

MINUTES of the meeting of the **RESOURCES AND PERFORMANCE SELECT COMMITTEE** held at 10.00 am on 17 December 2021 at .

These minutes are subject to confirmation by the Committee at its meeting on Thursday, 20 January 2022.

Elected Members:

- * Nick Darby (Chairman)
- * Will Forster (Vice-Chairman)
- David Harmer
- * Robert Hughes
- Rebecca Jennings-Evans
- * Robert King
- * David Lewis
- * David Lewis
- * Steven McCormick
- Rebecca Paul (Vice-Chairman)
- * John Robini
- Tony Samuels
- * Lesley Steeds
- * Hazel Watson
- * Jeremy Webster

(* =present at the meeting)

36/21 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

David Lewis of Camberley attended as a substitute for Rebecca Jennings-Evans. David Lewis of Cobham attended as a substitute for Tony Samuels.

37/21 MINUTES OF THE PREVIOUS MEETINGS: 17 SEPTEMBER 2021 [Item 2]

The minutes of the Resources and Performance Select Committee held on 17 September 2021 were reviewed. The minutes will be formally agreed at the 20 January 2022 Committee Meeting.

38/21 DECLARATIONS OF INTEREST [Item 3]

None received.

39/21 QUESTIONS AND PETITIONS [Item 4]

None received.

40/21 2022/23 DRAFT BUDGET REPORT AND MEDIUM-TERM FINANCIAL STRATEGY TO 2026/27 [Item 5]

Witnesses:

Leigh Whitehouse, Deputy Chief Executive and Executive Director Resources
Marie Snelling, Executive Director, Customers and Communities
Anna D'Alessandro, Director, Corporate Finance and Commercial
Rachel Wigley, Director Finance, Insights & Performance

Nicola O'Connor, Strategic Finance Business Partner
Mark Hak-Sanders, Strategic Finance Business Partner

Officers introduced a summary of the item and outlined the key aspects of the report pointing out that all budget assumptions and work undertaken for the Medium-Term Financial Strategy (MTFS) included the Council's priorities and community vision for 2030.

Key points raised during the discussion:

1. The Chairman asked what would be the impact of the proposed budget reductions or efficiencies on residents and the Council's service delivery? Officers said that an entire budget package was being produced with updated impact assessments to take into account any changes to service delivery. They added that where the service had identified equality implications, impact assessments would be drafted alongside these in addition to being presented to the relevant Select Committee and Cabinet as part of the future approval process.
2. The Chairman added that it was not only detail that was required but the impact of changes to services in general. It would be advantageous to assess the effect on residents in relation to efficiencies as early as possible. Officers agreed that the considering the implications of efficiencies were an important part of the design process.
3. The Chairman asked if all Members could expect a further briefing following the finance settlement announcement. Officers confirmed that they would be happy to brief members further once all budget implications had been worked through.
4. The Chairman asked if the cost in terms of the National Insurance increase was known. Officers said that the total cost to Surrey County Council before any other implications was £2.5m.
5. A Member asked how items would be selected in relation to the Twin Track budget setting process given that it would be likely that their remits would cross Select Committees. Officers said that they were mindful of the need to present items to the Budget Task Group in addition to more than one Select Committee.
6. A Member asked what assumptions had been built in in terms of staffing cost and any increases. Officers said that the draft budget assumed a 2% inflationary pay rise across each year of the Medium-Term Financial Strategy but discussions were ongoing and needed to reflect any changes in the final budget.
7. A Member enquired how the recruitment of professional staff, particularly in the two social care areas could be improved? Officers said that work regarding pay and rewards had been undertaken and that a three-year programme was in consideration. The recruitment of social care staff and those in children's services were at the forefront of this work as these areas were reliant on agency staff currently.

8. A Member asked how would further increases to the Council Tax be presented to taxpayers already concerned about their personal finances? Officers agreed that there was a national cost of living crisis and, unfortunately, Surrey residents would feel these pressures too. Council Tax was seen by the Government as a part of the solution to the pressures on Adult Social Care.
9. A Member asked how the Council could be confident that budget consultation responses from residents were truly representative. Officers explained that population data had been used as a comparator ensuring a rigorous and robust process that was statistically representative of the population. A Member suggested that the last date for responses of 28 December might not be a suitable time to motivate residents to respond due to Christmas. Officers agreed to take this feedback on board.
10. A Member asked what was being done to join services and boroughs and districts offering different council tax support to residents. Officers said that this had been considered in detail during the last 18 months and that the aim was to share budget information widely going forward but there were limitations due to the nature of the two-tier system. Officers added that the County's ambitions in terms of the green agenda proactively sought to work and succeed in working collaboratively.
11. A Member asked why more money was being put into reserves whilst at the same time increasing borrowing, and could the Council borrow less and not increase reserves instead. Officers said the Council didn't externally borrow until there was a need to do so. The Council's reserves were used to minimise the amount borrowed, so in terms of interest costs every pound in reserve would offset interest costs until that money was required to fund the capital programme. Although the numbers in reserve seem significant, it would not be beneficial to reduce them and increase the risk profile of the Council's finances over the medium-term.
12. A Member asked if earmarked specific reserves that remained unspent were actually required as reserves for those purposes while remain unused? Officers said that the level of reserves held were reviewed annually as part of the budget report and that the Section 151 officer had to be satisfied that they were at a prudent level. In previous years, the Council had set itself on a course that would see reserves depleted to the point where it wouldn't be sustainable. With this in mind, the current level of reserves were proportionate to the level of risks that the authority faced. By comparison to the recommendations of external auditors, the County had reasonable but not excessive level of reserves.
13. A Member asked what advice had been given on the amount of contingency that should be held back. Officers said that there was no external advice specifically regarding contingencies.
14. A Member asked what percentage level of reserves did Surrey have? Officers confirmed that approximately 15% of the net revenue budget

was held in reserve. This amount excluded reserves for very specific purposes, which would effectively be technical reserves.

15. A Member noted the IT overspend of £3m relating to delayed 'go-live' of the MySurrey ERP implementation and asked if it had been included on the budget and if so where? Officers explained that Cabinet would be presented with a paper later this month on the cost of the delay to the My Surrey system implementation. That impact had been felt in both the capital and the revenue budget. Some of the impact occurred in the current financial year and would be factored in the budget monitoring report for the current financial year. Where the impact falls in 22/23 it was not currently factored into the draft budget being scrutinized today, but would be reflected in the final budget proposals, subject to any comments or changes arising from the upcoming Cabinet discussion.
16. A Member asked if the Council had completed an assessment of other similar council's corporate costs to undertake an effective comparison as it would be useful to be able to understand how our costs compare to other similar councils. Officers said the subject of benchmarking was an important one and while there was a lot of work relating to costs of frontline services, it was a complex area due to a lack of availability of comparable data. It was difficult to access the costs of other local authorities and there was added complexity as different structures were involved. However, work was being undertaken to build local networks and have useful discussions to enable more focus on this. A Member wondered if a consultancy company specialising in benchmarking could be tasked for this purpose? Officers said that this wasn't currently under consideration and benchmarking was being looked at within current resources however it was something to think about going forward.
17. A Member wondered if borrowing was assigned to relevant departments instead of centrally would more effort be made to reduce the cost. Officers said that this was in the early stages of consideration. The first stage this year had been to advise services of the costs of borrowing and it was being decided whether to take it to the next stage.
18. A Member asked what the reasons for non-delivery of a few efficiencies were and was there a similar risk within the current budget particularly when one looked at red rated savings with higher risks in the draft budget. Officers said that the forecast for 2021/22 was that £4.1m of efficiencies were deemed to be undeliverable at this point, with approximately half of that being in Adult Social Care. The impact of COVID was a theme across the non-delivery in 2021/22 and it would continue to be an underlying theme in 2022/23. Officers added that the budget had been set with assumptions on several factors, COVID-19 being one of them.
19. A Member asked what the Surrey County Council was doing to ensure project controls and encouraging joined up working as this was an area where money could be saved. Officers said it had been recognised that one of the Council's challenges was to ensure effective working across services and there had been little progress to

date. The aim was for the Twin Track approach to help deliver this joined up working more effectively

20. The Vice-Chairman asked if the budget consultation could be held earlier in the budget setting process so that concepts and results could be considered in good time. Officers said this could be considered if appropriate but that the purpose of the information was to be informative rather than precise and specific and that there was a balance to be struck in providing information that was broad and engaging to gain a full understanding of all complexities.

The Chairman thanked Members for their enquiries and officers for their presentations and responses.

Recommendations:

In appreciating the work undertaken to prepare the draft budget 2022-23 and Medium-Term Financial Strategy (MTFS) to 2026/27, the Resources and Performance Select Committee recommends that:

1. As a matter of agreed budget setting process every year, following the details of the Local Government Finance Settlement usually in mid-December, the Section 151 Officer provide a written briefing note to all Members with details of any impact on the Surrey County Council finances, service delivery and effect on its residents.
2. The Cabinet is requested to ensure that a comprehensive, truly representative and early budget consultation with residents and key stakeholders should form an integral part of the Council's budget setting process each year with findings communicated to all Members and made available to Select Committees with draft budget papers. The initial budget consultation process should conclude first before a draft budget is presented to the Council's Select Committees. The deadline for the current call for evidence be extended from 28 December 2021 to allow residents and stakeholders more time to comment and engage after the festive and the New Year period.
3. From the Council's borrowing cost point of view, the Cabinet should carefully examine to ensure that the effect of borrowing result in a real return, particularly any commercial borrowing ought to cover return on its investment.
4. The Cabinet to ensure that an assessment is undertaken of all Surrey's Borough and District Council's Local Council Tax Support to ensure any increase in Surrey County Council's share of Council Tax is affordable to all residents.
5. To further support collaborative working, to avoid any silos and to ensure proper oversight and effective budget scrutiny next year, the Cabinet is requested to ensure that the Resources and Performance Select Committee and its Budget Task Group (with all Select Committee representation) will be provided with:

- a. Regular in-year up-to-date finance monitoring updates throughout the year – particularly when there are significant and material changes – in order to be assured that assumptions made and expectations derived from the budget 2022-23 and MTFS 2026-27 (where relevant) will be met in practice;
- b. Early communication and understanding of 2023/24 draft budget with high-level assessment of effect on residents;
- c. Meaningful details about the budget efficiencies with overarching Budget Impact Assessments (including any impact on service delivery, residents, corporate and organisational priorities, Equality Diversity & Inclusion (EDI) and staffing etc.) be provided to Select Committees and the Budget Task Group where appropriate before the draft budget is formally presented to Select Committees. This should happen earlier than November to ensure members have sufficient time to understand, make further enquiries and add real value to the scrutiny process;
- d. Commentary and comparison of corporate costs of the Council with similar authorities;

41/21 PROPERTY PROGRAMME UPDATE (FACILITIES MANAGEMENT - FORWARD MAINTENANCE, SURPLUS ASSETS AND DISPOSALS WORKSTREAM) [Item 6]

Witnesses:

Natalie Bramhall, Cabinet Member for Property and Waste

Leigh Whitehouse, Deputy Chief Executive and Executive Director, Resources

Simon Crowther, Director, Land and Property

Graham Glenn, Head of Acquisitions & Disposals

Brian Boundy, Facilities Management

Officers summarised the Forward Work Maintenance and Surplus Assets and Disposals Workstream papers previously. Forecast works were outlined in addition to planned work in children's homes and adult care homes. All work undertaken supported the Greener Futures delivery plan to achieve net zero by 2030.

Key points raised during the discussion:

1. The Chairman asked for an indication of the amount of money being considered for children's homes? Officers explained that there was a range of £2.7m and £4.3m which would consider the long-term hold of the property or the medium-term strategy.
2. The Chairman asked if there could be more focus on keeping assets in good repair. Officers explained that to manage the estate they were putting in place a risk-based maintenance regime as opposed to a reactive approach.

Based on that risk and knowledge of our asset condition, officers plan to put together a program of works for next year and subsequent years that will meet that that need.

3. The Chairman asked if officers were satisfied they had the required resources in relation to the surplus assets disposal workstream? Officers said that they had extra colleagues joining the team in February and were reviewing some of the supply chain activities in terms of external resources. This would be brought through on the forward plan for a procurement.
4. The Vice-Chairman asked if more information was available regarding the spending on external resources secured to bridge the shortfall in capacity? Officers said that the external consultants, Turner and Townsend, were brought in to support specifically selected projects. They had worked with the capital development team and the relationship had been utilised to then provide additional resources where there were vacancies within the project surveying team, bolstering capacity to deliver the projects that were in the pipeline. The Vice-Chairman asked how much Turner and Townsend were paid? Officers explained that they were paid on a fee basis, at a commercially agreed rate per project and value of those projects.
5. The Chairman queried the reference to maintenance in children's homes and the excessive amount of time taken for some repairs to be completed? Officers said that temporary solution were provided but that sometimes there were delays with supply chains and the manufacturing of items that needed to be replaced.

Recommendations:

The Resources and Performance Select Committee recommends that Cabinet Member for Property and Waste ensures that appropriate maintenance and repairs to the County Council owned properties are not deferred.

42/21 CABINET MEMBER UPDATE - CABINET MEMBER FOR PROPERTY (NATALIE BRAMHALL) [Item 7]

Witnesses:

Natalie Bramhall, Cabinet Member for Property

Leigh Whitehouse, Deputy Chief Executive
Simon Crowther, Director – Land and Property
Brian Boundy, Facilities Management

The Cabinet Member for Property and Waste summarised the Property Update Report including an overview of capital delivery followed by capital projects.

Key points raised during the discussion:

1. The Vice-Chairman asked if the service was on track to deliver all identified projects and asked which ones were causing the most challenges? The Cabinet Member for Property said that the service was on track to deliver all items identified as priorities and added that The Priory School was likely to cause the most challenges.
2. The Vice-Chairman asked what was the total value of the disposal of any assets identified by services as surplus to requirement? The Cabinet Member for Property said that the figure from the surplus assets on the balance sheet was £35m excluding an investment opportunity that would be completing imminently.
3. A Member asked if the September 2023 delivery date for The Priory School was achievable? An officer explained that a contractor had recently been engaged under a pre-construction services agreement for the project and they provided a construction plan and timeline to deliver the project by September 2023.
4. The Chairman asked what reassurances were there that good project management was implemented in all cases to avoid costly delays? Officers said that design processes were being followed for all projects and stakeholders were signing off at the end of each stage. Design consultations were taking place with each department throughout to ensure any problems were identified in good time.
5. The Chairman wished the service luck with the ambitious projects that were to be delivered and asked if the Select Committee could have regular updates including being notified of any issues arising which could cause delays. The Chairman also requested site visits if practical to enable a genuine understanding of the projects being discussed. The Cabinet Member for Property and Waste agreed that site visits would be helpful

43/21 FORWARD WORK PROGRAMME AND RECOMMENDATION TRACKER [Item 8]

The Select Committee noted the Recommendation Tracker and the Forward Work Programme.

44/21 DATE OF THE NEXT MEETING [Item 9]

The next meeting will be held on 20 January 2022 at 10am

Meeting ended at: Time Not Specified

Chairman