10840	12.6
Tandridge	82998	70686	85.2	12312	14.8
Waverley	121572	104695	86.1	16877	13.9
Woking	99198	86313	87.0	12885	13.0

**B3 – Race/Ethnicity per Borough/District (taken from Surrey-i - 2011 census data)**

Region	All People	White British	% White British	White: All other White ethnic groups	% White: All other White	All mixed/ multiple ethnic groups	% All mixed/ multiple ethnic groups	Asian/ Asian British: Indian	% Indian	Asian/ Asian British: Pakistani	% Pakistani	All Black/African/Caribbean/Black British ethnic groups	% Black/African/Caribbean/Black British	All other Asian ethnic groups	% other Asian ethnic group	Other ethnic groups	% Other ethnic groups	All non-white ethnic groups	% non-white ethnic groups	All ethnic groups except white British	% not white British
<b>Surrey</b>	<b>1132390</b>	<b>945673</b>	<b>83.5</b>	<b>78009</b>	<b>6.9</b>	<b>23554</b>	<b>2.1</b>	<b>20232</b>	<b>1.8</b>	<b>10818</b>	<b>1.0</b>	<b>12430</b>	<b>1.1</b>	<b>32448</b>	<b>2.9</b>	<b>9226</b>	<b>0.8</b>	<b>108708</b>	<b>9.6</b>	<b>186717</b>	<b>16.5</b>
Elmbridge	130875	104508	79.9	13615	10.4	3411	2.6	2489	1.9	555	0.4	1010	0.8	4031	3.1	1256	1.0	12752	9.7	26367	20.1
Epsom and Ewell	75102	59049	78.6	5453	7.3	1922	2.6	1828	2.4	667	0.9	1128	1.5	3989	5.3	1066	1.4	10600	14.1	16053	21.4
Guildford	137183	114510	83.5	10197	7.4	2501	1.8	1661	1.2	487	0.4	1656	1.2	4468	3.3	1703	1.2	12476	9.1	22673	16.5
Mole Valley	85375	76907	90.1	4261	5.0	1257	1.5	707	0.8	152	0.2	399	0.5	1318	1.5	374	0.4	4207	4.9	8468	9.9
Reigate and Banstead	137835	117092	85.0	7787	5.6	3037	2.2	2192	1.6	1189	0.9	2166	1.6	3611	2.6	761	0.6	12956	9.4	20743	15.0
Runnymede	80510	64397	80.0	7236	9.0	1671	2.1	2022	2.5	378	0.5	862	1.1	3161	3.9	783	1.0	8877	11.0	16113	20.0
Spelthorne	95598	77411	81.0	6044	6.3	2382	2.5	4013	4.2	656	0.7	1545	1.6	2626	2.7	921	1.0	12143	12.7	18187	19.0
Surrey Heath	86144	73179	84.9	4513	5.2	1626	1.9	1713	2.0	667	0.8	861	1.0	3009	3.5	576	0.7	8452	9.8	12965	15.1
Tandridge	82998	74095	89.3	3785	4.6	1789	2.2	746	0.9	139	0.2	882	1.1	1279	1.5	283	0.3	5118	6.2	8903	10.7
Waverley	121572	110190	90.6	6527	5.4	1623	1.3	533	0.4	246	0.2	538	0.4	1504	1.2	411	0.3	4855	4.0	11382	9.4
Woking	99198	74335	74.9	8591	8.7	2335	2.4	2328	2.3	5682	5.7	1383	1.4	3452	3.5	1092	1.1	16272	16.4	24863	25.1

**B4 – Religion per Borough/District (taken from Surrey-i - 2011 census data)**

Region	All residents	Christian	% Christian	Hindu	% Hindu	Muslim	% Muslim	Other religion	% Other	No religion	% No religion	Not stated	% Not stated	All non-Christian religions	% Non-Christian
<i>England</i>	53012456	31479876	59.4	806199	1.5	2660116	5.0	1147929	2.2	13114232	24.7	3804104	7.2	4614244	8.7
<b>Surrey</b>	<b>1132390</b>	<b>711110</b>	<b>62.8</b>	<b>15018</b>	<b>1.3</b>	<b>24378</b>	<b>2.2</b>	<b>16994</b>	<b>1.5</b>	<b>280814</b>	<b>24.8</b>	<b>84076</b>	<b>7.4</b>	<b>56390</b>	<b>5.0</b>
Elmbridge	130875	83973	64.2	1593	1.2	2406	1.8	2447	1.9	30606	23.4	9850	7.5	6446	4.9
Epsom and Ewell	75102	46222	61.5	1913	2.5	2277	3.0	1109	1.5	18254	24.3	5327	7.1	5299	7.1
Guildford	137183	82621	60.2	1301	0.9	2713	2.0	1839	1.3	38108	27.8	10601	7.7	5853	4.3
Mole Valley	85375	54926	64.3	564	0.7	669	0.8	960	1.1	21514	25.2	6742	7.9	2193	2.6
Reigate and Banstead	137835	85325	61.9	1880	1.4	2637	1.9	1597	1.2	36262	26.3	10134	7.4	6114	4.4
Runnymede	80510	51037	63.4	1181	1.5	1556	1.9	1628	2.0	19297	24.0	5811	7.2	4365	5.4
Spelthorne	95598	60954	63.8	2332	2.4	1808	1.9	2298	2.4	21511	22.5	6695	7.0	6438	6.7
Surrey Heath	86144	54646	63.4	1369	1.6	1607	1.9	1733	2.0	20610	23.9	6179	7.2	4709	5.5
Tandridge	82998	53841	64.9	612	0.7	596	0.7	750	0.9	20976	25.3	6223	7.5	1958	2.4
Waverley	121572	79220	65.2	321	0.3	786	0.6	1254	1.0	30745	25.3	9246	7.6	2361	1.9
Woking	99198	58345	58.8	1952	2.0	7323	7.4	1379	1.4	22931	23.1	7268	7.3	10654	10.7

**B5 – Sex/ Gender per Borough/District (adapted from Surrey-i – ONS population estimates by broad age and gender)**

Area	Year	Males - All ages	% male	Females - All ages	% female
ENGLAND	2017	27,481,053	49.4	28,138,377	50.6
<b>Surrey</b>	<b>2017</b>	<b>581,836</b>	<b>49.1</b>	<b>603,485</b>	<b>50.9</b>
Elmbridge	2017	66,063	48.4	70,316	51.6
Epsom and Ewell	2017	38,600	48.6	40,851	51.4
Guildford	2017	73,891	50.0	73,886	50.0
Mole Valley	2017	42,567	48.9	44,561	51.1
Reigate and Banstead	2017	71,476	48.8	74,907	51.2
Runnymede	2017	42,251	48.6	44,631	51.4
Spelthorne	2017	48,959	49.4	50,161	50.6
Surrey Heath	2017	43,946	49.5	44,819	50.5
Tandridge	2017	42,493	48.7	44,804	51.3
Waverley	2017	61,177	48.9	63,833	51.1
Woking	2017	50,413	49.9	50,716	50.1

**B6 – Marital status by Borough/District (taken from Surrey-I - 2011 census data). N.b. 2011 census data gathered prior to legalisation of same-sex marriage in 2014.**

Region	All Residents Aged 16 and Over	Single (never married or in civil partnership)	% Single	Married	% Married	In a Registered Same-Sex Civil Partnership	% In a Registered Same-Sex Civil Partnership	Separated (but Still Legally Married or Still Legally in a Same-Sex Civil Partnership)	% Separated	Divorced or Formerly in a Same-Sex Civil Partnership which is Now Legally Dissolved	% Divorced or Formerly in a Same-Sex Civil Partnership which is Now Legally Dissolved	Widowed or Surviving Partner from a Same-Sex Civil Partnership	% Widowed or Surviving Partner from a Same-Sex Civil Partnership
<i>England</i>	42989620	14889928	34.6	20029369	46.6	100288	0.2	1141196	2.7	3857137	9	2971702	6.9
<b>Surrey</b>	<b>913899</b>	<b>275477</b>	<b>30.1</b>	<b>480655</b>	<b>52.6</b>	<b>1602</b>	<b>0.2</b>	<b>20563</b>	<b>2.3</b>	<b>74056</b>	<b>8.1</b>	<b>61546</b>	<b>6.7</b>
Elmbridge	103005	28321	27.5	56760	55.1	245	0.2	2308	2.2	8482	8.2	6889	6.7
Epsom and Ewell	60371	18711	31	31950	52.9	94	0.2	1259	2.1	4384	7.3	3973	6.6
Guildford	112589	39639	35.2	55650	49.4	174	0.2	2337	2.1	8282	7.4	6507	5.8
Mole Valley	69580	18557	26.7	38252	55	111	0.2	1534	2.2	5846	8.4	5280	7.6
Reigate and Banstead	110725	34056	30.8	57055	51.5	194	0.2	2481	2.2	9251	8.4	7688	6.9
Runnymede	66653	23657	35.5	31353	47	111	0.2	1532	2.3	5580	8.4	4420	6.6
Spelthorne	78089	24562	31.5	38984	49.9	153	0.2	2042	2.6	6870	8.8	5478	7
Surrey Heath	69302	18791	27.1	38960	56.2	100	0.1	1489	2.1	5578	8	4384	6.3
Tandridge	66922	19265	28.8	35350	52.8	111	0.2	1582	2.4	5791	8.7	4823	7.2
Waverley	97478	26219	26.9	53874	55.3	161	0.2	2124	2.2	7848	8.1	7252	7.4
Woking	79185	23699	29.9	42467	53.6	148	0.2	1875	2.4	6144	7.8	4852	6.1

**B7 – Vulnerability to House Fires – Data calculated from people 75 or over who are prescribed oxygen.**

Region	count of vulnerable people	Area (sq km)	vulnerable people per sq km	Estimated Population mid-2017	vulnerable people per 1000 population
<b>Surrey</b>	<b>693</b>	<b>1662</b>	<b>0.417</b>	<b>1185321</b>	<b>0.585</b>
Elmbridge	57	95	0.600	136,379	0.418
Epsom and Ewell	39	34	1.147	79,451	0.491
Guildford	65	271	0.240	147,777	0.440
Mole Valley	46	258	0.178	87,128	0.528
Reigate and Banstead	92	129	0.713	146,383	0.628
Runnymede	57	78	0.731	86,882	0.656
Spelthorne	78	45	1.733	99,120	0.787
Surrey Heath	55	95	0.579	88,765	0.620
Tandridge	68	248	0.274	87,297	0.779
Waverley	80	345	0.232	125,010	0.640
Woking	56	64	0.875	101,129	0.554

# Appendix C

Modelled response times in Surrey Borough/Districts – Data from internal modelling

The impact of our proposed change to response times to incidents varies by Borough and District, by the day of the week and the time of day. There are many factors that affect how quickly we arrive at an emergency, such as the amount of traffic on the roads and the location of our nearest available fire engine. To give the most accurate comparison, we have looked at the time it takes us to arrive at an emergency under ideal conditions now, against the time it will take if we go ahead with our preferred proposal.

Appendix C1 shows critical incident response comparisons between the proposal versus the status quo.

Appendix C2 shows all incident response comparisons between the proposal versus the status quo.

To understand the impact that the proposed changes to crewing patterns will have on the communities that they serve, response time data must be analysed.

There are three data sets available for use in this analysis:

Modelled response times *under the proposed Plan*, assuming full wholetime appliance availability, and on-call availability based on historical performance.

Modelled response times *under existing crewing systems*, assuming full wholetime appliance availability, and actual on-call availability.

3. Historical actual response times over the past 5 years.

In each of these sets, there is data available on critical incidents and all incidents. In recent years, our crewing system has been under-established, in large part due to lack of recruitment as a result of constrained finances. Therefore, the reality of what has been available has been significantly different to what would be available if full crewing had been available. Under the proposed plan, restructuring of the available firefighter workforce would allow crews will be much closer to the full planned established. However, as the proposals change the details of SFRS's planned response, compared to our previous plans, it is important to compare the planned response, and not the proposed plans compared to the historical delivery.

Modelling data suggests that there will be varying impacts on response times, depending on the area in question, the time of day, and the day of the week. It should be noted that modelled based on set average road speeds. They do not reflect the speeds under blue light conditions that fire appliances would ordinarily respond under, so the time taken to respond may, in reality, be faster.

Overall the modelling suggests that response times to *critical* incidents will increase from our base model to the proposed model under the Plan by 12 seconds overall, up from 07:22 minutes to 07:34 minutes. This is an average across all times of the day and week. The daily breakdown is as follows:

- The weekday day time response will remain the same (07:23 minutes).

- The weekend day time response will improve by 12 seconds from 07:26 minutes to 07:14 minutes.
- Night time response (any day of the week) time will increase by 38 seconds from 07:18 to 07:56 minutes.

Furthermore the modelling suggests that response times to *all* incidents will increase from our base model to the planned model by 12 seconds overall, up from 07:28 minutes to 07:40 minutes.

This is an average across all times of the day and week. The daily breakdown is as follows:

- The weekday day time response will remain the same (07:27 minutes).
- The weekend day time response will improve by 12 seconds from 07:35 minutes to 07:23 minutes.
- Night time response (any day of the week) time will increase by 38 seconds from 07:26 to 08:04 minutes.

However, the increased community and business safety work will reduce the likelihood of emergencies happening in the first place, so there will be less occurring as a result. In further mitigation, we are introducing improvements that will reduce the time it takes between a call coming in and our firefighters leaving the station. We believe this will help us to get resources to the scene of an emergency more quickly. We are also introducing technology that will improve our measurement of this will tell us if we are being successful.

**Appendix C1 – Critical incident response times modelled under the proposal outlined in the Plan in comparison to the current modelled situation. Modelling based on 100% wholtime availability and actual on-call availability.**

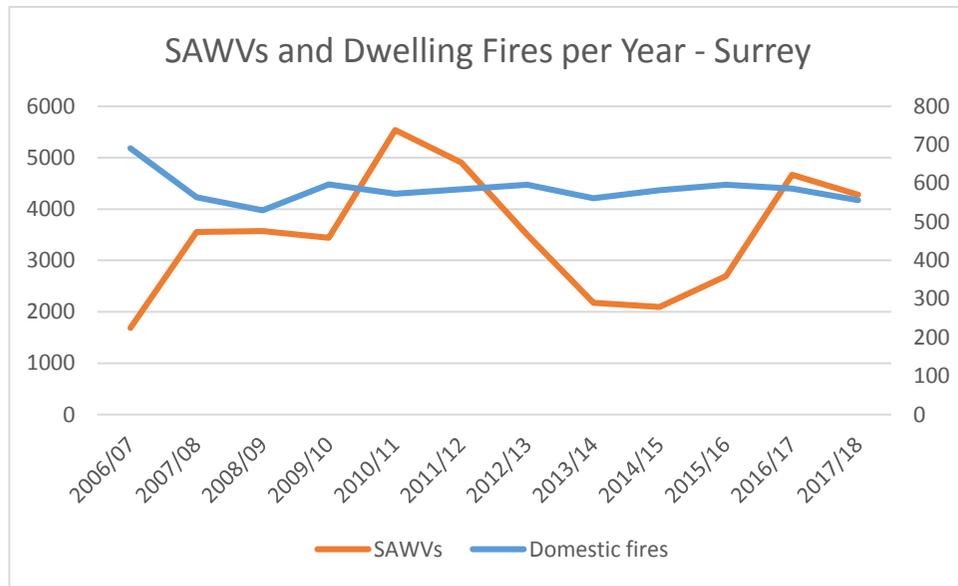
Weekday			Weekend Day		Night		All times of day	
Borough/District	Proposed arrival time of 1st appliance	Current arrival time of 1st appliance	Proposed arrival time of 1st appliance	Current arrival time of 1st appliance	Proposed arrival time of 1st appliance	Current arrival time of 1st appliance	Proposed arrival time of 1st appliance	Current arrival time of 1st appliance
Elmbridge	05:54	05:54	05:47	06:55	07:46	06:59	06:33	06:27
Epsom and Ewell	05:45	05:44	05:39	05:38	05:41	05:26	05:43	05:36
Guildford	07:16	07:17	07:06	07:05	07:23	06:47	07:17	07:04
Mole Valley	08:10	08:10	08:12	08:13	08:06	07:59	08:09	08:07
Reigate and Banstead	07:29	07:29	07:17	07:19	07:57	07:14	07:37	07:22
Runnymede	06:30	06:30	06:03	06:06	08:04	05:56	06:59	06:13
Spelthorne	06:34	06:35	06:31	06:41	07:24	06:42	06:54	06:39
Surrey Heath	07:40	07:42	07:36	07:37	07:53	07:28	07:44	07:36
Tandridge	11:38	11:33	10:24	10:34	10:58	11:03	11:10	11:11
Waverley	08:39	08:39	08:54	09:26	09:15	09:05	08:55	08:56
Woking	05:53	05:53	06:00	06:01	06:19	05:41	06:04	05:50
<b>ALL DISTRICTS</b>	<b>07:23</b>	<b>07:23</b>	<b>07:14</b>	<b>07:26</b>	<b>07:56</b>	<b>07:18</b>	<b>07:34</b>	<b>07:22</b>

**Appendix C2 – All incident response times modelled under the proposal outlined in the Plan in comparison to the current modelled situation. Modelling based on 100% wholtime availability and actual on-call availability.**

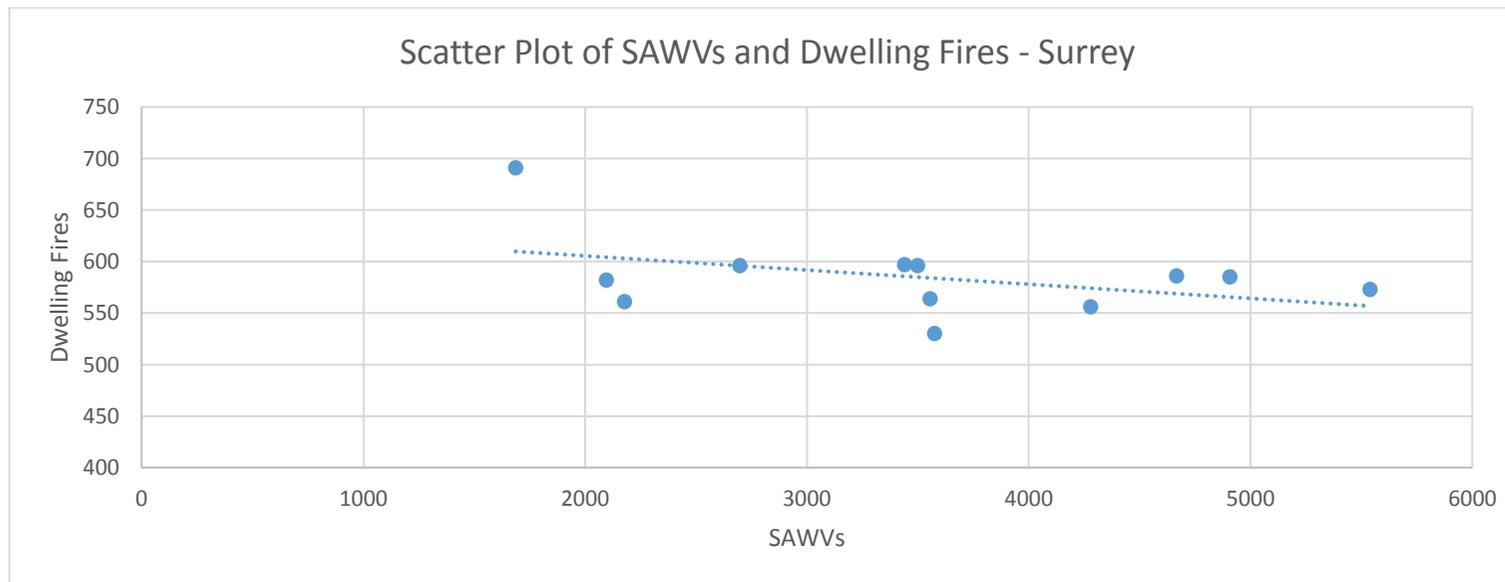
Weekday			Weekend Day			Night		All times of day	
Borough/District	Proposed arrival time of 1st appliance	Current arrival time of 1st appliance	Proposed arrival time of 1st appliance	Current arrival time of 1st appliance	Proposed arrival time of 1st appliance	Current arrival time of 1st appliance	Proposed arrival time of 1st appliance	Current arrival time of 1st appliance	
Elmbridge	05:53	05:52	05:49	06:53	07:49	06:59	06:34	06:26	
Epsom and Ewell	05:39	05:38	05:41	05:41	05:58	05:39	05:47	05:39	
Guildford	07:26	07:27	07:26	07:26	07:47	07:01	07:34	07:17	
Mole Valley	08:16	08:16	08:13	08:13	08:09	08:00	08:13	08:10	
Reigate and Banstead	07:23	07:23	07:18	07:19	07:57	07:16	07:35	07:20	
Runnymede	06:33	06:33	06:15	06:19	08:06	06:04	07:04	06:20	
Spelthorne	06:29	06:30	06:31	06:41	07:28	06:45	06:54	06:38	
Surrey Heath	07:54	07:56	07:52	07:53	08:04	07:40	07:57	07:50	
Tandridge	11:42	11:39	10:47	10:51	11:05	11:04	11:17	11:17	
Waverley	08:54	08:55	08:58	09:34	09:24	09:13	09:05	09:08	
Woking	05:53	05:54	06:03	06:04	06:18	05:39	06:04	05:50	
<b>ALL DISTRICTS</b>	<b>07:27</b>	<b>07:27</b>	<b>07:23</b>	<b>07:35</b>	<b>08:04</b>	<b>07:26</b>	<b>07:40</b>	<b>07:28</b>	

## Appendix D – Graphs of Safe and Well Visits and Dwelling Fires in Surrey.

### D1 – Line Graph of Safe and Well Visits and Domestic Dwelling Fires per Year.



### – Scatter Plot of Safe and Well Visits and Domestic Dwelling Fires.

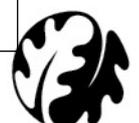


A statistical analysis of the relationship between numbers of SAWVS and Dwelling fires using correlation coefficient produces a result of -0.423319. This is a weak to moderate negative linear correlation.

<b>EIA Title</b>				
<b>Did you use the EIA Screening Tool?</b> (Please tick or specify)	Yes (Please attach upon submission)		No	

## 1. Explaining the matter being assessed

<p><b>What policy, function or service change are you assessing?</b></p>	<p>The council have developed a strategy for libraries and cultural services for 2020 – 2025 which sets out our commitment to deliver a broad range of modern affordable services providing opportunities to read for learning and enjoyment; access accurate and quality information; engage in creative and cultural activities and informal and formal learning.</p> <p>The services addressed in the strategy are:</p> <ul style="list-style-type: none"> <li>• Surrey Arts</li> <li>• Surrey Heritage</li> <li>• Surrey Adult Learning</li> <li>• Surrey Registration Service</li> <li>• Surrey Libraries</li> </ul> <p>The crux of our strategy is to reduce the net cost of these services whilst increasing impact. We will do this by working closer with communities in design and delivery and by exploiting digital technology to increase our reach and free up staff.</p> <p>The strategy details five strategic objectives to underpin the development of these services going forward and a set of actions that we will take, including a new model of library service delivery.</p> <p>Our approach to implementation of the strategy will be to engage, through a co-design process, widely with residents, staff and partners on how the future model for libraries is implemented and how the libraries and cultural services can increase the positive outcomes/impact against the Surrey 2030 Vision.</p> <p>In the event that the co design leads to proposals to change the way in which current library services are delivered formal consultation will take place. This will be undertaken with due regard to our duties under the Equality Act and the Public Libraries and Museums Act 1964 ‘to provide a comprehensive and efficient library service for all persons desirous to make use thereof’.</p>
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<p><b>Why does this EIA need to be completed?</b></p>	<p>Changes to the library service will impact on people from the protected groups identified in the Equality Act 2010.</p>			
<p><b>Who is affected by the proposals outlined above?</b></p>	<p>The library service has some 320,000 registered members, and although the service does not monitor protected status amongst its membership, it is clear that this includes people from these groups. Most protected groups will not be disproportionately negatively affected by the actions set out in the strategy but it can be argued that two may: age, and disability. Age, because the service has disproportionately high levels of membership for children and older people compared with Surrey's demographics, and disability, because people with certain kinds of disability will find changes harder to accommodate than the average user.</p>			
<p><b>How does your service proposal support the outcomes in <a href="#">the Community Vision for Surrey 2030</a>?</b></p>	<p>This work is linked to the five "people" ambitions:</p> <ul style="list-style-type: none"> <li>• Children and young people are safe and feel safe and confident.</li> <li>• Everyone benefits from education, skills and employment opportunities that help them succeed in life.</li> <li>• Everyone lives healthy, active and fulfilling lives, and makes good choices about their wellbeing.</li> <li>• Everyone gets the health and social care support and information they need at the right time and place.</li> <li>• Communities are welcoming and supportive, especially of those most in need, and people feel able to contribute to community life.</li> </ul>			
<p><b>Are there any specific geographies in Surrey where this will make an impact?</b> <small>(Please tick or specify)</small></p>	<p>County Wide</p>	<p>x</p>	<p>Runnymede</p>	
	<p>Elmbridge</p>		<p>Spelthorne</p>	
	<p>Epsom and Ewell</p>		<p>Surrey Heath</p>	
	<p>Guildford</p>		<p>Tandridge</p>	
	<p>Mole Valley</p>		<p>Waverley</p>	
	<p>Reigate and Banstead</p>		<p>Woking</p>	
	<p>Not Applicable</p>			
	<p>County Divisions (please specify if appropriate):</p>			
<p><b>Briefly list what evidence you have gathered on the impact of your proposals?</b></p>	<p>A public consultation exercise on five strategic principles for libraries and cultural services was completed on 4th January 2019. The outcome of this consultation, further engagement work, community profiling and service use analysis has been used to develop a strategy for libraries and cultural services. The strategy proposes a new model for library services which will be developed into specific proposals through a process of co-design over the next 12 to 18 months. The strategy does not set out detailed proposals, these will be achieved through the co-design process and will use a wide range of evidence to understand the impact of the proposals as they develop..</p>			

## 2. Service Users / Residents

There are 10 protected characteristics to consider in your proposal. These are:

1. Age including younger and older people
2. Disability
3. Gender reassignment
4. Pregnancy and maternity
5. Race including ethnic or national origins, colour or nationality
6. Religion or belief including lack of belief
7. Sex
8. Sexual orientation
9. Marriage/civil partnerships
10. Carers protected by association

*Though not included in the Equality Act 2010, Surrey County Council recognises that socio-economic disadvantage is a significant contributor to inequality across the County and therefore regards this as an additional factor.*

*Therefore, if relevant, you will need to include information on this. Please refer to the EIA guidance if you are unclear as to what this is.*

## AGE

**What information (data) do you have on affected service users/residents with this characteristic?**

Although people of all ages use libraries, a higher proportion of Surrey library users are people aged 65 or over or younger children than is the case for the proportion of these groups in the population as a whole.

(Statistics of library use, compared with Surrey demographics).  
Surrey Library Borrowers Compared to Surrey Population:  
(March 2016)

Age Band	Current Borrowers	Surrey Population	Over /Under Representation
0-14	27%	18%	+9%
15-65	55%	63%	-9%
65	17%	19%	-2%

Impacts (Please tick or specify)	Positive		Negative		Both	√
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Impacts identified	Supporting evidence	How will you maximise positive/minimise negative impacts?	When will this be implemented by?	Owner
As children and young people and older people use the library service more than other groups it will be necessary to ensure through the co-design that impacts on these groups are identified and mitigated where possible in delivering the new library service model.	Analysis of service use and community profile prepared to inform the strategy.	Focused and targeted co-design activity will be undertaken with children and young people and older people.	Between January 2020 and April 2021.	Assistant Director, Lifelong Learning and Culture

**What other changes is the council planning/already in place that may affect the same groups of residents?  
Are there any dependencies decisions makers need to be aware of?**

The council's asset management/property strategy will impact on the buildings in which we deliver these services to residents. During the co-design process we will ensure that any implications as a result of the property strategy are identified and taken account of.

**Any negative impacts that cannot be mitigated? Please identify impact and explain why**

None currently identified

## DISABILITY

**What information (data) do you have on affected service users/residents with this characteristic?**

The community profile developed to underpin the strategy contains a quantity of data about people with disabilities in Surrey. It identifies that the libraries and cultural services can and must play a role in supporting people with long term health conditions, disabilities including sight impairments, and mental health problems.

Impacts (Please tick or specify)	Positive		Negative		Both	√
Impacts identified	Supporting evidence		How will you maximise positive/minimise negative impacts?	When will this be implemented by?	Owner	
None yet identified. This will be kept under review as the co design is developed	Analysis of service use and community profile prepared to inform the strategy.		Focused and targeted co-design activities will be undertaken with this group building on the relationship we established with the Surrey Coalition of Disabled People and their member organisations as part of the consultation on the strategic principles.	Between January 2020 and April 2021.	Assistant Director, Lifelong Learning and Culture	

# Equality Impact Assessment

**What other changes is the council planning/already in place that may affect the same groups of residents?  
Are there any dependencies decisions makers need to be aware of?**

The council's asset management/property strategy will impact on the buildings in which we deliver these services to residents. During the co-design process we will ensure that any implications as a result of the property strategy are identified and taken account of.

**Any negative impacts that cannot be mitigated? Please identify impact and explain why**

None currently identified

## 3. Staff

### AGE

**What information do you have on the affected staff with this characteristic?**

Surrey Libraries Staff:

Age Range	% of Library Staff
15 to 19	9.6%
20 to 24	5.7%
25 to 29	5.9%
30 to 34	5.2%
35 to 39	6.1%
40 to 44	8.3%
45 to 49	7.9%
50 to 54	11.4%
55 to 59	16.6%
60 to 64	14.0%
65 to 69	6.8%

# Equality Impact Assessment

	70+	2.6%				
(May 2017)						
<b>Impacts</b>	Positive		Negative		Both	√
<b>Impacts identified</b>	<b>Supporting evidence</b>	<b>How will you maximise positive/minimise negative impacts?</b>		<b>When will this be implemented by?</b>	<b>Owner</b>	
There may be changes to structure and the way staff work but these will not become explicit until we have undertaken co-design on the implementation of the new strategy over the next 12 – 18 months.	Understanding of the impact of previous re-structures in these services.	Staff are a significant group of stakeholders. They will be involved in co-design activities with residents and partners and will have the opportunity to influence implementation of the strategy		Between January 2020 and April 2021.	Assistant Director, Lifelong Learning and Culture	
<b>What other changes is the council planning that may affect the same groups of staff? Are there any dependencies decisions makers need to be aware of?</b>						
The council's asset management/property strategy will impact on the buildings in which we deliver these services to residents.						
<b>Any negative impacts that cannot be mitigated? Please identify impact and explain why</b>						
None currently identified						

DISABILITY

**What information do you have on the affected staff with this characteristic?**

Surrey County Council staff with a declared disability is as follows:

- Male: 3.10%
- Female: 3.14%

(Source: SCC Equalities and Diversity Profile 2016)

Impacts	Positive		Negative		Both	√
Impacts identified	Supporting evidence	How will you maximise positive/minimise negative impacts?		When will this be implemented by?	Owner	
There may be changes to structure and the way staff work but these will not become explicit until we have undertaken co-design on the implementation of the new strategy over the next 12 – 18 months.	Understanding of the impact of previous re-structures in these services.	Staff are a significant group of stakeholders. They will be involved in co-design activities with residents and partners and will have the opportunity to influence implementation of the strategy		Between January 2020 and April 2021.	Assistant Director, Lifelong Learning and Culture	

**What other changes is the council planning that may affect the same groups of staff?  
Are there any dependencies decisions makers need to be aware of?**

The council's asset management/property strategy will impact on the buildings in which we deliver these services to residents.

**Any negative impacts that cannot be mitigated? Please identify impact and explain why**

None currently identified

## 4. Amendments to the proposals

CHANGE	REASON FOR CHANGE
<i>What changes have you made as a result of this EIA?</i>	<i>Why have these changes been made?</i>
None	No specific changes to services are being proposed at this time. Following a process of co-design if there are specific changes to service delivery consultation on these will be undertaken.

## 5. Recommendation

Based on your assessment, please indicate which course of action you are recommending to decision makers. You should explain your recommendation in the in the blank box below.

Outcome Number	Description	Tick
<b>Outcome One</b>	<b>No major change to the policy/service/function required.</b> This EIA has not identified any potential for discrimination or negative impact, and all opportunities to promote equality have been undertaken	√
<b>Outcome Two</b>	<b>Adjust the policy/service/function</b> to remove barriers identified by the EIA or better advance equality. Are you satisfied that the proposed adjustments will remove the barriers you identified?	
<b>Outcome Three</b>	<b>Continue the policy/service/function</b> despite potential for negative impact or missed opportunities to advance equality identified. You will need to make sure the EIA clearly sets out the justifications for continuing with it. You need to consider whether there are: <ul style="list-style-type: none"> <li>• Sufficient plans to stop or minimise the negative impact</li> <li>• Mitigating actions for any remaining negative impacts plans to monitor the actual impact.</li> </ul>	
<b>Outcome Four</b>	<b>Stop and rethink</b> the policy when the EIA shows actual or potential unlawful discrimination (For guidance on what is unlawful discrimination, refer to the Equality and Human Rights Commission's guidance and Codes of Practice on the Equality Act concerning employment, goods and services and equal pay, available <a href="#">here</a> ).	
<i>Please use the box on the right to explain the rationale for your recommendation</i>	No specific changes to services are being proposed at this time. Following a process of co-design if there are specific changes to service delivery consultation on these will be undertaken.	



## 6a. Version Control

Version Number	Purpose/Change	Author	Date
V3	N/A	Lesli Good	12/11/19

The above provides historical data about each update made to the Equality Impact Assessment. Please do include the name of the author, date and notes about changes made – so that you are able to refer back to what changes have been made throughout this iterative process. For further information, please see the EIA Guidance document on version control.

## 6b. Approval

	Name	Date approved
<b>Approved by*</b>	<i>Head of Service</i>	12/11/19
	<i>Executive Director</i>	12/11/19
	<i>Cabinet Member</i>	12/11/19
	<i>Directorate Equality Group</i>	N/A

<b>EIA Author</b>	Lesli Good
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\*Secure approval from the appropriate level of management based on nature of issue and scale of change being assessed.

## 6c. EIA Team

Name	Job Title	Organisation	Team Role
Lesli Good	Assistant Director, Lifelong Learning and Culture (Interim)	SCC	Assistant Director
Helen Leech	Senior Manager Digital Services	SCC	Senior Libraries Manager

If you would like this information in large print, Braille, on CD or in another language please contact us on:

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# Equality Impact Assessment (EIA)

## 1. Topic of assessment

<b>EIA title</b>	Special Educational Needs and Disabilities Strategy
<b>EIA author</b>	Peter Schnabel, SEND Implementation Officer Update: Helen Donelan-Bell, Service Manager, SEND Transformation

## 2. Approval

	<b>Name</b>	<b>Date approved</b>
<b>Approved by</b>	Liz Mills (Director - Education, Life-Long Learning and Culture)	07 January 2019
<b>Approved by</b>	Dave Hill (Executive Director, Children, Families, Learning and Culture)	
<b>Approved by</b>	Julie Iles (Cabinet Member for All-Age Learning)	

## 3. Quality control

<b>Version number</b>	v0.07.02	<b>EIA completed</b>	
<b>Date saved</b>	17.12.19	<b>EIA published</b>	

## 4. EIA team

<b>Name</b>	<b>Job title</b>	<b>Organisation</b>	<b>Team role</b>
Helen	Service Manager, SEND Transformation	SCC	EIA Responsible Officer
Deborah Chantler/ Janet Polley	Senior Principal Solicitors	SCC	Legal advisor
Michael Pipe	Communication and Engagement Officer	SCC	SEND Transformation team

## 5. Explaining the matter being assessed

**What policy, function or service is being introduced or reviewed?**

The purpose of this Equality Impact Assessment is to review the potential impact of the proposed special educational needs and disabilities (SEND) Strategy for Surrey.

The strategy focuses on inclusion and ensuring that children with SEND can get a good education at a school close to their home. The aim of the strategy is to make sure that every child growing up in Surrey has the best possible start in life so that children and young people with special educational needs and disabilities are able to live, learn and grow up locally. We also need to ensure that this provision is cost-effective, fair across the range of children and young people's differing needs and sufficient when taking into account predicted future rising levels of need.

We recognise that SEND impacts the whole family, including parents, carers and siblings, and that the whole family is key to supporting the child or young person with SEND and helping them to reach their potential. We therefore need to take a collective approach to ensure that support is in place to address not only the needs of the child or young person with SEND, but also their family.

**What proposals are you assessing?**

In order to improve outcomes for children and young people and achieve financial sustainability, we have developed a strategy based on supporting children and young people with SEND at an earlier stage.

The strategy is based on five key principles:

1. Children with special educational needs are identified earlier and supported in a timely and effective way, in order to improve their outcomes and wellbeing.
2. There is an increased focus on earlier intervention and prevention to offer help and meet needs at the earliest opportunity, reducing the demand on high cost, high need interventions.
3. Children and young people are helped to become resilient and independent so that they can lead independent and fulfilling lives in their own communities.
4. The voices of our children, young people and families are heard so they can shape and inform how we work together to get the best results.
5. Surrey's early years settings, schools, colleges and other providers are able to support children to live, learn and grow up locally and achieve their full potential.

The recent SEND consultation (30 October 2018 – 4 January 2019) asked Surrey residents to feedback on the proposed five principles, the areas of transformation and what they see as priorities for improvement. Feedback is being used to support further engagement

and co-design activity work with families, health partners, education and other partners to develop this strategy into a jointly owned Surrey special educational needs and disabilities strategy and long term action plan.

This EIA considers the principles of the proposed SEND Strategy and the transformation proposals that have been developed in line with the strategic approach

The proposals are grouped into four areas of transformation and we are proposing to make investment into the programme in two ways:

- Providing additional core funding over the next two years
- Investment in transformation over two years directly through the SEND Transformation programme and two associated programmes (All Age Learning Disability and Family Resilience).

## **1 Early identification and support**

In early years, schools and colleges, we will ensure children and young people with additional needs are identified earlier and receive the assessment and support they need when they need it. This means we will:

- Ensure easier access to information, advice and support.
- Develop a graduated pathway (known as a Graduated Response) with associated guidance and support to ensure children and young people with additional needs receive early support and assessment to prevent escalation to more complex needs.
- Provide support through Educational Psychology, speech and language therapy and other support at an early stage (pre-statutory) for those who need it, as part of the graduated response.
- Establish an early help behaviour and emotional wellbeing pathway that will support children and young people with mental health needs and/or challenging behaviour and their families both at home and at school. This will also be part of the graduated response.
- Support education settings, including nurseries and schools to implement the graduated response.
- Develop a robust outcomes framework and monitoring tools.
- We will review and promote the local offer.

## **2 Developing local services and managing the market**

We will:

- Increase our local specialist school places by providing around 350 additional places over the next two years and making use of

available capacity by working with existing schools to extend and adapt their arrangements.

- Increase our post-16 and post-19 education focussed pathways by creating around 100 additional places and programmes of support over the next two years.
- Create more specialist post-16 employment focused pathways through increasing our adult learning and employability provision, and expanding our Supported Internship programme, targeting an additional 120 places over four years.
- Develop a long term property strategy for specialist school provision in order to meet the needs of children with SEND.
- Work with specialist education providers and recommission where needed to ensure we are able to support a wider range of children and reduce the number of children and young people with SEND who are out of school or being placed in high cost placements in the non-maintained and independent sector. This will be accompanied by a new funding model to support a graduated pathway.
- Implement an attendance monitoring system in targeted specialist settings to improve safeguarding, gain a clearer picture about attendance and ensure best value for money.
- Implement an ambitious market management strategy in order to achieve efficiencies in the non-maintained and independent sector. This will be supported by a dynamic purchasing system currently being tendered to manage the procurement of placements and achieve better value for money.

### **3 Partnership working**

Working with partners in healthcare and education to ensure educational provision is effective, of a high quality and delivers the best educational outcomes for children and young people with SEND.

We will:

- Facilitate the creation of local school clusters (taking account of/building on existing arrangements) and special school hubs to support flexible and blended offers of provision for children and young people with SEND.
- Develop a new school effectiveness approach, with inclusion at the heart, and seek to ensure that we reduce the number of exclusions and absence for children and young people with SEND, in-year placement changes and the number of children and young people with SEND in Pupil Referral Units for lengthy periods of time. The provision of additional specialist places where needed will also support this approach.
- Improve the quality, impact, timeliness and suitability of SEN Support plans and education, health and care planning through

	<p>the improvement of quality assurance arrangements. We will use the graduated response and annual reviews to help achieve this.</p> <ul style="list-style-type: none"> <li>• Develop joint commissioning for children and young people with complex needs involving parents, carers, children and young people in the planning, monitoring and evaluation of services, for example, therapy provision and Children, Adolescent and Mental Health Services (CAMHS) through new commissioning team arrangements.</li> <li>• Improve transition for young people and support them in preparing for adulthood. This will be in conjunction with investment into an all-age disability service being developed within the County Council and with young people and partners.</li> </ul> <p><b>4 Improving policy and practice</b></p> <p>Improve the quality of our practice with partners to improve the experience for children and young people with SEND and their families. We will:</p> <ul style="list-style-type: none"> <li>• Improve practice and the level of skills and knowledge for all those working with children and young people with SEND. This will be developed through the newly established Children’s Academy and by Teaching Schools and National Leaders of Education.</li> <li>• Commission a new outreach offer for mainstream schools through our Special Schools and Pupil Referral Units which will become hubs of excellence linked to early intervention and support.</li> <li>• Review and streamline our processes and policies to improve management and coordination of area information and maximise the positive impact of digital technology.</li> <li>• Improve the help, support and development for SENCos (Special Needs Co-ordinators within schools) through improved SENCo networks, training and development opportunities through the Children’s Academy, sharing best practice and helpdesk arrangements.</li> </ul>
<p><b>Who is affected by the proposals outlined above?</b></p>	<p>There are approximately 200,000 pupils in Surrey state-funded schools. Of these children and young people there are around 23,000 receiving special educational needs (SEN) support in an educational setting.</p> <p>In addition, Surrey maintains education, health and care plans (EHCPs) for a further 8,600 pupils (as of October 2018).</p> <p>The key groups affected by the proposals set out in this EIA are:</p> <ul style="list-style-type: none"> <li>• Children and young people with SEND aged 0-25 in Surrey.</li> <li>• Parent carers (this term covers parents, grandparents, foster parents and special guardians) and siblings.</li> </ul>

- Provider organisations across education, health and care and training including, but not limited to: early years settings; schools (maintained and independent); colleges; and providers of employment related skills and training.
- Staff from provider organisations including local authority staff and provider staff who support children and young people with SEND and their families.

## 6. Sources of information

### Engagement carried out

- Service leads workshop (9 July 2018)
- Surrey CCG Children's Lead Commissioner and Children and Families Health Surrey
- Schools Forum
- Schools Phase Councils (Early Years, Primary, Secondary and Special)
- Schools Funding consultation (3-25 September 2018)
- Family Voice Surrey – children, young people, families
- Individual Interviews with key professionals undertaken by The 'Public Office'
- A formal public consultation on the proposed SEND strategy opened on 30 October 2018 and closed on 4 January 2019. Engagement and consultation events were conducted across All Districts and Boroughs, including evening and weekend events.

There were a total of **1133** responses to the consultation:

- **637** (56%) of respondents are a parent/carer of a child or young person with SEND
  - **21** (2%) respondents are young people with SEND
  - **837** (74%) of respondents are female
  - Only **4%** of respondents identify as from black and minority ethnic (BME) groups. (Expectations in line with population from 2011 census would be 10%)
- Formal consultation underway in relation to Travel Assistance

### Data used

- Joint Strategic Needs Analysis (JSNA)
- SEND Strategy (Draft):
  - Finance data – historical spend in previous years and projected spend
  - MTFP
  - Performance Data
  - School Attainment data
  - Benchmarking against other similar Local Authorities
  - Overall Surrey Transformation Plan – other transformation programmes which support delivery of SEND services:
    - Family Resilience
    - All Age Learning Disability (AALD)
  - Information/research regarding peer local authority operating models
  - Personal Outcomes Effectiveness Tool (POET)
  - SEND Sufficiency
  - Sustainable Futures Project
- Family Voice Surrey SEND Survey (Submission to SCC re SEND Transformation Strategy Consultation – January 2019)
- Public consultation on SEND Strategy (30 October 2018 to 4 January 2019) – initial quantitative and qualitative findings – summary report January 2019:

## 7. Impact of the new/amended policy, service or function

The SEND Strategy has been developed in order to improve outcomes for children and young people and achieve financial sustainability.

The strategy proposes to achieve the shift in focus of support for children and young people with special educational needs and disability to an earlier pre-statutory stage and reduce our reliance on high cost placements in the non-maintained and independent sector.

This wide ranging transformation, involving all stakeholders, means that we will do things in a different way to deliver the better outcomes in a way that is financially sustainable.

In response to the feedback we have received back from the consultation we are proposing to do further engagement and co-design work with families and health and other partners to develop a strategy and a more detailed action plan that is jointly developed and owned with partners that will be consulted on and impact assessed as necessary.

Strategy / Proposal	Impact
<p><b>Early Identification and Support:</b></p>	<p>The impact of early identification and support will be that more children and young people with additional needs will receive early support and assessment with the aim of preventing escalation to more complex needs. This means that fewer children are likely to require specialist support and provision. In addition, working across services to provide early intervention, mental health support and a blended offer of wraparound support as need.</p> <p>We would expect early identification and support to potentially impact in the following ways:</p> <ul style="list-style-type: none"> <li>• to increase the number of children with SEN Support Plans receiving specialist support at a pre-statutory stage.</li> <li>• to improve in the attainment and progress for children and young people on SEN Support and with a Statutory plan</li> <li>• to increase the number of children and young people who attend mainstream settings</li> <li>• to decrease the number of children who need to request an EHCP</li> <li>• to decrease the number of children and young people with SEND who are excluded from education settings.</li> </ul>

<p><b>Developing local services and managing the market:</b></p>	<p>The investment in more state-funded specialist provision in Surrey or close to Surrey will drive the following impacts:</p> <ul style="list-style-type: none"> <li>• An increase in the number of state-funded specialist school places in Surrey so that children will not need to travel so far to school and are able to maintain links with their community</li> <li>• An increase in the number of children and young people travelling independently or supported by their family</li> <li>• A decrease in the average distance travelled between home and school for pupils with EHCPs</li> <li>• An increase in the number of post 16/19 employment focussed pathways for young people to provide better support for their preparation for adulthood</li> </ul>
<p><b>Partnership working:</b></p>	<p>Working in partnership with health, care and education settings and other services and organisations will ensure that children and young people with SEND achieve good outcomes and access provision and services that are of a high quality. Within this area of transformation, there is a focus on improving school effectiveness and sharing of best practice.</p> <p>This area of transformation will have the potential impact of:</p> <ul style="list-style-type: none"> <li>• An improvement in the attainment and progress for children and young people on SEN Support and with a statutory plan.</li> <li>• a decrease in the number of children and young people with SEND who are excluded from education settings</li> <li>• a decrease in the number of children who need to request an EHCP</li> </ul>
<p><b>Improving policy and practice:</b></p>	<p>Improving policy and practice through upskilling the wider workforce supporting children and young people with SEND and their families and streamlining processes and policies is likely to have the following impact:</p> <ul style="list-style-type: none"> <li>• Increasing the number of children and young people with EHC plans who are able to attend and remain in mainstream settings</li> <li>• An improvement in the attainment and progress for children and young people on SEN Support and with a statutory plan</li> </ul>

## 7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p><b>Age</b></p>	<p>Early identification and support implemented across all ages giving early access to support and intervention.</p> <p>Improved transition for young people and support for them in preparing for adulthood.</p> <p>Increase in post – 16 and post – 19 pathways by creating around 100 additional places and programmes of support over the next two years. We will also work with post-16 providers and special schools to create additional post -16 capacity</p> <p>Create more specialist post - 16 employment focussed pathways through increasing our adult learning and employment provision and expanding our Supported Internship programme.</p>		<p>Identification of special educational needs and disabilities across the 0 to 25 age range will differ according to age and type of need.</p> <p>The proposals to provide more educational psychology and therapy support in the pre-statutory phase before a request for an EHCP has been made should benefit all age groups to reduce the level of need escalating by delivering more timely support.</p> <p>Special educational needs may begin to be identified when a child moves into an Early Years setting, such as a nursery or childminder.</p> <p>Many needs are identified once a child has moved to primary school or secondary school.</p> <p>The FVS survey highlighted the overwhelming support for the positive impact of post 16 special education and employment opportunities.</p> <p>The Special Educational Needs and Disability Code of Practice: 0-25 years specifically requires the application of a graduated approach to support children and young people with SEND prior to any statutory assessment and planning.</p>

			<p>The proposals place more emphasis on Preparing for Adulthood for those in National Curriculum Year 9 and beyond. This is the reasoning for developing more pathways for independence and employment for young people over 16.</p> <p>The number of EHCPs by age groups are shown below:</p> <p>Number of EHCPs ages 0-25 (5 October 2018):</p> <ul style="list-style-type: none"> <li>• 8600 EHC Plans</li> </ul> <p>Age of EHCP holders / General Population (NCY?)</p> <ul style="list-style-type: none"> <li>• 0 to 4, 3.4% / 20.2%</li> <li>• 5 to 9, 27.9% / 22.2%</li> <li>• 10 to 14, 35.0% / 20.9%</li> <li>• 15 to 19, 28.8% / 18.8%</li> </ul> <p>20 to 24, 4.9% / 18.0%</p>
<p><b>Disability</b></p>	<p><b>Early Identification and Support</b></p> <p>Increased Educational Psychology, Speech and Language Therapy (SLT) and Occupational Therapy (OT) capacity and support as part of graduated response for children and young people in pre-statutory phase.</p> <p>Early identification and support removes lengthy statutory assessment process before the delivery of more timely and appropriate support</p>		<p>440 respondents to the public consultation (out of 1133 – 39%) provided written comments in addition to the quantitative assessment of the proposals regarding this transformational area of work.</p>

	<p>Establishing a new early help behaviour and emotional wellbeing pathway and additional support reduces exclusions from settings.</p> <p>Graduated response requires partners and educational settings to deliver more services and outcomes in pre-statutory phase.</p> <p><b>Provision closer to home and market management</b></p> <p>More local school provision will reduce travel distances and time for children and young people.</p>	<p>Market management of the NMI sector may result in some schools withdrawing from the market with negative consequences for the range of specialist provision available to meet the needs of children and young people. Some types of complex/specialist provision may no longer be available.</p> <p>Parents may perceive that less specialist provision is available for children and young people with the strategy's aim to reduce the number of children and young people placed further away from home in non-maintained and independent placements</p>	<p>396 respondents to the public consultation (out of 1133 – 33%) provided written comments in addition to the quantitative assessment of the proposals regarding this transformational area of work.</p> <p>Sufficiency plan and supporting analysis provides a detailed analysis of home to school travel distances</p> <p>With fewer NMI places and more children attending maintained special schools, the increased number of maintained special school places will be located to address local unmet needs and to reduce travel distances/times equitably. The sufficiency planning has identified areas of unmet need and travel times/distances.</p> <p>Some respondents from the public consultation wrote about how more support is needed for children and young people in mainstream settings and some respondents gave personal experiences of mainstream not meeting needs. This issue of 'mainstream not meeting needs' was a high ranking topic in the consultation question regarding the principles of the proposed strategy. Some respondents were hopeful that more children and young people with</p>
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			<p>The primary contacts for parents of children with EHCPs are the SEN Caseworker and the child's school for case specific issues.</p> <p>More general information about SEND can be obtained from many sources including Voluntary, Community and Faith Sector (VCFS) organisations, the SEND Local Offer, Family Information Service (FIS) and Surrey SEND Information, Advice and Support Service (SSIASS).</p> <p>Young people can meet new friends through the Surrey Youth Advisors Service (SYAS).</p> <p>Effective communication channels need to be designed to meet the needs of different audiences - children, young people and their parents/carers.</p> <p>The drive for more digital communication must not disadvantage those groups whose do not have access to IT or are unable to use it effectively.</p>
<b>Gender reassignment</b>	Gender identity and sexual orientation issues may be masked by behavioural and Emotional Wellbeing and Mental Health difficulties making early intervention and support more difficult to deliver effectively.	None identified	<p>No SEND specific data is available.</p> <p>Gender identity issues may be masked by behavioural and EWMH difficulties making early intervention and support more difficult to deliver effectively.</p>
<b>Pregnancy and maternity</b>	None identified	None identified	
<b>Race</b>	None identified	None identified	<p>The response to the consultation was low from BME and therefore we need to do further work to understand the potential impacts that these proposals will have.</p> <p>The effectiveness of early intervention by Education Psychologists and Speech and Language Therapists as</p>

			part of the proposals for graduated response may be reduced if children from ethnic groups have not had 'First Language Assessments'. Identification of SEND in children for whom English is not their first language may be difficult because of language issues.
<b>Religion and belief</b>	None identified	None identified	
<b>Sex</b>	Proposals to increase special school places according to local need may allow any increase in demand for single sex or mixed provision to be addressed.	None identified	<p>More boys than girls in Surrey are identified as having special educational needs and disabilities for both SEN Support Plans and statutory EHC Plans. In addition, we know that the incidence of differing types of need are changing at different rates, such as the increasing number of girls requiring social, emotional and mental health (SEMH) provision.</p> <p>For all types of special educational support (both statutory EHC plans and SEN Support plans) in Surrey schools (is this maintained schools? Only SEN support in mainstream), boys outnumbered girls by over two to one with 14354 boys and 6903 girls (SCC SEND Needs analysis 2016)</p> <ul style="list-style-type: none"> <li>• General Surrey population (Male, 51.1%</li> <li>EHCP holders: <ul style="list-style-type: none"> <li>• Female, 26.4%</li> <li>• Male, 73.6%</li> </ul> </li> </ul> <p>This means that the proportion of boys to girls increases to 3 to 1 for holders of EHC plans.</p>
<b>Sexual orientation</b>	Gender identity and sexual orientation issues may be masked by behavioural and Emotional Wellbeing and Mental Health difficulties making early	None identified	Sexual orientation issues may be masked by behavioural and EWMH difficulties making early intervention and support more difficult to deliver effectively.

	intervention and support more difficult to deliver effectively.		
<b>Marriage and civil partnerships</b>	None identified	None identified	
<b>Carers (protected by association)</b>	None identified	None identified	

## 7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence																										
<b>Age</b>	The use of digital technology supports opportunities for flexible working practices to reduce travel, to work away from the office (including at home) and outside normal working hours where operationally acceptable	1. Some staff with protected characteristics may struggle to adapt to the new technology	<p>Ages of local authority staff working in SEN (excludes children's social care) – source SCC Data Operations – Equalities &amp; diversity Monitoring Green Sheet - January 2019):</p> <table border="1"> <thead> <tr> <th>Age range (years)</th> <th>Percentage %</th> </tr> </thead> <tbody> <tr> <td>20-24</td> <td>3.4</td> </tr> <tr> <td>25-29</td> <td>9.4</td> </tr> <tr> <td>30-34</td> <td>9.3</td> </tr> <tr> <td>35-39</td> <td>13.9</td> </tr> <tr> <td>40-44</td> <td>13.0</td> </tr> <tr> <td>45-49</td> <td>13.6</td> </tr> <tr> <td>50-54</td> <td>14.6</td> </tr> <tr> <td>55-59</td> <td>11.6</td> </tr> <tr> <td>60-64</td> <td>7.9</td> </tr> <tr> <td>65-69</td> <td>2.7</td> </tr> <tr> <td>70-74</td> <td>0.6</td> </tr> <tr> <td>75+</td> <td>0.2</td> </tr> </tbody> </table> <p>Just over 50% of staff are aged 45 or older.</p>	Age range (years)	Percentage %	20-24	3.4	25-29	9.4	30-34	9.3	35-39	13.9	40-44	13.0	45-49	13.6	50-54	14.6	55-59	11.6	60-64	7.9	65-69	2.7	70-74	0.6	75+	0.2
Age range (years)	Percentage %																												
20-24	3.4																												
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<p><b>Disability</b></p>	<p>The use of digital technology supports opportunities for flexible working practices to reduce travel, to work away from the office (including at home) and outside normal working hours where operationally acceptable</p>	<p>Detailed proposals to be developed may change ways of working for different SEND related jobs with a range of potential impacts. These might include changes to the requirements for travel or changes to ways of working through increased use of digital technologies with implications for staff with physical and sensory disabilities.</p> <p>The proposals currently identify no changes</p>	<p>Disability analysis: 11.1 % of staff have declared disabilities</p> <ul style="list-style-type: none"> <li>• Types of staff disability (which may impact on ways of working): <ul style="list-style-type: none"> <li>○ Mobility, transport</li> <li>○ Visual/aural - Use of IT/phones etc</li> </ul> </li> </ul> <p>Many SEND staff already travel to meet children, young people and their families. The strategy to increase early intervention and support is unlikely to increase the amount of travel.</p>
<p><b>Gender reassignment</b></p>	<p>None identified</p>	<p>None identified</p>	
<p><b>Pregnancy and maternity</b></p>	<p>The use of digital technology supports opportunities for flexible working practices to reduce travel, to work away from the office (including at home) and outside normal working hours where operationally acceptable</p>	<p>Detailed proposals to be developed may change ways of working for different SEND related jobs with a range of potential impacts. These might include changes to the requirements for travel or changes to ways of working through increased use of digital technologies with implications for staff with physical and sensory disabilities.</p> <p>The proposals currently identify no changes</p>	<p>Data is not held on pregnancy and maternity.</p> <p>With 90% of staff being female and 50% of staff aged under 45, this means that at least 40% of staff under age 45 will be female.</p> <p>It is therefore reasonable to assume that pregnancy and maternity issues will need to be considered carefully in the co-design of detailed proposals.</p>

<b>Race</b>	None identified	None identified																
<b>Religion and belief</b>	None identified	None identified																
<b>Sex</b>	None identified	<p>Changes to working practices may affect more women than men due to the larger number of women than men in many SEND roles.</p> <p>The proposals currently identify no changes and consequential impacts.</p>	<p>Gender and full time/part time status (SEN staff):</p> <table border="1"> <thead> <tr> <th>Gender</th> <th>Full/part time</th> <th>Percentage %</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>Full Time</td> <td>27.9</td> </tr> <tr> <td>Female</td> <td>Part Time</td> <td>60.7</td> </tr> <tr> <td>Male</td> <td>Full Time</td> <td>5.5</td> </tr> <tr> <td>Male</td> <td>Part Time</td> <td>5.9</td> </tr> </tbody> </table> <p>A total of 88.6% of staff are female.</p>	Gender	Full/part time	Percentage %	Female	Full Time	27.9	Female	Part Time	60.7	Male	Full Time	5.5	Male	Part Time	5.9
Gender	Full/part time	Percentage %																
Female	Full Time	27.9																
Female	Part Time	60.7																
Male	Full Time	5.5																
Male	Part Time	5.9																
<b>Sexual orientation</b>	None identified	None identified																
<b>Marriage and civil partnerships</b>	None identified	None identified																
<b>Carers (protected by association)</b>	The use of digital technology supports opportunities for flexible working practices to reduce travel, to work away from the office (including at home) and outside normal working hours where operationally acceptable	None identified	<p>Data is not held on whether a role holder within the organisation has carer responsibilities.</p> <p>However, it would not be unreasonable to assume that there are a significant number of staff with carer responsibilities because the following data is closely aligned with generally accepted carer demographics:</p> <ul style="list-style-type: none"> <li>• high proportion of female staff</li> <li>• 50%+ of staff aged over 45</li> <li>• high proportion of part-time staff</li> </ul> <p>Changes in the way services are delivered, for example, working patterns/hours, locations may impact on the ability of staff who are carers to continue delivering care. This</p>															

			<p>may have an indirect impact on some with protected characteristics (age, sex)</p> <p>The current proposals do not identify any specific changes and hence there are currently no identified negative impacts on this protected category.</p>
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## 8. Amendments to the proposals

Change	Reason for change
<p>Although the majority of responders agreed with the proposed five principles and areas of transformation, a number of responders stressed the importance of partnership working with Health, Care and Education settings in order to achieve real change. We are proposing that further engagement and co-design work needs to take place with families and partners to develop this into a joint strategy, that is owned across the whole SEND system, rather than just the Council</p> <p>Some responders felt that there was a lack of detail contained within the strategy about how SEND transformation was going to be achieved. We are proposing to address through the joint development of a detailed action plan with partners.</p>	N/A

### Emerging themes from public consultation analysis

The results of the consultation support the direction of travel of the principles and in particular the four identified areas of transformation (See section 7) and the consultation analysis report. Analysis of the qualitative feedback from respondents has identified many themes, largely drawn from experiences of the current SEND system rather than the proposals, to be considered in the next phase of co-design.

## 9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
<p><b>Negative</b> – Market management of the NMI sector may result in some schools withdrawing from the market with negative consequences for the range of specialist provision available to meet the needs of children and young people. Some types of complex/specialist provision may no longer be available.</p>	<p>Engagement and consultation with the Non-Maintained and Independent sector to help shape their offer and support development of a sustainable market</p>	<p>On-going</p>	<p>Director of Commissioning</p>
<p><b>Negative</b> – Parents may perceive that less specialist provision is available for children and young people with the strategy’s aim to reduce the number of children and young people placed further away from home in non-maintained and independent placements</p>	<p>Develop appropriate communications and engagement within the overall communications and engagement strategy to show how proposals deliver more, appropriate placements</p>	<p>On-going</p>	<p>Service Manager – SEND Programme</p>
<p><b>Negative</b> – Some staff with protected characteristics may struggle to adapt to the new technology</p>	<p>Training will be designed and delivered to ensure all staff have the right IT skills</p>	<p>April 2020 onwards</p>	<p>Director of Education, Lifelong Learning and Culture</p>
<p><b>Negative</b> - Detailed proposals to be developed may change ways of working for different SEND related jobs with a range of potential impacts. These might include changes to the requirements for travel or changes to ways of working through increased use of digital technologies with implications for staff with physical and sensory disabilities.</p> <p>The proposals currently identify no changes</p>	<p>Training will be designed and delivered to ensure all staff have the right IT skills</p>	<p>April 2020</p>	<p>Director of Education, Lifelong Learning and Culture</p>
<p><b>Negative</b> - . Changes to working practices may affect more women than men due to the larger number of women than men in many SEND roles.</p>	<p>This will be reviewed on an on-going basis. The directorate restructure also includes its own EIA</p>	<p>April 2018 onwards</p>	<p>Director of Education, Lifelong Learning and Culture</p>

The proposals currently identify no changes and consequential impacts.			
<b>Positive</b> – Early identification and support implemented across all ages giving early access to support and intervention.	The further co-design work of the graduated response and a jointly owned strategy and implementation plan, working with our health partners and settings will help to develop a greater understanding of the challenges within this sector and how these can be addressed.	December 2019	Director of Education, Lifelong Learning and Culture
<b>Positive</b> - Improved transition for young people and support for them in preparing for adulthood.	Ensure sufficient number of places on each pathway to meet demand	December 2019	Assistant Director SEND Systems
<b>Positive</b> - Increase post – 16 and post – 19 pathways by creating around 100 additional places and programmes of support over the next two years. We will also work with post-16 providers and special schools to create additional post - 16 capacity	Ensure sufficient number of places on each pathway to meet demand	December 2019	Assistant Director SEND Systems
<b>Positive</b> - Create more specialist post - 16 employment focussed pathways through increasing our adult learning and employment provision and expanding our Supported Internship programme.	Ensure sufficient number of places on each pathway to meet demand	December 2019	Assistant Director SEND Systems
<b>Positive</b> - Graduated response requires partners and educational settings to deliver more services and outcomes in pre-statutory phase.	The further co-design work of the graduated response and a jointly owned strategy and implementation plan, working with our health partners and settings will help to develop a greater understanding of the challenges within this sector and how these can be addressed.	September 2019	Director of Education, Lifelong Learning and Culture
<b>Positive</b> - Early identification and support removes lengthy statutory assessment process before the delivery of more timely and appropriate support	Establishing a new Graduated Response implementation team will also help ensure this work has the required impact.	Completed September 2019	Service Manager, Graduated Response
<b>Positive</b> - New early help behaviour and emotional wellbeing pathway and additional support reduces children from being excluded from settings.	Joint working with health partners and settings and co-design with families will be a key part of the development of this pathway	December 2019	Assistant Director for Vulnerable Learners

<p><b>Positive</b> - Increased Educational Psychology, Speech and Language Therapy (SLT) and Occupational Therapy (OT) capacity and support children and young people in pre-statutory phase.</p>	<p>The impact of this will be monitored through the SEND Programme Board</p>	<p>April 2020</p>	<p>Assistant Director for Vulnerable Learners</p>
<p><b>Positive</b> – More local school provision will reduce travel distances and time for children and young people.</p>	<p>The impact of this on travel will be monitored through the SEND Programme Board</p>	<p>April 2020</p>	<p>Service Manager, ED Place Planning</p>
<p><b>Positive</b> – Gender identity and sexual orientation issues may be masked by behavioural and Emotional Wellbeing and Mental Health difficulties making early intervention and support more difficult to deliver effectively.</p>	<p>The development of Emotional Wellbeing and Mental Health behavioural pathways needs to take this into account.</p>	<p>September 2019</p>	<p>Assistant Director for Vulnerable Learners</p>
<p><b>Positive</b> – The use of digital technology supports opportunities for flexible working practices to reduce travel, to work away from the office (including at home) and outside normal working hours where operationally acceptable</p>	<p>The Digital transformation programme will support this.</p>	<p>Ongoing</p>	<p>Programme Manager for Digital Transformation</p>

## 10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
None identified at this stage	N/A

## 11. Summary of key impacts and actions

<p><b>Information and engagement underpinning equalities analysis</b></p>	<ul style="list-style-type: none"> <li>• SEND Sufficiency planning (2017/2018)</li> <li>• Engagement with schools – Schools Forum and Phase councils</li> <li>• Engagement with service leads</li> <li>• Residents engagement events (October 2018)</li> <li>• SEND Transformation Business Case (September 2018)</li> <li>• SEND Strategy (October 2018)</li> <li>• SEND Strategy (September 2019)</li> <li>• Family Voice Surrey SEND Survey (Submission to SCC re SEND Transformation Strategy Consultation – January 2019)</li> <li>• SEND Strategy Public Consultation (October 2018 – January 2019)</li> </ul>
<p><b>Key impacts (positive and/or negative) on people with protected characteristics</b></p>	<p>Key positive impacts on service users:</p> <ul style="list-style-type: none"> <li>• Strengthened early identification services</li> <li>• Provision delivered closer to home</li> </ul> <p>Key negative impacts:</p> <ul style="list-style-type: none"> <li>• None identified at this stage</li> </ul>
<p><b>Changes you have made to the proposal as a result of the EIA</b></p>	<p>Following public consultation on the strategy and the findings of the work undertaken by the Public Office, the Policy workstream has been broadened to include improvements to service delivery across all EHCP supporting Local Authority Vulnerable Learner services</p>
<p><b>Key mitigating actions planned to address any outstanding negative impacts</b></p>	<p>Key mitigating actions to address outstanding negative impacts include:</p> <ul style="list-style-type: none"> <li>• Co-design and family informed development of detailed proposals to deliver projects defined in the four areas of work within the strategy.</li> </ul>
<p><b>Potential negative impacts that cannot be mitigated</b></p>	<p>None identified at this stage.</p>

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## OFFICER REPORT TO COUNCIL

### CORPORATE PARENTING STRATEGY

#### **KEY ISSUE/DECISION:**

Corporate Parenting is one of the most important responsibilities any local authority undertakes. This strategy has therefore been written to provide clarity about the legislation, principles guidance, and governance relating to such responsibilities.

#### **BACKGROUND:**

The report draws on the requirements of the Social Work Act 2017 and the seven principles any local authority must consider.

The strategy defines the Surrey vision for Corporate Parenting and how it fits with the wider Surrey community vision and its clear commitment to promoting the wellbeing of all children.

It incorporates the 2018 promise to Looked after Children and Care Leavers and provides additional detail on how the council will deliver on each area.

The report defines how Surrey will measure success and the roles of the Corporate Parenting Operational Group and the Corporate Parenting Board in monitoring and challenging these.

The User Voice and Participation team, which includes a number of care experienced apprentices have produced a summary document of the strategy for children and young people.

A web based version with additional graphics will also be made available once approved.

Attached to the Strategy is an appendix with the relevant legislation and statutory guidance.

This strategy was presented to the Children, Families, Lifelong Learning & Culture Select Committee on 21 January 2020. Following a full discussion the committee suggested some minor amendments which were accepted and the strategy was then endorsed.

The Select Committee has also agreed to receive a Corporate Parenting Report informing them of the outcomes for Children Looked after & Care Leavers in Surrey.

<b>RECOMMENDATIONS:</b>
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The Council is asked to adopt the Corporate Parenting Strategy.

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**Lead/Contact Officers:**

Tina Benjamin, Director of Corporate Parenting

[tina.benjamin@surreycc.gov.uk](mailto:tina.benjamin@surreycc.gov.uk)

**Sources/background papers:**

None

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**Surrey County Council**  
**Corporate Parenting Strategy**

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**Looked after Children and Care Leavers**

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- **Engaging with Young People/User Voice**
- **Assessment and Planning**
- **Placements**
- **Education, Training and Employment**
- **Health and Wellbeing**
- **Leisure, Culture and Life Skills**
- **Leaving Care**

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**Governance**

**Appendix One – Key legal responsibilities towards Looked After Children and Care Leavers**

**Appendix Two – List of ‘must dos’ in respect of our actions and behaviours**

## **Introduction**

In the community vision for Surrey, there is a clear commitment to promoting the wellbeing of children and to ensuring that 'no child is left behind'. This aim applies to all children and young people in the county but we must have a particular commitment to those children and young people who are 'looked after' by Surrey County Council.

The council's relationship with looked after children, and with those leaving the council's care, is unlike any other we have with Surrey's residents. We are 'Corporate Parents' to these young people and, as such, we have legal and moral responsibilities towards them like to those we have towards our own children. In simple terms we need to be good parents who aim to be the best possible parents we can be.

Looked after children need and deserve good parents. We must help many recover from and overcome damage and disadvantage they have experienced before coming into the council's care. We must help all thrive and flourish; reach and exceed their potential and expand their life chances. We must help our care leavers become resilient and independent adults.

For the council to be a good corporate parent, or better, we need to have the highest ambitions for children and young people looked after and have a 'whole council' approach to their care and upbringing, involving staff, carers and Elected Members alike. We need to engage the hearts and minds of all and the resources and capacity of many in helping to achieve the best possible outcomes for our children and young people.

We are passionate about doing the best for our looked after children and young people and we want everyone connected to the council and our partners to share this passion. This document describes our vision for children and young people looked after by the council and the values which inform the way we will meet our corporate parenting responsibilities. It goes on to outline our priorities and the actions we will take to ensure that no child looked after by the council is 'left behind'.

Mary Lewis, Cabinet Member for Children, Young People and Families

Dave Hill, Executive Director of Children, Families, Lifelong Learning and Culture

## Looked After Children and Care Leavers

Under the Children Act 1989, a child is legally 'looked after' if, under the age of 18yrs, s/he is provided with accommodation for a continuous period for more than 24 hours; or is subject to a Care Order or Placement Order. In certain circumstances this includes disabled children in receipt of a series of 'respite care' placements.

The council's key duty towards looked after children is to 'safeguard and promote' their welfare and to 'make such use of services available for children cared for by their own parents as appears to the Authority reasonable'.

Children cease being looked after when they return home; are adopted or made subject to Special Guardianship. Other young people cease being looked after on their 18<sup>th</sup> birthday when, in line with the Care Leavers Regulations 2010, they become young adults many of whom are eligible for support and assistance as care leavers until aged 21yrs or, if pursuing education or training, aged 25yrs.

Further detail of the legal responsibilities towards children looked after and care leavers is found in **Appendix One**.

### Corporate Parenting – Legislation and Guidance

The Children and Social Work Act 2017 states that a Local Authority is the corporate parent of children looked after and care leavers. It should act in the best interests of these children and young people; keeping them safe; promoting their physical and mental wellbeing, encouraging them to express their views, wishes and feelings; taking account of these views. It should make sure that they live in stable homes, have consistent education or training, and healthy relationships. It should have high aspirations for these children and help them prepare for adulthood and independent living.

Statutory Guidance to the Act (2018) states that the role that councils play in looking after children is one of the most important things they do. It describes the 'unique responsibility' councils have towards these children and defines a simple and critical question for corporate parents to ask when considering matters affecting looked after children and care leavers – 'would this be good enough for my child?'

The Guidance goes on to stress that all elected members and officers of a council should share corporate parenting responsibilities towards children looked after and care leavers. A test of the strength of a corporate parenting approach is that these responsibilities are a priority for everyone, both elected members and officers, and all are concerned about looked after children and care leavers – 'as if they were their own'. Good corporate parents will recognise all looked after children and care leavers as individuals who need, like all children, 'stability...and to be loved, cared for and feel safe,' but will also recognise that good corporate parenting must at the same time promote and enable recovery, resilience and wellbeing. This means that regard, capacity and resources from all council departments and elected members need to be harnessed to promote the best outcomes possible for children looked after and care leavers.

While specific corporate parenting responsibilities do not apply to partner agencies, the Guidance notes that councils with the highest ambitions for looked after children and care leavers will seek to engage other agencies in meeting the needs of their young people. Some, but not all, of these agencies will have general duties to co-operate with the council in fulfilling its corporate parenting responsibilities. This means that councils will need to be the strongest advocates for their looked after children and care leavers to secure services from other agencies to meet the needs of individual children and the looked after population as a whole.

### **Levels of Corporate Parenting Responsibility**

Research on putting corporate parenting into practice (NCB 2008), identified different levels of understanding and responsibilities for council officers and elected members in respect of their corporate parenting duties. For Surrey County Council these differentiated roles can be illustrated as follows (diagram to follow):

- The Chief Executive; Leader of the Council; Executive Director of CFLLC; and Cabinet Member for Children, Young People and Families together share overall responsibility for ensuring the council is a good corporate parent. The Cabinet Member chairs the Corporate Parenting Board which drives and monitors the council's corporate parenting strategy.
- The Director of Corporate Parenting; operational LAC service managers and staff and carers working directly with looked after children and care leavers; Elected Members sitting on the Corporate Parenting Board or relevant select committees together have specialist and specific corporate parenting responsibilities.
- All other council officers and Elected Members together have general responsibilities to have regard for looked after children and care leavers, to understand the needs of these children and young people and to contribute where possible to Surrey's overall corporate parenting priorities.
- The Corporate Parenting Board will promote awareness of corporate parenting principles among all elected councillors in Surrey at County, district, borough, Town and Parish levels'.

### **Corporate Parenting Principles**

The Children and Social Work Act 2017 set out seven corporate parenting principles to which councils should have regard in exercising their responsibilities to looked after children and care leavers:

1. To act in the best interests, and promote the physical and mental health and wellbeing, of those children and young people.
2. To encourage those children and young people to express their views, wishes and feelings.
3. To take into account the views, wishes and feelings of those children and young people.
4. To help those children and young people gain access to, and make best use of, services provided by the local authority and its relevant partners.

5. To promote high aspirations, and seek to secure the best outcomes, for those children and young people.
6. For those children and young people to be safe, and for stability in their home lives, relationships and education or work.
7. To prepare children and young people for adulthood and independent living.

These principles are not new requirements, but rather describe a way of embedding a positive culture in local authorities towards looked after children and care leavers and provide a framework which helps local authorities understand and comply with their duties to these young people. The council welcomes and supports these principles and their aims and is determined that officers, carers and elected members act according to the principles in their corporate parenting roles.

### **Our Vision and Values**

Our corporate parenting vision is:

*To be the best corporate parents we can be, working together to provide children and young people in our care with happy and healthy childhoods, helping them reach and exceed their potential and aspirations, and supporting them into successful adulthood.*

The values we bring to help us realise our vision are:

- We must be the strongest champions of and advocates for all our looked after children and care leavers.
- We should have positive regard for all looked after children and care leavers and make sure that all are nurtured, feel loved and supported.
- Looked after children and care leavers are 'our' children and young people and we must have strong ambitions and aim high for all.
- All our young people are individuals and unique and we must parent each child as such.
- We must build trusting relationships with our children and young people so they feel able to give us their views and can talk to us about their wishes and feelings, their anxieties and hopes.
- We must listen to our children and young people and take account of their views on all matters which affect them.
- We must be resilient and persistent parents with an uncompromising approach to doing the best for our children and young people and a willingness to 'go the extra mile'.
- We want to continuously improve as corporate parents and continuously improve outcomes for our young people.

### **Our Promise to Looked After Children and Care Leavers**

During 2018 we talked to looked after children and care leavers about their expectations of us as corporate parents. Through these conversations we developed a promise to our young people. In implementing our corporate parenting strategy we need to be mindful of this promise and do our utmost to act by it:

*We will do the best we can to make sure where you live is right for you.*

*We will help you keep in touch safely with the important people in your life.*

*We will tell you about options and involve you fully in making plans about your life.*

*We will support you with your education and help you grow up with good skills for life.*

*To keep you safe and ensure that you feel safe.*

Developing the promise with young people also led to the creation of a list of 'must dos' in respect of our actions and behaviours. These are detailed in **Appendix Two**.

### **Our Corporate Parenting Priorities and Actions**

Taking account of the seven corporate parenting principles and the promise we have made to young people, we have identified a number of priorities for our corporate parenting strategy. These priorities are set out below with the actions we will take to address them.

#### **Safeguarding**

Helping children and young people be safe, feel safe and have stability in their lives is an essential role for all parents. This is particularly important for us as corporate parents of looked after children and young people, many of whom will have entered our care because of neglect and abuse and some of whom will remain vulnerable, for example to exploitation, while in our care. We need to do everything we can to keep children safe, help them recover from trauma they may have experienced and protect them from further harm. We will:

- Ensure that the safeguarding of looked after children and young people is prominent in the work of Surrey's Safeguarding Children Partnership. This will be driven by the Executive group and monitored by the independent scrutineer
- Provide high quality safeguarding training to all staff and carers working with children and young people looked after.
- Ensure that safeguarding is a central consideration in all care plans, placement plans and pathway plans.
- Do all we can to provide children and young people with safe placements in safe environments.
- Work persistently to reduce the extent of children and young people going missing from their placements and to reduce the risks faced by young people who go missing.
- Ensure that all looked after children and young people who go missing have 'return home' interviews on their return.
- Work closely with other agencies including the Police and District and Borough councils to minimise risks for our looked after children and young

people associated with going missing or living in local environments which pose particular risks.

- Help children and young people looked after access and benefit from high quality therapeutic help.

### **Engaging with Young People – The User Voice**

The young person's voice must be at the centre of our approach to corporate parenting. We want mutually respectful and collaborative relationships with our children and young people. This means embedding a culture of fully involving young people in all matters affecting them, welcoming and encouraging their participation, actively listening to and genuinely taking account of their views. We will:

- Involve all children and young people looked after and care leavers, subject to their age and understanding, in any assessment, plan or review in respect of their own lives and upbringing.
- Support young people to express their views in meetings such as child protection conferences, looked after children statutory reviews, pathway planning meetings and in their care placements.
- Provide advocates and supporters to help young people's views to be heard in these settings.
- Evaluate the extent and quality of young people's participation in all casework auditing undertaken for quality assurance purposes.
- Canvas and survey the views of children and young people on their experience of our care on a regular basis.
- Support the operation, further development and 'reach' of Surrey's Children in Care Council to enable a wider spectrum of young people to express views and challenge about their experiences in the council's care.
- Ensure that messages from the CICC are widely disseminated to officers and elected members and that responses are provided consistently.
- Members of the Corporate Parenting Board and senior managers will routinely offer to attend meetings of the CICC if requested and will take opportunities to meet, talk to and be with young people at events such as awaydays, celebration events and parties.
- Offer training on young people's participation to council officers, carers and elected members.

### **Assessment and Planning**

We know that children and young people are more likely to thrive in their own families and that outcomes for children looked after typically lag behind those of their peers. This means that, first and foremost, we need to support children to live, or return, to their own families wherever possible. When we look after a child, we need to do so with a clear purpose – to help change circumstances to enable a return home; to prepare a child and to obtain an alternative permanent family via adoption or Special Guardianship; or, for older young people who may not choose to be adopted, to provide stability and long-term care. We will:

- Work relentlessly in line with our overall Family Resilience in Surrey practice framework to ensure that our early help services, our new service models (e.g. Family Safeguarding) and our overall work with partners are effective in helping vulnerable children remain safely with their families and prevent the need for children to come into the council's care.
- Allocate a qualified social worker for all children looked after.
- Ensure that every child looked after has the highest quality assessment of their needs and a realistic care plan which focusses on permanency and stability.
- Help return children to their families when it is safe and in a child's best interests to do so.
- Ensure that permanency plans for children do not drift and are implemented in a robust and timely way.
- Seek to complete court processes efficiently and find prospective adoptive families for children as quickly as possible.
- Ensure that every child looked after has their health and education needs regularly assessed and met through specific plans.
- Review plans for all children looked after regularly with reviews chaired by Independent Reviewing Officers.
- Ensure that each young person leaving care has a pathway plan specific to their needs.
- Routinely examine key performance and quality assurance information to ensure the quality and impact of our assessment and planning practice.
- Implement a workforce strategy to enable children looked after to have consistent social workers, independent reviewing officers, leaving care workers and carers.

## **Placements**

What we typically call placements are homes for our looked after children which play a key part in their care and upbringing. As such they need to be of the highest quality. Our children have a very diverse range of needs and having a wide range of placements is essential to meet those different needs – the lack of placement choice can be an issue for social workers and young people alike. As young people move towards independence, we also need a wide variety of supported, semi-independent placements and permanent housing options for our young people. We will:

- Always seek to enable children looked after to live with extended family or kinship members when possible.
- Consider foster care as a first option of choice for all our children and young people
- Recognise that residential care may be a positive choice for some young people.
- Maintain our strong focus on recruiting more in-house foster carers and residential workers, investing strongly in their support and training and validating the contribution they make to our corporate parenting.

- Continue to implement our capital investment programme across our residential estate moving towards a model of smaller 'ordinary homes'.
- Seek to extend our placement options by implementing a robust placement sufficiency strategy.
- Strive to place our looked after children with providers rated independently as 'good' or better and minimise the use of unregulated provision.
- Seek to minimise the number of placement moves looked after children may experience, especially those which are unplanned.
- Maintain a constant focus on increasing the numbers of our looked after children who are able to live within the county and close to their communities.
- Closely and routinely monitor key data and information about our placements at both operational and strategic levels.
- Commission all placements for our children whether with in-house carers or with other providers so that our expectations of placements are absolutely clear – each child will have a placement plan which we will review as part of the statutory review process.
- Work with district and borough councils on placement choice, especially semi-independent and permanent housing options for older young people.

### **Education, Training and Employment**

Like all good parents, we must focus our efforts to ensure that looked after children receive the best possible education and reach and exceed their potential - we must recognise the educational disadvantages our children may well have faced, the poorer educational outcomes looked after children typically achieve and challenge ourselves and our young people to change this situation in Surrey. We must also recognise that a school is, for most children, a key place where friendships are made and where childhoods can be enriched through access to sport, leisure and cultural activities. We want all our young people to enjoy and achieve in their schools, be able to access further and higher education if they wish or high quality apprenticeships and training with increasingly good prospects for employment as adults. We will:

- Work with our carers and officers to increase their ambition and support for the educational outcomes which can be achieved by our looked after children and young people.
- Challenge our Virtual School to be the strongest advocates for our looked after children's education in their dealings with individual schools and local authorities.
- Ensure that all looked after children of or approaching school age have an individual personal education plan reviewed regularly and updated.
- Ensure that any looked after child or young person with special educational needs or disabilities has a comprehensive education, health and care plan.
- Work with schools to make best use of Pupil Premium entitlement to promote the educational outcomes of individual looked after children.

- Always seek to enable looked after children to remain in the schools they were attending when they come into our care.
- Strive to reduce the number of changes of school experienced by looked after children.
- Always look to place our looked after children in schools rated by Ofsted as 'good' or better.
- Work closely with schools and carers to support a child's transition to a new school setting.
- Ensure a constant focus on school attendance and exclusions of looked after children, keeping to a minimum the time our children are out of school.
- Work with further education providers, employers, district and borough councils and other public sector partners to expand the post 16 education, training and employment offer which can be accessed by older young people in and leaving our care.

### **Health and Wellbeing**

Good parents want their children to enjoy good health and wellbeing and are the strongest advocates for good healthcare for their children. In the same way, we must be attentive and vigilant towards the health needs of looked after children and young people. We need to provide all looked after children with good routine healthcare, making sure that they access more specialist treatment when necessary. Many looked after children will have experienced damage through neglect or abuse in their earlier lives and some will experience trauma while in our care. It is particularly important, therefore, that looked after children can access and benefit from high quality child and adolescent mental health services. We will:

- Ensure that every child has an initial health assessment on becoming looked after which is reviewed at least annually.
- Ensure that our carers and officers are attentive to both the physical and the emotional or mental health needs of our children, as well as health needs arising from 'risky' behaviours such as substance misuse.
- Provide support and consultation to carers and residential staff in respect of caring for looked after children and young people with challenging health needs.
- Encourage carers to provide and promote healthy lifestyles to children and young people they are looking after.
- Work with Public Health and other colleagues to make prominent the health needs of looked after children and young people in Surrey's Joint Strategic Needs Assessment and Health and Wellbeing Strategy.
- Work with NHS commissioners and providers to ensure the continued commissioning and provision of specialist CAMHs services in Surrey (3Cs, Hope and Extended Hope) to meet the emotional and mental health needs of looked after children and to prevent placement breakdown.

- Strive to ensure that all young people placed outside of Surrey are able to access relevant NHS services to meet their physical and mental health needs which are local to their placements.
- With NHS commissioners, continue to lobby NHS England and central government for investment in local services, including in-patient provision, to meet the needs of young people with acute mental health conditions and to avoid the need for placements for young people at considerable distance from their homes.
- Promote the smoothest transitions possible from children's to adults' health services for those of our care leavers who have continuing healthcare needs.

### **Leisure, Culture and Life Skills**

Like all children, looked after children need and deserve opportunities which can enrich their lives. As corporate parents we need to encourage and enable our children to participate in, and benefit from, a wide range of leisure, sport and cultural opportunities such as attending a youth club; learning a musical instrument; playing for a sports team or pursuing other hobbies and interests. We also recognise that there are life skills it is essential for our young people to gain. We will:

- Ensure that staff and carers actively promote enrichment opportunities for children and young people in their care.
- Encourage our carers to spot talent and particular interests in young people in their care and support and encourage their development.
- Be clear in our expectations that funding notionally allocated to helping children and young people access leisure and culture and pursue hobbies and interests specified in fostering allowances and placement fees is used for these purposes.
- Ensure that all children and young people receive pocket money and allowances to enable them to make choices and gain an understanding of managing money.
- Help looked after children and young people to purchase items such as personal laptops and driving lessons according to their age and stage and in line with our financial assistance procedures.
- Encourage young people to take up part-time jobs to experience the world of work.
- Engage with schools, district and borough councils and others in the county to maximise access to leisure, sport and cultural opportunities for looked after children and young people.

### **Leaving Care**

Leaving care, like leaving home, is a critical transition for our young people and supporting them through this transition into adulthood is a major responsibility for us as corporate parents. This is not simply a matter of helping young people acquire a checklist of life and independent living skills – although it is those things – but also helping young people develop resilience, have a comfortable sense of self and have

options for their futures. We need to recognise that young people mature at different paces and that some young people will struggle to gain independence and struggle in independence. We need to aim to be there to pick up and back up our young people when we are needed. A key test of our worth as corporate parents is the ability of young people to choose and enjoy enduring relationships with us – our carers, residential and leaving care staff and social workers in particular. We will:

- Ensure that all young people in our care over the age of 16yrs has a pathway plan specific to their needs and aspirations and an allocated personal advisor.
- Ensure that all pathway plans have a specific focus on care leavers being able to access suitable accommodation and education, employment or training.
- Expect our foster carers and residential homes to provide opportunities for young people to develop independent living skills appropriate to their age and stage.
- Seek to provide the offer of 'staying put', to young people 18-21yrs old living with foster carers subject to their wishes.
- Ensure Surrey's children's homes are able to be welcoming and supportive of young people leaving their care to 'stay close'.
- Work with partners in district and borough councils; providers of registered social housing and third sector organisations to commission and provide a range of supported, semi-independent accommodation and permanent housing options for our care leavers.
- Provide leaving care financial support, grants (eg setting up home) and other forms of financial relief (eg from council tax) to care leavers in line with our financial assistance policies.
- Fully support any young person who wishes to pursue higher education to obtain places and apply for student loans. We will fund vacation accommodation for young people as necessary.
- Continue our work with further education colleges, employment training providers and Chambers of Commerce to help young people access high quality training and apprenticeships,
- Challenge ourselves and our partners to provide specific internship, apprenticeship and employment opportunities for our looked after young people and care leavers.

### **Success Measures**

Councils are accountable to central government for the outcomes for looked after children and young people and are required to submit data in annual collections. In Surrey, our managers and staff need 'real time' performance information on all aspects of their work, obtained through use of IT systems and the publication of monthly performance 'compendiums'. Senior managers and Elected Members need information to assist their strategic management and leadership roles, provided by regular reports to relevant management groups and committees. The LGA's publication 'Corporate Parenting - resource pack' (2018) advises that reports should

be published regularly on key indicators in relation to looked after children and young people including:

- Placement stability.
- Children in care placed out of area or at a distance.
- Health data.
- Educational attainment.
- Proportion of care leavers that the council has regular contact with.
- Availability of suitable accommodation for care leavers.

The Corporate Parenting Board will receive regular reports on these indicators and has decided that the following additional indicators will be reported:

- Entries into care, exits from care and length of time in care.
- Placement categories.
- Young people in care going missing.
- Young people in care at risk of exploitation.
- Proportion of care leavers in education, employment and training.

While data is an important source of information to manage performance and judge success, we also need to consider subjective and qualitative information to gain a more rounded view of how effective and 'good' corporate parents we are. This includes:

- Consistently and persistently seeking the views of children and young people about their care and upbringing – in day to day situations, in meetings, through surveys and at events.
- Regularly canvassing the views of our carers and staff.
- Undertaking routine quality assurance of casework with looked after children and young people.
- Examining escalations made by Independent Reviewing Officers and the wider content of their annual report.
- The board will review the impact it has on partner agencies and the contribution they make to Corporate Parenting in Surrey

## **Governance**

### **Corporate Parenting Board**

The Corporate Parenting Board, chaired by the Cabinet Member for Children, Young People and Families will champion and monitor the corporate parenting strategy and help drive its implementation. The Board of cross party members and senior managers will meet regularly, receive reports including performance reports, undertake strategic and thematic enquiry into specific elements of the strategy and seek ways of resolving barriers to its success. Collectively and individually, Board members will engage regularly with children, young people, staff and carers to help their understanding of issues affecting our looked after children and care leavers.

The membership and terms of reference for the board will be reviewed regularly to ensure partner agencies are appropriately represented.

### The Corporate Parenting Operational Group

This group will take forward issues and decisions arising from the Board which require the engagement of operational services in and outside the council. The group will consist of senior managers in the council and, importantly, key partner agencies eg NHS; Police; schools, enabling their direct input into the implementation of the strategy.

### Children in Care Council

This is a self-selecting group of children and young people which, amongst other things, makes representations about issues which affect and interest them. The Cabinet Member for Children, Young People and Families and top managers will routinely offer to attend CICC meetings and may be 'called in' to do so. The CICC should be informed of and involved in decisions and service developments affecting Surrey's looked after children and care leavers.

### Children, Families, Lifelong Learning and Culture Select Committee

This select committee will consider and scrutinise the implementation of the council's corporate parenting strategy via an annual report to the committee and other reports as requested. Any comment and recommendations arising will be made to the Cabinet Member for Children, Young People and Families and the council's Cabinet.

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## **Appendix One – Key legal responsibilities towards looked after children and care leavers**

Under the Children Act 1989, a child is legally 'looked after' if, under the age of 18yrs, s/he is provided with accommodation for a continuous period for more than 24 hours; or is subject to a Care Order or Placement Order. In certain circumstances this includes disabled children in receipt of a series of 'respite care' placements.

The council's key duty towards looked after children is to 'safeguard and promote' their welfare and to 'make such use of services available for children cared for by their own parents as appears to the Authority reasonable'.

The Care Planning, Placement and Case Review Regulations 2010 place a duty on the Local Authority to prepare a care plan for each looked after child and to review the care plan at statutory intervals. Before each placement, a placement plan needs to be prepared, and reviewed as part of the statutory review process.

The Children Act 1989 describes the accommodation to be provided to children looked after as local authority foster placements (including with family, friends and kinship carers approved as foster carers) or placement in a registered children's home. Such placements should, in most circumstances, be with siblings who are

also looked after; and as near to a child's home as possible to avoid disruption to contact with family members or with friends, or to education or training.

The Local Authority must ensure that a health assessment is undertaken for each child when they become looked after and a personal education plan is drawn up. These should be reviewed at least annually.

An Independent Reviewing Officer should be appointed for each looked after child.

Children cease being looked after when they return home; are adopted or made subject to Special Guardianship. Other young people cease being looked after on their 18<sup>th</sup> birthday when, in line with the Care Leavers Regulations 2010, they become young adults many of whom are eligible for support and assistance as care leavers until aged 21yrs or, if pursuing education or training, aged 25yrs.

The Children and Families Act 2014 introduced a duty on the Local Authority to enable a looked after child to remain with their foster carer beyond their 18<sup>th</sup> birthday and up to their 21<sup>st</sup> birthday subject to their wishes or those of their foster carer – known as 'staying put'. Although this duty does not apply to young people living in residential care, the council is committed to developing 'staying close' arrangements for young people to continue to receive support from residential homes.

## **Appendix Two - List of 'must dos' in respect of our actions and behaviours**

1. **Believe in us** - Believe in us always and help us to achieve our hopes and dreams.
2. **Be on time and reliable** - Turn up when you say you will. Keep us updated with phone calls or messages and always return our calls when we get in touch. If you promise something, make sure you keep it. Let us know and remind us when you are coming, we have lives too.
3. **Have an open and curious mind** - Ask us questions and talk to us about what we need. Look for creative ways to support us and get to know us, believe what we tell you.
4. **Have time for us** - The quality of the visit is more important than how long the visit is - Not everyone wants to sit and talk for an hour. Sometime we want to do an activity while we talk, the review does not count as a visit.
5. **Be honest** -Tell us why we are in care. Always tells us the truth and have honest conversations with us.
6. **Documents for life** - Always check to see if we have a passport and a birth certificate. Always clarify a child or young person's status. If this can't be done, make sure you tell us the reason why.
7. **Help us keep in contact** - Help us to keep in touch with family and extended family. We also want help with keeping in touch with extended family members. Support us to make contact as good as possible. If there is a reason why we can't have contact explain it, do not just say no.
8. **Listen to us** - Our views are important and it is important to listen to us and hear what we are saying.
9. **Let us know what we are entitled to** - Tell us what we are entitled to and remind us of this as we get older. We may not want to know when we are younger.
10. **Treat us like individuals** - We are all different and you need to get to know us to find out how we work and what we need. Take the time to get to know us as individuals.



## OFFICER REPORT TO COUNCIL

### AMENDMENTS TO FINANCIAL REGULATIONS

#### **KEY ISSUE/DECISION:**

This report seeks Council's approval to the proposed changes to the Financial Regulations.

#### **BACKGROUND:**

The Financial Regulations provide the framework of control, responsibility and accountability for the proper administration of the Council's financial affairs. This review ensures that the Financial Regulations remain current and reflect changes in the Council's processes and procedures since the last update in December 2018. The key changes now reflect the organisation structure, updates on debt and approval levels for financial settlements and redundancy claims.

A summary of the changes to the document are detailed below and incorporated in the revised Regulations, attached as Annex A.

#### **DETAILS:**

1. Since the last Financial Regulations update, the Finance Service has changed its operating model to enable a culture of financial discipline across the organisation that will meet the future needs of Surrey County Council. A key area of focus has been providing greater clarity on roles and responsibilities through a financial management "Partnership Agreement" between Finance and Services. The "Partnership Agreement" sets out expectations of the services to be offered by Finance and the agreed responsibilities of the wider organisation. This also includes a new model of business partnering that will mean Finance are fully engaged with Directorates as full and trusted members of leadership teams, offering insight and constructive challenge.
2. Beyond the Finance Service, teams across the Council have also undergone significant change in structure, design and personnel as

part of wider transformation. This has meant a number of controls within Financial Regulations require updating or need adding to.

3. As a result of the organisational changes, Financial Regulations have been updated to take into account the new operating models, and structures.
4. To achieve greater control and ensure deliverability of capital projects, a review of capital governance arrangements has also been undertaken. The Capital Programme Panel (an internal senior officer group chaired by the Executive Director of Resources), reviewed capital governance including financial limits for project approval. The proposed changes are reflected in the amended *Regulation 11 - Authority to incur Capital Expenditure* and *Regulation 12 - Monitoring the Capital Programme*.
5. A group chaired by the Head of Resources for Adult Social Care (ASC) and comprised of senior officers from ASC, Corporate Finance and Legal Services have reviewed and updated the debt regulations relating to social care debt. These changes are outlined in *Regulation 21 – Adult Social Care Assessed Fees & Charges Debt Management and Bad Debt Write Off*, and are designed to make the debt management process agile. All other non-social care debt is covered under *Regulation 22 - Debt Management and Bad Debt Write Offs not relating to Adult Social Care Assessed Fees & Charges* which has remained unchanged.
6. Other changes to the Financial Regulations are summarised below:
  - a. Under *Regulation 2 – Roles and Responsibilities*, *Regulation 2.10* has been added to enable the Section 151 Officer to nominate a Deputy Section 151 Officer, in his / her absence.
  - b. External Audit through the Value for Money Assessment, undertaken as part of the Audit of 2018/19 Financial Accounts, suggested that the regulations on financial settlements should be formalised. Under *Regulation 5 – Authority to incur Revenue Expenditure*, *Regulation 5.4* has been added to clarify the approval thresholds of settlement and redundancy claims.
  - c. Under *Regulation 15 – Financial Irregularities*, *Regulation 15.1* has been updated so that officers can report irregularities to the Chief Internal Auditor, where the alleged financial irregularity may be connected to the immediate line manager.
  - d. Following a review of the policy on revenue virements *Regulation 7- Virement of Revenue Budgets* and *Regulation 10 – Reserves* have been updated to make them clearer and aligned to current business practices and similar County Councils.

7. The Scheme of Delegation has been updated accordingly to reflect the changes to the Financial Regulations.

<b>RECOMMENDATIONS:</b>
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That the Council approve the changes summarised above and contained in the revised Financial Regulations in Annex A.

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**Lead/Contact Officers:**

Verity Royle, Senior Finance Business Partner (Corporate Finance)  
Anna D'Alessandro, Director of Corporate Finance

**Sources/background papers:**

Constitution of the Council

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Making Surrey a better place

## **FINANCIAL REGULATIONS**

**FEBRUARY 2020**

<b>Financial Regulation (FR)</b>	<b>Description</b>
	Introduction
<b>FR1</b>	Scope of Financial Regulations
<b>FR2</b>	Roles and Responsibilities
<b>FR3</b>	Information Affecting the Council's Finances
<b>FR4</b>	Preparation of Financial Plans
<b>FR5</b>	Authority to incur Revenue Expenditure
<b>FR6</b>	Financial Monitoring
<b>FR7</b>	Virement
<b>FR8</b>	Fees and Charges
<b>FR9</b>	Carry Forward of Unspent Budgets
<b>FR10</b>	Reserves
<b>FR11</b>	Authority to incur Capital Expenditure
<b>FR12</b>	Monitoring the Capital Programme
<b>FR13</b>	Financial Accounts
<b>FR14</b>	Duty to carry out Audit
<b>FR15</b>	Financial Irregularities
<b>FR16</b>	Ordering Procedures
<b>FR17</b>	Consultants and Contractors
<b>FR18</b>	Contracting Arrangements
<b>FR19</b>	Payment of Salaries and Wages
<b>FR20</b>	Income Collection and Banking Arrangements
<b>FR21</b>	Adult Social Care Assessed Fees & Charges Debt Management and Bad Debt Write Off
<b>FR22</b>	Debt Management And Bad Debt Write Offs Not Relating To Adult Social Care Assessed Fees & Charges
<b>FR23</b>	Assets
<b>FR24</b>	Stocks and Stores
<b>FR25</b>	Estates
<b>FR26</b>	Risk Management and Insurance
<b>FR27</b>	Treasury Management and Pension Fund

## Introduction

Financial Regulations provide a framework within which all staff can carry out their responsibilities in an open and consistent manner. They outline the financial responsibilities of all officers and members of the Council, and have been designed to promote and maintain the high standards expected of the public sector in dealing with financial and other resources financed from taxation by:

- placing clear accountability with officers appointed to manage resources; and
- establishing key principles and processes which they should follow, supported by detailed operating arrangements approved by the Section 151 Officer.

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Finance Officer (**Section 151 Officer**) to have responsibility for those arrangements. The Executive Director of Resources is the Section 151 Officer for Surrey County Council.

Whilst responsibility for the administration of the Council's financial affairs lies with the Section 151 Officer, all individuals engaged in Council activities are responsible for ensuring that their actions comply with Financial Regulations.

**Cabinet Members** and **Executive Directors** hold a dual role to ensure that strategic policies and priorities are delivered within resources and meet all fiduciary responsibilities, recommendations to Council are deliverable and that they support Budget Managers to spend within the Budget Envelopes.

The **Accountable Budget Officer (ABO)** (Executive Directors, Service and Assistant Directors, Heads of Service and other officers deemed to be Senior Officers) has overall accountability for a group of budgets. The ABO is ultimately accountable for ensuring effective planning and management of their budgets to deliver their service priorities within the agreed budget envelope. The ABO signs an annual Budget Accountability Statement.

A **Budget Manager** has day to day responsibility for the management of the budget of one or a group of services or projects under the oversight of an ABO. Their key responsibility is to make best use of financial resources through good planning and management, taking corrective action where required.

All officers with responsibility for undertaking financial duties are required to comply with these regulations. The Section 151 Officer is, in turn, accountable to Council. The Financial Regulations and supporting documents are reviewed annually, and will be developed further in line with the cultural changes and transformation plans the Council is currently working towards.

Locally managed schools have their own financial governance and regulations, which are set out in the Surrey Scheme of Financing Schools and the Schools' Finance Manual.

The Financial Regulations should be read in conjunction with the Council's:

- Strategy against Fraud and Corruption;
- Business Continuity Guide;
- Anti-Money Laundering Policy;
- Systems Control Policy;
- Whistle blowing Policy; and
- Procurement Standing Orders.

## **FINANCIAL REGULATION 1 - SCOPE OF FINANCIAL REGULATIONS**

**FR1.1** The Financial Regulations are binding on all Council members and officers, including contractors, agency staff, and anyone acting on behalf of the Council, including elected members.

**FR1.2** Financial Regulations are part of the Council's Constitution. The relevant parts of the Constitution are Article 12 (Finance, Contracts and Legal matters), Part 3 (Responsibility of Function and Scheme of Delegation), and Part 4 (Standing Orders – Budget & Policy Framework). Financial Regulations may only be amended by Full Council.

## **FINANCIAL REGULATION 2 - ROLES AND RESPONSIBILITIES**

### **Council**

**FR2.1** Council members, acting as the Full Council, are responsible for approving the Council's overall policy framework and the budget within which the Council operates, setting the Prudential Indicators for treasury management; limits on virements between budgets, and the Capital, Investment and Treasury Management Strategies.

### **Cabinet**

**FR2.2** The Cabinet is responsible for proposing the policy framework and budget to the Full Council and for the discharge of executive functions in accordance with it. Decisions can be delegated to individual cabinet members or officers in line with the Scheme of Delegation.

### **Section 151 Officer (Executive Director of Finance)**

**FR2.3** The Section 151 Officer's role and responsibilities are set out in statute and are governed by (but not restricted to):

- Section 151 of the Local Government Act 1972;
- Section 114 of the Local Government Finance Act 1988 ;
- Local Government and Housing Act 1989;
- Local Government Act 2003; and
- Accounts and Audit Regulations 2015.

**FR2.4** All financial procedures and records shall be subject to his / her approval. Under The Accounts and Audit Regulations, the Section 151 Officer is responsible for the financial management of the Council, sound systems of internal control, risk management, and at least once in a year, a review of the effectiveness of the system of internal control.

**FR2.5** The Section 151 Officer is responsible for the day to day management of the Council's financial affairs. He / she shall provide information and assistance to all officers to help them carry out their responsibilities for effecting the sound financial management of their services.

**FR2.6** The Section 151 Officer shall report to members on the overall budget performance and recommend corrective action as and when required. He / she shall ensure, as far as practicable, Financial Regulations and supporting policies protect the Council against any unlawful financial transactions or actions.

**FR2.7** The Section 151 Officer must be given access to any necessary information to comply with his / her statutory duties.

**FR2.8** The Section 151 Officer will ensure that procedures are documented and made available to users for those financial systems identified as business critical.

**FR2.9** The Section 151 Officer shall, after consultation with the Chief Executive, report any non-compliance with these Regulations which he / she considers substantial. The report shall be made initially to the Leader and, following that, to the relevant Committee depending on the circumstances.

**FR2.10** The Section 151 Officer can nominate a Deputy Section 151 Officer or Officers that have the same role and responsibilities in the absence of the Section 151 Officer.

**Senior Officers (Chief Executive, Executive Directors, Service and Associate Directors, Head of Service, other designated officers)**

**FR2.11** Senior Officers have individual and collective responsibility to ensure that the fundamental principles as established by the Cadbury Report on “the financial aspects of corporate governance”, namely openness, integrity and accountability, are established through compliance with Financial Regulations.

**FR2.12** Senior Officers may delegate day to day management to a Budget Manager in his / her directorate or service, provided that a list of officers so authorised shall be supplied to the Section 151 Officer. Although day to day management of a budget may be delegated, responsibility and accountability remains firmly with Senior Officers. Effective management of resources is a fundamental requirement of managers and failure to manage budgets will be investigated under the disciplinary procedure. Persistent or significant failure could constitute gross misconduct.

**FR2.13** Senior Officers shall propose annual revenue and capital budgets for each service within the budget guidelines agreed by the Cabinet.

**Budget Managers**

**FR2.14** Budget Managers should make all relevant staff aware of these regulations (and associated documents) and highlight the relevance and compliance of the regulations to team members.

**FR2.15** Budget Managers are accountable for their budget areas and to make arrangements for managing income and expenditure and ensure value for money in service delivery. Budget Managers are responsible for taking action to recover and to report on any

budgetary variances, and for reporting to Senior Officers if there is a possibility that budgets may be overspent. Effective management of resources is a fundamental requirement of Budget Managers and failure to manage the budget properly will be investigated under the Council's disciplinary procedure.

**FR2.16** Budget managers are responsible for the budget narrative that informs the monthly reports to Departmental Leadership Teams (DLT), Corporate Leadership Team (CLT) and to members. Finance officers are available to support this process.

**FR2.17** Senior Officers and Budget Managers are responsible for ensuring that all staff, contractors, agency workers in their directorates, anyone acting on behalf of the Council and elected members are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them. They must also ensure that there is adequate availability of and access to the current version of Financial Regulations.

### **FINANCIAL REGULATION 3 - INFORMATION AFFECTING THE COUNCIL'S FINANCES**

**FR3.1** Where a matter arises in any Directorate which could materially affect the Council's finances, other than a matter already approved, Senior Officers shall consult the Section 151 Officer before any provisional expenditure is incurred or any commitment given.

**FR3.2** All Cabinet reports shall contain a section dealing with the financial implications of the matter(s) covered by the report and shall be submitted to the Section 151 Officer, who shall satisfy himself / herself that the financial information is comprehensive and accurate before the report is finalised and published.

### **FINANCIAL REGULATION 4 - PREPARATION OF FINANCIAL PLANS**

**FR4.1** The Section 151 Officer, in consultation with the Chief Executive, shall advise Cabinet each year on the timescales and procedures to be adopted for the formulation of all Financial Plans including the Medium Term Financial Strategy, Annual Revenue Budget, Capital Strategy, Investment Strategy, Capital Programme and Treasury Management Strategy. Cabinet shall agree a timetable which will include stages for consultation with Resources and Performance and appropriate Select Committees and other appropriate stakeholders. Members will be actively involved in scrutiny of budget proposals ahead of submission to Cabinet and Council, and subsequently in the monitoring of progress.

**FR4.2** Senior Officers shall adhere to the agreed timescales and procedures in providing the information required to enable the preparation of Service Development and Financial Plans.

**FR4.3** In accordance with the agreed timescales, the Section 151 Officer shall submit a report to Cabinet, taking account of the views of appropriate committees, with the information required to enable Cabinet to recommend a Capital Strategy and Programme, Revenue Budget and Council Tax for the following financial year to Council. The report will comment on the robustness of the budget proposals submitted for approval in compliance with the requirements of Section 25 of the Local Government Act 2003.

**FR4.4** The responsibilities of Senior Officers are set out in the Budget Accountability Statement (BAS). Any additional expenditure not already included in the existing Revenue Budget must be found from corresponding savings in other areas. Under no circumstances can additional expenditure be incurred without the express approval of the Section 151 Officer.

**FR4.5** Senior Officers, in consultation with the Section 151 Officer, shall make appropriate arrangements for the effective identification, progression and management of external funding and partnership opportunities applicable to their service area. All possible partners shall be identified and considered for inclusion in a scheme, as appropriate.

**FR4.6** All bids for external grants shall be made in consultation with the Section 151 Officer before any grant application is submitted. Proper allowance must be made for work which will have to be undertaken by all other services / directorates to implement the scheme, and all costs which have to be met by the Council. Some applications may require member approval, as set out in the Constitution, particularly where the Council is entering into contractual arrangements or providing funding for the project.

**FR4.7** All proposals for externally funded schemes shall be made in consultation with the Section 151 Officer before a bid is submitted.

**FR4.8** All officers engaged in the progression of such schemes shall adhere to these Financial Regulations, the Council's Procurement Rules and any other directions or instructions given by the Council. Where the Council has been defined by the funder as the Accountable Body for a scheme, Financial Regulations applies equally to the staff of any partnering organisations in respect of the scheme.

**FR4.9** Where a third party works in partnership with the Council in delivering an externally funded project, officers must ensure that a third-party agreement is in place which reflects the terms and conditions of the funding agreement between the Council and the external funder. The responsible officer shall ensure that the third-party complies with the third-party agreement in order to safeguard the Council's position regarding compliance with its agreement with the funder. For all significant arrangements, the advice of the Monitoring Officer should be taken on the form and content of any agreement.

**FR4.10** Further guidance on preparation of financial plans timescales and procedures, submission and monitoring of capital schemes, roles and responsibilities, and funding proposals and process can be sought from the appropriate Strategic Finance Business Partner.

#### **FINANCIAL REGULATION 5 - AUTHORITY TO INCUR REVENUE EXPENDITURE**

**FR5.1** Budget Managers are authorised to incur expenditure up to the amounts included in their approved budget.

**FR5.2** The Section 151 Officer shall update budgets to reflect approved variations agreed by Cabinet. In addition, he / she shall approve amendments and update the Revenue Budget in accordance with Financial Regulation 6.

**FR5.3** Overspending against the approved budget is not permitted. However, a situation may arise which requires expenditure to be incurred as a matter of such urgency that there must be no delay. If there is no, or insufficient, budget provision available, the Budget Manager should, in consultation with the relevant Senior Officer and Section 151 Officer obtain the necessary goods, and / or works, and / or services. The additional expenditure shall be met by virement in accordance with Financial Regulation 7.

**FR5.4** The Section 151 Officer or deputies approve any non-redundancy related settlement claims over £50,000; otherwise the relevant Strategic Finance Business Partner. Initially, if the People and Finance Business Partners have a case over £50,000, they should forward it to at least either of the Section 151 Officer or deputies. The approval of redundancy claims over £50,000 including pension strain is subject to the decision of the Section 151 Officer or deputies, HR Director and relevant Head of Service otherwise relevant Strategic Finance Business Partner, relevant people Business partner and Head of Service area.

## **FINANCIAL REGULATION 6 - FINANCIAL MONITORING**

**FR6.1** Senior Officers shall comply with the outlined roles and responsibilities and the Budget Accountability Statement (BAS). Individual budgets may be delegated to Budget Managers / Budget Holders within the directorate, however, Senior Officers maintain overall responsibility and are accountable for managing the budgets in compliance with the Budget Accountability Statement.

**FR6.2** Senior Officers are responsible for delivering services within the allocated budget. It is not acceptable to overspend, and mis-management of the budget may lead to disciplinary action.

**FR6.3** Senior Officers and Budget Managers are responsible for delivering the savings identified within their assigned budgets.

**FR6.4** Budget Managers shall provide accurate forecast returns in accordance with the budget monitoring timetable. Any overspends against a single budget line must be met by a saving elsewhere within the budget. If an overall unavoidable overspend is likely to occur, the Budget Manager must notify the appropriate Senior Officer and Strategic Finance Business Partner, and provide a detailed explanation of why the overspend is truly unavoidable. Any underspends should also be reported early, as these may be required to offset unavoidable pressures elsewhere.

**FR6.5** The monthly forecast returns should provide:

- coherent and detailed explanations which support the reported figures activity levels for budget variances;
- highlight potential budget problems
- progress on management actions; and
- outline the impact on future budgets.

**FR6.6** On behalf of Senior Officers, Strategic Finance Business Partners will present monthly monitoring reports to DLTs. The Section 151 Officer will present consolidated monthly monitoring report to CLT.

**FR6.7** Using a risk based methodology, regular financial monitoring reports shall also be prepared and submitted, in the agreed format, as follows:

- Monthly monitoring information to Cabinet; and
- Quarterly monitoring information to the appropriate Select Committees.

## **FINANCIAL REGULATION 7 - VIREMENT OF REVENUE BUDGETS**

**FR7.1** Budget approval gives Budget Managers the right to incur expenditure on behalf of the Council. Budget Managers may vire between their budget headings within the constraints outlined in the Financial Regulations, in consultation with the appropriate Strategic Finance Business Partners. Virements should not be used to adjust for under / overspends on various headings but only where a definite decision has been taken to change approved spending plans.

**FR7.2** Revenue virement resulting from a change in policy or priorities (either within the same portfolio or between portfolios) will be subject to the following approval:

Amount	Minimum approval required
Up to and including £1m	Executive Director (following consultation with deputy S151 Officer(s))
In excess of £1m, but no more than £2m	Executive Director (following consultation with s151 Finance Officer and relevant Cabinet member(s))
More than £2m	Cabinet (following consultation with relevant Cabinet member, Executive Director and S151 Officer (if not already involved))

**FR7.3** Exceptions to the virement rules are as follows:

- Member approval is not required where a budget will continue to be used for the approved purpose but is being moved, for example, to reflect a change in budget holder responsibilities. Such transfers will however require the approval of the either the Director of Financial Insights or Director of Corporate Finance and the relevant Strategic Finance Business Partners(s).
- Member approval is not required for budget movements arising in order to comply with the CIPFA Service Expenditure Reporting Code of Practice guidance on accounting for overheads, or budget movements arising in order to comply with proper accounting practice. Approval is required from the relevant Strategic Finance Business Partner and/or the Director of Corporate Finance or Director of Financial Insights.

## **FR8 – FEES AND CHARGES**

**FR8.1** The Section 151 Officer shall issue guidance to all Directorates on the levels of increase in fees and charges for services to ensure that as far as possible a common approach to charges and revisions of charges is adopted across the Council.

**FR8.2** Senior Officers and Budget Managers must review and update fees and charges annually with a view to ensuring that chargeable discretionary services are not subsidised without a specific supporting policy decision. The individual fees and charges will be approved annually before the start of the new financial year.

**FR8.3** In determining charges for discretionary services, the cost of providing the service should be calculated and fees charged to the service user in order to recover all direct and indirect costs incurred by the Council in the delivery of the service and in compliance with relevant legislation. The cost of chargeable officer time should be used as calculated by corporate finance. The importance of services to the users, comparable charges made by neighbouring authorities and income targets should all be taken into consideration. Senior Officers should liaise with the appropriate finance officer in relation to the proposals. Finance officers must wherever possible prevent an unintended subsidy of discretionary services through the under-recovery of indirect and/or ancillary costs incurred in the delivery of discretionary services.

**FR8.4** As part of the annual review of fees and charges, Senior Officers shall also examine the possibility of introducing charges for services where no charges are currently made. This will be undertaken in consultation with Legal Services. When there is a change of policy that could require public consultation, this should be reported to Cabinet. Any substantive change in policy in the application of fees and charges, or in the level of subsidy, will require Cabinet approval. Cabinet must agree proposals to start charging for or trading in goods or services not previously subject to charging or trading with third parties.

**FR8.5** Some fees and charges may not be fixed, but based on full or part cost recovery, subject to a supporting policy decision regarding subsidy (FR8.2).

**FR8.6** Where charges are assessed according to ability to pay, Senior Officers may make arrangements for the charges to be reduced in accordance with an assessment methodology approved by Cabinet.

## **FINANCIAL REGULATION 9 - CARRY FORWARD OF UNSPENT BUDGETS**

**FR9.1** The carry forward of unspent provisions in the Revenue Budget from one financial year to the next is not permitted except with explicit approval of the Section 151 Officer, in consultation with the Leader of the Council and the Cabinet Member for Finance.

**FR9.2** The Section 151 Officer shall, as soon as is practicable, supply a detailed list of the items and amounts approved to Senior Officers and Budget Managers. The Section 151 Officer will report specific items to members within the overall outturn report.

**FR9.3** Year end balances will be transferred to and from reserves by the Section 151 Officer, in line with the Council’s Reserves Policy, and with the approval of Cabinet.

**FINANCIAL REGULATION 10 – RESERVES**

**FR10.1** Reserves will be set by the Council each year as part of the budget setting process. The Section 151 Officer will advise the Cabinet and Council on the prudent level of reserves and balances, taking into account prevailing and anticipated levels of risk and uncertainty.

**FR10.2** The creation of any reserve will be the subject approval of Cabinet, upon the advice of the Section 151 Officer. For each reserve established, the purpose, and usage will be clearly articulated.

**FR10.3** Increases in existing reserves come about through two routes:

- Through the budget setting process, the setting of which requires Full Council approval; and
- By transfer of an underspend into reserves in accordance with the table below:

Amount	Minimum approval required
Up to and including £1m	Executive Director (following consultation with deputy S151 Officer(s))
In excess of £1m, but no more than £2m	Executive Director (following consultation with s151 Finance Officer and relevant Cabinet member(s))
More than £2m	Cabinet (following consultation with relevant Cabinet member, Executive Director and S151 Officer (if not already involved))

**FR10.4** The Section 151 Officer shall be authorised to draw upon reserves for the agreed purposes of that reserve, subject to provision remaining available

**FINANCIAL REGULATION 11 - AUTHORITY TO INCUR CAPITAL EXPENDITURE**

**FR11.1** The Council’s approach to capital investment is set out in the Capital Strategy and the Investment Strategy. New schemes and projects will usually only be added to the Capital Programme as part of the annual budget setting process, however, changes, capital virements and additions may be made during the year, subject to one of two decision-making structures:

- Capital expenditure relating to equity investments or investment property will be subject to assessment by the officer-led Shareholder and Investment Panel, the Asset Strategy Board and ultimately approved by members at Strategic Investment Board.

- All other capital expenditure will be subject to assessment by the appropriate Strategic Capital Group; for Information Technology, Infrastructure and Property, the Capital Programme Panel and formal member approval, where required by the Scheme of Delegation.

**FR11.2** Capital expenditure other than on equity investments and investment property is subject to a governance route based on value and an assessment of impact and risk. New capital schemes and projects and changes to existing schemes and projects are assessed and scrutinised in up to three stages prior to being included in the Capital Programme:

- Strategic Capital Groups, comprising the Head of Service or their nominated officer and Strategic Finance Business Partner or their nominated officer, for:
  - Information Technology,
  - Infrastructure; and
  - Property.
- Strategic Capital Groups can make decisions on new approvals of up to £250,000 where the scheme or project is within the approved Capital Programme Budget and does not require additional officer or member approval, based on an assessment of impact and risk. Variations to existing budgets can be approved up to 10% of total budget, up to a maximum of £250,000.
- The Capital Programme Panel, comprising of the Section 151 Officer or their nominated officer, the chairs of the Strategic Capital Groups and other nominated officers. The Capital Programme Panel can make decisions on new approvals of up to £1,000,000 where the scheme or project does not require member approval based on an assessment of impact and risk. Variations to existing budgets can be approved up to 10% of total project budget, up to a maximum of £500,000.
- Approval by Cabinet is required for all other additions and changes.

**FR11.3** All proposed schemes must be based on a robust business case and subject to appropriate internal or external due diligence. In particular the business cases must ensure:

- Capital Programme proposals are consistent with the Council's Organisation Strategy, Capital Strategy and Investment Strategy, Asset and Place Strategy and Directorate Strategies and have a strategic mandate to proceed;
- Each capital scheme or project is assessed for both financial and service risk;
- The proposed timetable for the scheme or project is realistic; and
- All associated revenue implications are fully quantified and covered in the current and future years.

**FR11.4** Only those schemes and projects that meet the strategic priorities and have been assessed via the stages outlined above, subject to member approval where required, will be approved as part of the Capital Budget. Projects in an earlier stage of development may be included in the Capital Pipeline but will require business case approval, assessed via the stages outlined above, before they can commence.

**FR11.5** Contracts for capital works will be awarded in accordance with the rules set out in Procurement Standing Orders.

## **FINANCIAL REGULATION 12 - MONITORING OF THE CAPITAL PROGRAMME**

**FR12.1** Once a capital scheme or project has been approved in the Council's Capital Programme Budget, each Budget Manager shall be responsible for monitoring expenditure, and for providing information in accordance with arrangements set out in the Budget Holder Handbook – Capital to enable regular reports to be submitted to DLTs, CLT, Select Committees and to Cabinet.

**FR12.2** If necessary, and following consultation with the Section 151 Officer or their nominated officer, virements may be made between capital schemes to reflect the value of each accepted tender. Virements should be approved by the appropriate Strategic Capital Group, Capital Programme Panel or Cabinet based on the thresholds and non-financial factors set out in FR11.2.

**FR12.3** Block items within the Capital Programme comprising a number of schemes (e.g. Maintenance and Minor Works Programmes) shall be regarded as a single project subject to the total scheme costs not being exceeded, and satisfying the requirements of any external funder.

## **FINANCIAL REGULATION 13 – FINANCIAL ACCOUNTS**

**FR13.1** The Section 151 Officer shall ensure that all financial transactions of the Council are accurately reflected in the Council's accounting records.

**FR13.2** All financial systems, accounting policies and accounting records shall be in a form agreed by the Section 151 Officer. All proposed changes to accounting policies must be approved by the Section 151 Officer and discussed with the Council's external auditors before implementation.

**FR13.3** The Section 151 Officer will make appropriate arrangements for and advise officers and members on all taxation issues that affect the Council.

**FR13.4** The Section 151 Officer will sign off the annual Statement of Accounts, once he / she is satisfied that the statement represents a true and fair view of the financial position of the Council. The Statement of Accounts will be submitted for approval to the Audit and Governance Committee.

**FR13.5** Senior Officers must sign a Manager's Assurance Statement each year in a form prescribed by the Section 151 Officer.

**FR13.6** Arrangements for the retention or destruction of financial records shall be in accordance with the Council's Record Retention Policy. In any event, no document relating to the financial transactions of the Council or its employees shall be destroyed before the completion of the External Audit for the year concerned.

**FR13.7** Senior Officers shall be responsible for ensuring that there are adequate arrangements, in respect of financial information held in electronic form, to safeguard continuity in the event of an emergency and shall comply with the requirements set out in the Council's Information Technology Strategy.

#### **FINANCIAL REGULATION 14 - DUTY TO CARRY OUT AUDIT**

**FR14.1** The Section 151 Officer shall ensure that the Council maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices, as laid down in The Accounts and Audit Regulations. This also extends to external audit, where appropriate, subject to external partners and external funding requirements. To facilitate independence and objectivity in reporting, the reporting lines of the Internal Audit function should be unfettered by line management structures so that direct access to any officer, member or external regulating authority (e.g. external audit) will be available.

**FR14.2** In order to discharge his / her responsibilities under FR14.1 above, the Section 151 Officer, Internal Audit and any other authorised staff shall have the right to:

- a) Enter any Council premises or land at any reasonable time, without prior notice;
- b) Have access to at all times to all records and documents (including email and correspondence) relevant to the business of the Council as maintained by the Council or third parties on its behalf including (but not limited to) external contractors and consultants;
- c) Require and receive any information and explanations considered necessary to the audit; and
- d) Require any employee or agent of the Council to account for assets under his / her control.

**FR14.3** The Chief Internal Auditor shall report on a regular basis to the Audit and Governance Committee with a summary of internal audit activity, and shall bring to the attention of the Chief Executive and the Audit and Governance Committee any significant matters which may have come to his / her attention in the course of delivering the internal audit function.

#### **FINANCIAL REGULATION 15 - FINANCIAL IRREGULARITIES**

**FR15.1** All officers are required to inform their manager on becoming aware of any irregularity, or suspected irregularity, affecting income, expenditure, cash, stores or any of the resources of the Council. Senior Officers shall inform the Chief Internal Auditor as soon as practicable. If it is not appropriate to inform local management because of a potential connection to the alleged irregularity, then officers should contact the Chief Internal Auditor

directly. This requirement also applies to elected members and to agents working on behalf of the Council where the concern is around Council related matters.

**FR15.2** The Chief Internal Auditor shall consider during the course of any investigation or at its conclusion, as he / she deems appropriate, whether the matter may require investigation by the Police and / or notification to the External Auditor. Where appropriate he / she shall seek the advice of the Monitoring Officer and inform the Chief Executive.

**FR15.3** At the conclusion of any investigation or earlier if appropriate, the Chief Internal Auditor shall, in consultation with the Monitoring Officer, agree with the Senior Officer concerned the steps that should be taken to mitigate any loss and prevent a recurrence of it. The Chief Internal Auditor shall report, if he / she considers it necessary, initially to the Chief Executive and, following that, to the Audit and Governance Committee, depending on the circumstances.

**FR15.4** All investigations of this type undertaken by Internal Audit will be under the direction of the Chief Internal Auditor, in consultation with the Section 151 Officer and the Director of Human Resources and Organisational Development (“The Director of HR and OD”). Such investigations will be undertaken in line with the Council’s Counter Fraud Strategy and Framework, which forms part of the Constitution. The Director of HR and OD will ensure that “whistle blowing” procedures are defined, documented, widely communicated and reviewed at appropriate intervals, in consultation with the Section 151 Officer, the Monitoring Officer and the Chief Internal Auditor.

**FR15.5** The Chief Internal Auditor or his / her delegated authority within Internal Audit acts as the Council’s Money Laundering Reporting Officer (MLRO). The MLRO will ensure that there is an Anti-Money Laundering Policy published on the Council’s external website which sets out the procedures which must be followed to enable the Council to comply with its legal obligations. This policy, which is contained in the Counter Fraud Strategy and Framework, states that the Council will not accept cash payments in excess of £5,000.

## **FINANCIAL REGULATION 16 - ORDERING PROCEDURES**

**FR16.1** Senior Officers shall be responsible for ensuring that all orders issued from their departments for goods, works and services are in accordance with Procurement Standing Orders.

## **FINANCIAL REGULATION 17 - CONSULTANTS AND CONTRACTORS**

**FR17.1** Procurement Standing Orders set out the thresholds for appointing consultants and contractors. The Leader and the Chief Executive must approve consultant or contractor appointments where the fee exceeds £50,000 a year (or in proportion where the engagement is for less than one year) before the contract starts.

**FR17.2** All consultant or contractor engagements with an aggregate value of £100,000 or over, must be subject to competitive tender and review by the Sourcing Governance Board before approval by the Leader and Chief Executive. The Leader and Chief Executive will not approve such engagements retrospectively.

**FR17.3** Consultants, contractors and agency workers engaged to supervise contracts on behalf of the Council shall be required to comply with these Financial Regulations as if they were direct employees of the Council. Such a requirement shall be included in every agreement for their services. Any reference in these Financial Regulations to a Budget Manager shall apply to a consultant, contractor or agency worker. Where a report is required, it shall be made by the consultant, contractor or agency worker to the appropriate Senior Officer, who shall report to members as required.

## **FINANCIAL REGULATION 18 – CONTRACTING ARRANGEMENTS**

**FR18.1** All procurement and purchasing undertaken must adhere to the specified processes as agreed by the Corporate Leadership Team and follow the requirements of the Procurement Standing Orders and the Sourcing Governance Board. The Section 151 Officer may authorise the use of Purchasing Cards for Council staff for the purposes of defraying petty cash and other minor or urgent expenses. The Budget Holder Handbook sets out the requirements for the use of and Purchasing Cards.

**FR18.2** All material assumptions and risks inherent in evaluations of proposed contracts must be fully disclosed to those officers and members making decisions on the award of the contract, before the contract award is made.

**FR18.3** Long term strategic contracts must include provision to secure continuous improvement, improved efficiency and value for money. Financial relationships must be made under the relevant corporate guidance within the Financial Management Toolkit. In this context, partnerships are deemed to be joint arrangements involving the Council pooling financial and / or other resources with other bodies in the pursuit of agreed joint objectives.

**FR18.4** All partnership arrangements and pooled budgets must be agreed under written terms appropriate to the extent of the financial risk to the Council and may only be entered into following appropriate consultation with and approval from the Section 151 Officer and the Monitoring Officer. Where the Council's contribution to, or financial risk from such arrangements, exceeds £100,000, Cabinet's approval is required. Appropriate approval must be obtained before entering into any proposed partnership.

## **FINANCIAL REGULATION 19 - PAYMENT OF SALARIES AND WAGES**

**FR19.1** The payment of all salaries, wages, pensions, compensation and other emoluments to employees, former employees or beneficiaries of the Council shall be made in accordance with arrangements approved by the Chief Executive and the Pay, Personnel and Development Committee (PPDC).

**FR19.2** The Director of HR and OD shall arrange for all relevant payments in respect of sums deducted from employees' remuneration and any employers' contributions to be made to the appropriate agency.

**FR19.3** Senior Officers shall notify the Director of HR and OD, or his / her agent, of all matters affecting payment as soon as possible. Notification will be in the form prescribed by the Section 151 Officer and Monitoring Officer.

**FR19.4** Time records or other pay documents (including those relating to flexible working hours) shall be in a form prescribed or approved by the Director of HR and OD.

**FR19.5** The Director of HR and OD shall ensure that there are proper arrangements to maintain all necessary human resources records concerning pay, superannuation, statutory sick pay, national insurance and income tax.

**FR19.6** The Director of HR and OD shall have regard to any recommendations made by the Section 151 Officer in all matters of a financial nature.

## **FINANCIAL REGULATION 20 - INCOME COLLECTION AND BANKING ARRANGEMENTS**

**FR20.1** Senior Officers and Budget Managers shall seek the prompt collection of all monies due to the Council in accordance with arrangements approved by the Section 151 Officer and as specified in the Income Manual.

**FR20.2** Senior Officers and Budget Managers are responsible for dealing with the receipt of money and other remittances and holding them in secure conditions before they are banked or otherwise dealt with.

**FR20.3** The Section 151 Officer is responsible for the Council's overall banking arrangements. All arrangements for opening bank accounts and for the banking and withdrawal of money shall be approved by the Section 151 Officer. The Section 151 Officer shall determine the arrangements for the reconciliation of all Council bank accounts.

## **FINANCIAL REGULATION 21 – ADULT SOCIAL CARE ASSESSED FEES & CHARGES DEBT MANAGEMENT AND BAD DEBT WRITE OFF**

**FR21.1** The Section 151 Officer has the authority to approve write offs of unpaid Adult Social Care assessed fees & charges up to the value of £100,000 per individual debt where the relevant Budget Manager and financial assessment staff in Adult Social Care, Legal Services and Corporate Finance agree there is no realistic chance of recovering the debt or it is considered uneconomical to attempt debt recovery. The Section 151 Officer has the overriding authority to approve or reject write offs if there is not agreement between Adult Social Care, Legal services and Corporate Finance about a particular debt.

**FR21.2** The Section 151 Officer may delegate in writing approval of individual write offs of unpaid Adult Social Care assessed fees & charges to another member of the Corporate Finance service.

**FR21.3** The Section 151 Officer or the delegated Corporate Finance officer may delegate in writing approval of write offs of unpaid Adult Social Care assessed fees & charges up to £5,000 to designated officers in Adult Social Care. Where this delegation is made, the

designated Adult Social Care officers will have the authority to approve write offs without the need to seek advice and formal approval from Corporate Finance.

**FR21.4** Any individual debts relating to unpaid Adult Social Care assessed fees & charges of more than £100,000 must be approved by Cabinet, subject to the recommendation of the Section 151 Officer.

**FR21.5** Write off of irrecoverable debt will be charged to the relevant budget in Adult Social Care. The year-end financial outturn report will provide a summary of all irrecoverable debt written off during the year relating to Adult Social Care assessed fees & charges.

**FR21.6** Credit balances, which are over three years old and which cannot be substantiated or justified, will be released to the relevant fund after closure of accounts of each year, subject to formal approval by the Section 151 officer.

**FR21.7** The Council will maintain a provision for bad debt relating to unpaid Adult Social Care assessed fees & charges. The Section 151 Officer will determine the criteria to calculate how much to provide for outstanding debts in relation to their age and type in consultation with Adult Social Care and Legal Services. The social care bad debt provision will be recalculated based on the latest debt levels and types on at least a quarterly basis. Adult Social Care will bear the impact of any increase or decrease required to the social care bad debt provision. Adult Social Care will review each year how much it is proposed is budgeted for potential bad debt to limit in-year impacts of write offs, changes to the bad debt provision or other costs associated with bad debts such as legal fees paid for debts that prove to be irrecoverable. Any budget provision proposed by Adult Social Care will be approved as part of the annual budget setting process.

## **FINANCIAL REGULATION 22 – DEBT MANAGEMENT AND BAD DEBT WRITE OFFS NOT RELATING TO ADULT SOCIAL CARE ASSESSED FEES & CHARGES**

**FR22.1** The Section 151 Officer has the authority to approve write offs of unpaid debts up to the value of £100,000 per individual debt where the relevant Budget Manager, Legal Services and Corporate Finance agree there is no realistic chance of recovering the debt or it is considered uneconomical to attempt debt recovery. The Section 151 Officer has the overriding authority to approve or reject write offs if there is not agreement between the Budget Manager, Legal Services and Corporate Finance about a particular debt.

**FR22.2** The Section 151 Officer may delegate in writing approval of individual write offs of unpaid debts to another member of the Corporate Finance service.

**FR22.3** Any individual debts of more than £100,000 must be approved by Cabinet, subject to the recommendation of the Section 151 Officer

**FR22.4** Write off of irrecoverable debt will be charged to the relevant budget code where the debt was first raised unless otherwise agreed by the Section 151 Officer or their delegated representatives. The year-end financial outturn report will provide a summary of all irrecoverable debt written off during the year.

**FR22.5** Credit balances, which are over three years old and which cannot be substantiated or justified, will be released to the relevant fund after closure of accounts of each year, subject to formal approval by the Section 151 officer.

**FR22.6** The Council will maintain two provisions for bad debts (in addition to the one relating to unpaid Adult Social Care assessed fees & charges) as follows:

- A specific provision for all debt outstanding with Clinical Commissioning Groups.
- A general provision for all other debt.

The Section 151 Officer will determine the criteria to calculate how much to provide for outstanding debts in relation to their age and type in consultation with the relevant Budget Managers and Legal Services. The bad debt provisions will be recalculated based on the latest debt levels and types on at least a quarterly basis. Relevant services will bear the impact of any increase or decrease required to the bad debt provision relating to Clinical Commissioning Groups. The impact of increases or decreases required to the general bad debt provision will be charged to Central Income and Expenditure. Each year consideration will be given as to whether any budget provision should be made to account for the potential impact of bad debt on the Council's revenue budget in the coming year. This will be approved as part of the annual budget setting process. Any savings realised against this budget provision will be transferred to reserves.

## **FINANCIAL REGULATION 23 – ASSETS**

### **Land and Property**

**FR23.1** All acquisitions of land and buildings up to the value £1m require approval from the relevant Cabinet Member in conjunction with the Leader. This value relates to freehold and leasehold interest.

**FR23.2** All acquisitions of land or buildings valued at £1m or more requires Cabinet approval.

**FR23.3** All disposals of land or buildings up to the value of £1m require approval from the relevant Cabinet Member in conjunction with the Leader. This value relates to freehold and leasehold interest and includes setting a reserve figure for auction sales.

**FR23.4** All disposals of land or buildings valued at £1m or more requires Cabinet approval. All disposals should be recorded within an approved register.

**FR23.5** All acquisitions and disposals must be referred to the Land and Property Assets Team. The application of best value considerations may result in disposal of assets at less than market value due to wider economic, environmental and social value factors. The approach to valuation should be agreed in advance, in consultation with the Section 151 Officer.

## **Assets other than Land and Property**

**FR23.6** Assets declared surplus to the Council's requirements should be disposed of at the most appropriate time, and only when it is in the best interest of the Council, and best value is obtained. For assets of significant value, disposal should be by competitive tender or public auction.

**FR23.7** Any proceeds from the disposal of assets should be receipted and recorded, even if the disposal value is nil.

**FR23.8** No items can be disposed of to a member of staff without the explicit approval of the Section 151 Officer.

**FR23.9** All acquisitions and disposals valued over £10,000 must be subject to a professional valuation. The approach to valuation should be agreed in advance, in consultation with the Section 151 Officer.

**FR23.10** Senior Officers are responsible for and shall make arrangements for the safe custody and care of all assets in his / her department, including exercising proper control over the use of those assets. Such assets shall include plant, machinery, vehicles, furniture, equipment, other non-consumable property, stocks and stores and IT equipment.

**FR23.11** Senior Officers are responsible for keeping inventory records and the marking of Council property. The Council's property shall not be removed other than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes.

**FR23.12** Senior Officers are authorised to adjust their inventory records, relating to items outlined in FR22.10 where any surplus or deficiency arises up to £2,500 in respect of any one item, provided appropriate investigations have been carried out to establish the reasons and prevent a recurrence. Records of such adjustments are subject to Internal Audit inspection.

**FR23.13** The Section 151 Officer shall authorise Officers to adjust their inventory records where any surplus or deficiency arises between £2,500 and £5,000 in respect of any one item provided the appropriate Officer has investigated and reported the reasons for the discrepancy.

**FR23.14** Adjustments to inventory records in respect of any one item where the amount exceeds £5,000 shall be referred to Cabinet.

**FR23.15** Budget Managers, after consultation with the Section 151 Officer, are authorised to delete any item from their inventory records where the item has become obsolete and is no longer adequate for the purpose intended, or the item is broken or worn.

## **FINANCIAL REGULATION 24 - STOCKS AND STORES**

**FR24.1** Lead Officers and Budget Managers are responsible for the receipt, issue and checking of the stocks and stores in their departments and for maintaining appropriate stock levels.

**FR24.2** The extent to which items shall be included in records, and the form of record-keeping, shall be determined by the appropriate Senior Officer in consultation with the Section 151 Officer.

**FR24.3** Senior Officers, in consultation with the Section 151 Officer, are authorised to adjust stock balances up to £10,000 in respect of any one item provided appropriate investigations have been carried out to establish the reasons and prevent a recurrence. All other write offs require Cabinet approval.

**FR24.4** The year-end financial outturn report to Cabinet will set out all stock write offs granted in the year.

## **FINANCIAL REGULATION 25 – ESTATES**

**FR25.1** The Director of Land and Property Assets shall update the Council's Asset Management Plan as necessary and maintain a terrier recording details of all land and properties held by the Council.

**FR25.2** The Monitoring Officer shall have custody under secure arrangements of all the title deeds in the possession of the Council.

**FR25.3** The Director of Land and Property Assets shall be responsible for land and property under his / her control, and for obtaining the best economic return possible consistent with Council policy and legal requirements. He / she shall ensure that all rents etc. are regularly reviewed.

## **FINANCIAL REGULATION 26 - RISK MANAGEMENT AND INSURANCE**

**FR26.1** The Risk Management Strategy outline the arrangements in place to ensure the Council identifies and deals with the key risks it faces. The Section 151 Officer is responsible for ensuring that a risk management process is maintained across the Council and may specify risk management activity to be undertaken by other officers. The Risk Management Framework complements the strategy and ensures a consistent approach to risk management across the organisation by detailing the Council's approach to risk identification, assessment, control and reporting.

**FR26.2** The Council's approach to risk management is a continuous and evolving process that runs through the Council's strategies and service delivery. It ensures key risks are managed and resilience is strengthened in order to support the delivery of the Council's priorities.

**FR26.3** The Section 151 Officer is responsible for advising Cabinet on insurance arrangements. The Section 151 Officer shall be responsible for the day to day administration of the Council's insurances, through the Orbis Centre of Expertise, and negotiating all policies and claims in consultation with the relevant Senior Officers and Budget Managers.

**FR26.4** Senior Officers, in consultation with the Section 151 Officer, shall be responsible for the effective management of all insurable risks.

**FR26.5** Senior Officers shall consult the Monitoring Officer and the Section 151 Officer concerning the terms of any indemnity which the Council may be requested to give.

**FR26.6** All Officers shall give prompt notification to the Section 151 Officer of all new risks, properties or vehicles which require to be insured in accordance with arrangements determined by him / her.

**FR26.7** Any person who makes use of his / her own vehicle for Council business shall comply with the appropriate County Council policies with regards to car users and any instructions relating to this policy issued by the Director of HR & OD.

**FR26.8** Senior Officers shall make arrangements for maintaining proper security at all times for all assets under his / her control and safe and proper arrangements for the custody of keys to safes and similar receptacles.

**FR26.9** Senior Officers shall immediately notify the Section 151 Officer of any loss, liability, damage or other similar event likely to lead to a claim. Where appropriate, the Section 151 Officer shall inform the Monitoring Officer and the Police. Such notification shall be confirmed promptly in writing.

## **FINANCIAL REGULATION 27 - TREASURY MANAGEMENT AND THE PENSION FUND**

**FR27.1** All money held by the Council (except the Pension Fund) shall be aggregated for the purposes of treasury management and shall be under the control of the Section 151 Officer, subject to the constraints of delegated powers given to schools. He / she shall seek expert advice on these matters when considered appropriate.

**FR27.2** The Section 151 Officer is responsible for the Council's treasury management activities in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities and the Prudential Code. He / she shall propose an annual Treasury Management Strategy Statement to the Audit and Governance Committee.

**FR27.3** The Section 151 Officer, through the Orbis Centre of Expertise, will ensure that the provisions of the strategic and operational requirements in FR27.2 are implemented, legislative requirements are complied with and regular monitoring of all Treasury Management activity is undertaken.

**FR27.4** Effective scrutiny of the Treasury Management Strategy will be undertaken by the Resources and Performance Select Committee, as part of the overall scrutiny of the budget.

The Section 151 Officer will submit a mid-year review and an annual outturn report on treasury management to the Audit and Governance Committee.

**FR27.5** The Section 151 Officer has delegated authority to take urgent action as required between Pension Fund Committee meetings, but such action can only be taken in consultation with and by agreement with the Chairman or Vice Chairman of the Pension Fund Committee and following consultation with any relevant Consultant or Independent Advisor.

**FR27.6** The Section 151 Officer will ensure that monitoring reports on the Pension Fund's investment performance and activities, and any other business, are considered by the Pension Fund Committee at least quarterly.

**FR27.7** The Section 151 Officer will ensure that a report on the triennial actuarial valuation of the Pension Fund is taken to the Pension Fund Committee.

**FR27.8** The Section 151 Officer will ensure that a report on the annual accounts and associated external audit of the pension fund is taken to the Pension Fund Committee.

**FR27.9** The Council, as corporate trustee for a limited number of Trust Funds through its members and officers, will ensure that the Council administers them in accordance with its legal responsibilities as trustee, distinct and separate from its functions as a local authority. The council when undertaking the aforementioned duties will also comply with the CIPFA Code of Practice in Treasury Management and any relevant Charity Commission guidance, to ensure provisions are appropriately implemented.

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 17 DECEMBER 2019 AT 2.00 PM  
AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES,  
SURREY KT1 2DN.**

These minutes are subject to confirmation by the Cabinet at its next meeting.

Members:

*Mr Tim Oliver (Chairman)	*Mr Mike Goodman
*Mr Colin Kemp (Vice-Chairman)	*Mrs Mary Lewis
*Ms Charlotte Morley	*Mrs Julie Iles
*Mrs Sinead Mooney	*Mr Matt Furniss
*Mr Mel Few	*Ms Denise Turner-Stewart

Deputy Cabinet Members:

*Mrs Natalie Bramhall	Miss Alison Griffiths
*Mr Mark Nuti	

\* = Present

**PART ONE**  
**IN PUBLIC**

**206/19 APOLOGIES FOR ABSENCE [Item 1]**

Ms Alison Griffiths gave her apologies.

**207/19 MINUTES OF PREVIOUS MEETING: 26 NOVEMBER 2019 [Item 2]**

The Minutes of the meeting held on 26 November were approved as a correct record.

**208/19 DECLARATIONS OF INTEREST [Item 3]**

Mr Mel Few declared a personal interest in relation to agenda item 8, Surrey Waste Local Plan: Proposed Main Modifications.

**209/19 MEMBERS' QUESTIONS [Item 4a]**

There were none.

**210/19 PUBLIC QUESTIONS [Item 4b]**

There was one question from Mrs Smyth who was unable to attend the meeting. This and the Cabinet response were published as a supplement to the agenda.

**211/19 PETITIONS [Item 4c]**

There were none.

**212/19 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]**

There were none.

**213/19 REPORTS FROM SELECT COMMITTEES , TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

There were none.

**214/19 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 6]**

**RESOLVED:**

That the decisions taken by Cabinet Members since the last meeting as set out in Annex 1 to the submitted report be noted.

**215/19 SURREY SCHOOLS & EARLY YEARS FUNDING 2020-21 [Item 7]**

The Cabinet Member for All-Age Learning introduced a report that set out the recommended funding formula for Surrey schools in 2020/21 and proposed the principles to be adopted in the funding of early years in 2020/21 and explained that the local authority was required to consult on and maintain local formula arrangements to allocated the Dedicated Schools Grant (DSG).

She explained how the Schools Forum, a statutory body, must be consulted on the allocation of DSG and that they had rejected the proposal to transfer funding to the High Needs Block (HNB) which provides some funding for children with Special Education Needs.

The consultation response rate from the schools forum was lower than last year possibly because the consultation period was shorter following delays by the Department for Education (DfE) in publishing funding levels. She had circulated a presentation given by the representative head teacher for the secondary phase to the Forum. Reflections on this presentation had been considered in the re-drafted Equalities Impact Assessment (EIA). She described the Forum's two main concerns which the cabinet should give due regard to along with the responses to the consultation before considering the recommendations.

The Cabinet Member clarified that assumptions were made for planning purposes and were subject to annual consultation. The Forum had agreed that there was no inaccuracy in the submission and in future a protocol would be developed with the Forum for next year's funding consultation. There had been discussion around whether the council was receiving significant additional funding in respect of the HNB. She stated that £12.2m was not significant in the context of the current deficit of £18m carried forward from 2018/19 and pressures forecast that outweighed this sum (£29m). This information was shared with the Forum.

The updated EIA relates to the impact of transferring £3.3M from DSG to HNB. It was not possible to ascertain what impact this proposal may have because schools control their own budgets and will make individual decisions as to how the allocated budget will be spent. It was possible that schools

would be able to redistribute resources so that there was no discernible impact at all.

The possibility of the council funding the Special Education Needs & Disabilities (SEND) deficit had been discounted for two main reasons. Firstly, the council had already budgeted for a contribution to an offsetting reserve to match the cumulative HNB deficit. There was no room in the budget for any further support to SEND. The intention was that SEND spend would reduce to grant levels over three years, so the budgeted contribution to the reserve could then be used for other purposes. Secondly, the direction from the DfE had indicated that the intention was for councils not to use general fund resources to fund DSG deficits.

The Leader confirmed that the Council would continue to lobby for SEND funding.

**RESOLVED:**

That the proposals set out in Annex 3 to the submitted report be approved, namely that:

1. An appeal be lodged with the Secretary of State for Education to overturn the decision of the Schools Forum and permit the transfer of 0.5% of the schools block (estimated at £3.3 million) to support high needs SEND (Special Education Needs & Disabilities).
2. The transition to the National Funding Formula (NFF) progresses at a steady rate to an estimated 92.5% of published 2020/21 NFF values.
3. The council implement the DfE's recommended Minimum Per Pupil Level in full.
4. the Schools Forum's formula recommendations for Schools and early years funding as set out in Annex 3 of the submitted report be approved.
5. the cost of additional Special Education Needs (SEN) funding for inclusive schools be contained within £0.9 million per year. To achieve this, authority was delegated to the Director of Education, Lifelong Learning & Culture in consultation with the Cabinet Member for All-Age Learning to approve amendments to the schools and early years additional SEN funding and notional SEN funding formula, following discussion with Schools Forum in December.
6. authority be delegated to the Director of Education, Lifelong Learning & Culture in consultation with the Cabinet Member for All-Age Learning to approve amendments to the schools and early years formulae as appropriate following receipt of the Dedicated Schools Grant (DSG) settlement and Department for Education (DfE) pupil data in December 2019. This was to ensure that total allocations to schools under this formula remain affordable within the council's DSG settlement.

**Reasons for decision:**

To comply with DfE regulations requiring formal council approval of the local funding formula for Surrey's primary and secondary schools.

## **216/19 SURREY WASTE LOCAL PLAN: PROPOSED MAIN MODIFICATIONS [Item 8]**

The Cabinet Member for Environment & Waste introduced a report that set out details of the modifications to the new Surrey Waste Plan. The final draft of the Plan (the 'Submission' draft) was approved by Cabinet in December 2018. The Plan was now in the process of being examined by an independent Inspector appointed by the Secretary of State. As part of the examination process public hearings were held over a two-week period from 17 – 26 September 2019. A number of modifications were proposed and have been agreed with the Inspector. These were considered necessary to make the Plan sound and are known as Main Modifications. These Main Modifications would be subject to further six week consultation before the Inspector could make a final recommendation.

The Deputy Leader reiterated that the Plan identified potential sites and not which sites would actually be used.

### **RESOLVED:**

1. That the proposed Main Modifications to the Surrey Waste Local Plan (Submission Draft) be agreed.
2. That the Main Modifications be published for consultation, together with a revised Environmental & Sustainability Report, from 13 January – 23 February 2020.

### **Reason for decision:**

Main Modifications identified as part of the examination process are being proposed in order to ensure the Plan is legally compliant and sound. In accordance with the December 2018 report to Cabinet, the proposed Main Modifications to policy need to be agreed by Cabinet prior to their publication for comments.

*The Cabinet Member for Finance declared an interest in this item in that he had been actively opposing elements of the Local Plan alongside local residents. He left the room during discussion on this item.*

## **217/19 APPROVAL OF COMMISSIONING AND PROCUREMENT STRATEGY FOR THE COUNTRYSIDE WORKS SERVICES FRAMEWORK RE-PROCUREMENT [Item 9]**

The Cabinet Member for Highways introduced a report that described how the current Countryside Works Framework was used by Highways and Countryside to provide services for the maintenance of Surrey's countryside and that the Framework Agreement would expire on 31 March 2020. A replacement Agreement was required to enable continued provision of these services. The Cabinet Member for Community Safety, Fire & Resilience supported the commitment to the countryside.

**RESOLVED:**

That the commissioning and procurement strategy developed by Highways, Countryside and Procurement for the re-procurement of the Countryside Works Framework Agreement was approved.

**Reason for decision:**

We are requesting approval of the commissioning and procurement strategy for the Countryside Works Framework Agreement to enable Highways and Countryside to continue providing the services required to maintain Surrey's countryside in accordance with the relevant procurement regulations.

**218/19 ANNUAL PROCUREMENT FORWARD PLAN 2020-21 [Item 10]**

The Cabinet Member for Corporate Support explained how the revised Procurement and Contract Standing Orders agreed by the Council in May 2019 required the preparation of an Annual Procurement Forward Plan (APFP) during the business planning cycle. The APFP has been developed for 2020/21 and Cabinet was asked to approve the Plan to allow implementation of the identified procurement activity. She explained how item that were highlighted in the annexes to the report would come back to Cabinet for decision. This report also had a Part 2 annex at Item 14.

The Leader spoke of the good conversation had with the Resources & Performance Select Committee at its meeting on 16 December 2019.

**RESOLVED:**

1. That approval to Procure for the projects listed in Annex 1 of the submitted report – “Annual Procurement Forward Plan for 2020/21” in accordance with the Council’s Procurement and Contract Standing Orders was agreed.
2. That where the first ranked tender for any projects listed in Annex 1 of the submitted report is within the +/-5% budgetary tolerance level, the relevant Executive Director, Director or Head of Service (as appropriate) is authorised to award such contracts was agreed.
3. That the procurement activity that will be returned to Cabinet for review of the commissioning and procurement strategy prior to going out to market, and which is highlighted in grey in Annex 1 of the submitted report was agreed.

**Reasons for decision:**

- To comply with the Procurement and Contract Standing Orders agreed by Council in May 2019.
- To provide Cabinet with strategic oversight of planned procurement projects for 2020/21.
- To ensure Cabinet oversight is focussed on the most significant procurements.

- To avoid the need to submit multiple individual requests for Approval to Procure as well as individual contract award approvals for work taking place in 2020/21.

### **219/19 SUPPLY OF FROZEN AND GROCERY PRODUCTS FOR THE DELIVERY OF TWELVE15 CATERING SERVICES [Item 11]**

The Cabinet Member for Corporate Support introduced a report that explained how Twelve15, a trading department of the Council, provided catering services to schools against an agreed Service Level Agreement to both free and paying pupils and students and in order to facilitate the delivery of this service a decision was requested to re-procure the frozen and grocery supplies as a fundamental requirement of the activity.

#### **RESOLVED:**

To Procure be approved and agreed the proposed route to market of a full open competitive tender process that Procurement, Pelican (the appointed Food Buying Agent) and Twelve15 will effect to obtain the best value catering service for schools with an efficient supply and distribution of frozen and grocery supplies across the Twelve15 contract portfolio.

#### **Reasons for decision:**

The existing contract for the supply of frozen and grocery supplies to facilitate the service expired in October 2020.

In order to ensure the provision of the catering service continued to evolve with the change of customer expectation and ever changing food trends, Twelve15 had undertaken an extensive supplier engagement process to fully engage with the market and ensure the future contract for the supply of frozen and grocery products fully reflected the need of the business. In July 2019, Twelve15, Pelican and Procurement undertook a supplier engagement exercise whereby 5 suppliers in the market were invited to present against a prescribed brief setting out 5 key priority areas:

1. Flexibility of supply chain
2. Carbon Footprint
3. Innovation in the Market
4. Sourcing
5. Engagement

The information gleaned from the supplier engagement exercise will be used to inform the tender specification to ensure the commissioning of a supplier is in line with the needs of Twelve15's business. The successful supplier will be expected to deliver food innovation and development concepts, support promotional and marketing activity to increase business uptake, promote and encourage healthy eating and to supply product that fully comply with food safety legislation and offer a value for money ethos.

### **220/19 MONTHLY BUDGET MONITORING [Item 12]**

The Cabinet Member for Finance introduced a report that detailed the Council's 2019/20 financial position as at 31 October 2019 (M7) for revenue and capital budgets, the expected outlook for the remainder of the financial year and also as a quarter-end report. He explained that the overall position was improving but pressures continued with adult social care and special

education needs & disabilities funding. He complimented all the work undertaken to get the savings achieved so far.

The Leader spoke of the effort by Members and officers to get to the point of being able to speak of a balanced budget. The full budget was due in January and this would build on work done over the last year.

**RESOLVED:**

1. That Local Learners Fund expenditure of £0.6m funded from the 2018/19 Schools and Early Years block Dedicated Schools Grant carry forward be approved;
2. That the transfer of the balance of the contingency to reserves (£8.9m) to support future revenue budgets be approved;
3. That the re-profiled 2019/20 capital budget of £120.3m be approved; and
4. That the Council's forecast revenue and capital budget positions for the year be noted.

**Reason for decision:**

This report complied with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval of any necessary actions.

**221/19 EXCLUSION OF THE PUBLIC [Item 13]**

**RESOLVED:** That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

**222/19 ANNUAL PROCUREMENT FORWARD PLAN 2020-21 [Item 14]**

This Part 2 annex contains information which is exempt from Access to Information requirements by virtue of paragraph 3 – Information relating to the financial or business affairs of any particular person (including commercially sensitive information to the bidding companies).

See Minute 218/19.

**223/19 URGENT ITEM - COMMERCIAL PROGRAMME (WASTE) UPDATE [Item 15]**

This Part 2 annex contains information which is exempt from Access to Information requirements by virtue of paragraph 3 – Information relating to the financial or business affairs of any particular person (including commercially sensitive information to the bidding companies).

In accordance with Standing Order 56.1 (Special Urgency), the Chairman of the Environment Select Committee has agreed that the decision cannot reasonably be deferred because there is an urgent need for the Cabinet to be updated on latest developments.

See [Exempt Minute E-20-19]

**224/19 PUBLICITY FOR PART 2 ITEMS [Item 16]**

It was agreed that non-exempt information may be made available to the press and public, where appropriate.

Meeting closed at 2.40 pm

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**Chairman**