

# Cabinet

**Date & time**

Tuesday, 25  
January 2022 at  
2.00 pm

**Place**

Council Chamber,  
Woodhatch Place, 11  
Cockshot Hill, Reigate,  
Surrey ,RH2 8EF

**Contact**

Vicky Hibbert or Huma  
Younis  
Tel 020 8541 9229 or  
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**Chief Executive**

Joanna Killian



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**Cabinet Members:** Natalie Bramhall, Clare Curran, Kevin Deanus, Matt Furniss, Marisa Heath, Sinead Mooney, Mark Nuti, Tim Oliver, Becky Rush and Denise Turner-Stewart

**Deputy Cabinet Members:** Maureen Attewell, Steve Bax and Rebecca Paul

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**This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Vicky Hibbert or Huma Younis on 020 8541 9229 or 07866899016.**

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**1 APOLOGIES FOR ABSENCE**

**2 MINUTES OF PREVIOUS MEETING: 21 DECEMBER 2021**

(Pages 1  
- 16)

To agree the minutes of the last meeting as a correct record 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 PROCEDURAL MATTERS**

**a Members' Questions**

The deadline for Member's questions is 12pm four working days before the meeting (19 January 2022).

**b Public Questions**

The deadline for public questions is seven days before the meeting (18 January 2022).

**c Petitions**

The deadline for petitions was 14 days before the meeting, and no petitions have been received.

**d Representations received on reports to be considered in private**

To consider any representations received in relation why part of the meeting relating to a report circulated in Part 2 of the agenda should be open to the public.

- 5 REPORTS FROM SELECT COMMITTEES , TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL** (Pages 17 - 22)
- To consider any reports from Select Committees, Task Groups, Local Committees and any other Committees of the Council.
- A. Scrutiny of 2022/23 Draft Budget and Medium-Term Financial Strategy to 2026/27 (Report of the Council's Select Committees)
- 6 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING** (Pages 23 - 24)
- To note any delegated decisions taken by the Leader, Deputy Leader, Cabinet Members, Strategic Investment Board and Committees in Common Sub-Committee since the last meeting of the Cabinet.
- 7 COVID-19 DELEGATED AND URGENT DECISIONS TAKEN** (Pages 25 - 26)
- To ensure transparency of decisions taken in response to Covid-19, Cabinet are asked to note the attached decisions taken since the last meeting.
- 8 CABINET MEMBER OF THE MONTH** (Pages 27 - 28)
- For Cabinet to receive an update from Sinead Mooney, Cabinet Member for Adults and Health.
- 9 2022/23 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2026/27** (Pages 29 - 214)
- Cabinet is required to consider and make recommendations to Council on:
- The Revenue and Capital Budgets for 2022/23, including efficiency proposals.
  - The Council Tax Precept level for 2022/23.
  - The Council's Capital Programme for 2022/23-2026/27.
  - The Council's Capital, Investment and Treasury Management Strategy, which provide an overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of our services and sustain our capital investments.
- (The decisions on this item can be called-in by the Resources and Performance Select Committee)*
- 10 CHANGES TO SURREY'S COMMUNITY RECYCLING CENTRE POLICIES** (Pages 215 - 222)
- For Cabinet to approve a number of changes to the Community Recycling Centre (CRC) operating policy in advance of the main waste disposal re-procurement that align to our strategic priorities and are designed to increase operational efficiency, simplify policy for residents, and respond to customer feedback.
- (The decisions on this item can be called-in by the Communities, Environment and Highways Select Committee)*

- 11 SURREY PUBLIC ELECTRIC VEHICLE CHARGEPOINT PROCUREMENT PLAN** (Pages 223 - 236)
- As the transition to Electric Vehicles (EV) continues to grow, the demand for on-street or publicly accessible chargepoints will increase, Surrey County Council is uniquely positioned to oversee the installation of public EV chargepoints. The council is being asked to undertake a procurement exercise with the aim of appointing a single supplier to work in partnership with the Council and its Key Delivery Partners to deliver public EV chargepoints at a large scale across Surrey.
- (The decisions on this item can be called-in by the Communities, Environment and Highways Select Committee)*
- 12 NO ONE LEFT BEHIND: CHILD POVERTY IN SURREY** (Pages 237 - 262)
- Cabinet is asked to propose to Council that the following Surrey County Council strategic response to child poverty be adopted and continue to be developed across all service areas through 2022 and beyond.
- (The decisions on this item can be called-in by the Children's, Families, Lifelong Learning & Culture Select Committee)*
- 13 ADMISSION ARRANGEMENTS FOR SURREY'S COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS FOR SEPTEMBER 2023** (Pages 263 - 350)
- Following statutory consultation on Surrey's admission arrangements for September 2023, Cabinet is asked to consider the responses set out in Enclosure 4 and make recommendations to the County Council on admission arrangements for Surrey's community and voluntary controlled infant, junior, primary and secondary schools for September 2023.
- (The decisions on this item can be called-in by the Children's, Families, Lifelong Learning & Culture Select Committee)*
- 14 DEVELOPING LOCAL SPECIAL EDUCATIONAL NEEDS AND DISABILITY (SEND) PROVISION IN SURREY TO MEET DEMAND FROM 2023/24 ONWARDS** (Pages 351 - 370)
- By 2030-2031, the local area's Specialist Education Estate is projected to require more than 800 additional places on top of the planned growth delivered by the first three phases of the SEND Capital Programme. A further expansion of the Specialist Education Estate is necessary to achieve our long-term ambition to ensure that Surrey resident pupils receive a full time high quality specialist education closer to home, more connected to local communities and local support services. This report seeks support for this further expansion and delegated authority to manage the Capital pipeline.
- (The decisions on this item can be called-in by the Children's, Families, Lifelong Learning & Culture Select Committee)*
- 15 MONTHLY BUDGET MONITORING- 2021/22 MONTH 8** (Pages 371 - 378)
- This report provides details of the County Council's 2021/22 financial position as at 30<sup>th</sup> November 2021 (M8) for revenue and capital budgets, and the expected outlook for the remainder of the financial year.

*(The decisions on this item can be called-in by the Resources and Performance Select Committee)*

**16 EXCLUSION OF THE PUBLIC**

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.

**PART TWO - IN PRIVATE**

**17 DEPARTMENT FOR EDUCATION SAFETY VALVE AGREEMENT**

(Pages  
379 -  
386)

This Part 2 report 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 the authority holding that information).

*(The decisions on this item can be called-in by the Children's, Families, Lifelong Learning & Culture Select Committee)*

**18 PUBLICITY FOR PART 2 ITEMS**

To consider whether the item considered under Part 2 of the agenda should be made available to the Press and public.

**Joanna Killian  
Chief Executive**

Published: Monday, 17 January 2022

## QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

The Cabinet will consider questions submitted by Members of the Council, members of the public who are electors of the Surrey County Council area and petitions containing 100 or more signatures relating to a matter within its terms of reference, in line with the procedures set out in Surrey County Council's Constitution.

### **Please note:**

1. Members of the public can submit one written question to the meeting. Questions should relate to general policy and not to detail. Questions are asked and answered in public and so cannot relate to "confidential" or "exempt" matters (for example, personal or financial details of an individual – for further advice please contact the committee manager listed on the front page of this agenda).
2. The number of public questions which can be asked at a meeting may not exceed six. Questions which are received after the first six will be held over to the following meeting or dealt with in writing at the Chairman's discretion.
3. Questions will be taken in the order in which they are received.
4. Questions will be asked and answered without discussion. The Chairman or Cabinet Members may decline to answer a question, provide a written reply or nominate another Member to answer the question.
5. Following the initial reply, one supplementary question may be asked by the questioner. The Chairman or Cabinet Members may decline to answer a supplementary question.

## 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, Surrey County Council has wifi available for visitors – please ask at reception for details.

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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*

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 21 DECEMBER 2021 AT 2.00 PM  
IN THE COUNCIL CHAMBER, WOODHATCH PLACE, 11 COCKSHOT  
HILL, REIGATE, SURREY ,RH2 8EF.**

These minutes are subject to confirmation by the Cabinet at its next meeting.

Members:

\* (present)

- \*Tim Oliver (Chairman)
- \*Natalie Bramhall
- \*Clare Curran
- \*Matt Furniss
- \*Mark Nuti
- \*Denise Turner-Stewart
- \*Sinead Mooney
- \*Marisa Heath
- Becky Rush
- \*Kevin Deanus

Deputy Cabinet Members:

- \*Maureen Attewell
- \*Rebecca Paul
- \*Steve Bax

Members in attendance:

Will Forster, Local Member for Woking South  
Jonathan Essex, Local Member for Redhill East  
Catherine Baart, Local Member for Earlswood and Reigate South  
Nick Darby, Local Member for Dittons and Weston Green Residents  
Lance Spencer, Goldsworth East and Horsell Village  
Robert Evans, Stanwell and Stanwell Moor

**PART ONE  
IN PUBLIC**

**230/21 APOLOGIES FOR ABSENCE [Item 1]**

Apologies were received from Becky Rush.

**231/21 MINUTES OF PREVIOUS MEETING: 30 NOVEMBER 2021 [Item 2]**

The Minutes of the Cabinet meeting held on 30 November 2021 were approved as a correct record of the meeting.

**232/21 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**233/21 PROCEDURAL MATTERS [Item 4]****233/211 MEMBERS' QUESTIONS [Item 4a]**

There were ten member questions. The questions and responses were published as a supplement to the agenda.

With regards to his first questions Will Forster queried what this said about Surrey's influence or lack of influence with the government and if the governments levelling up agenda could mean levelling down places like Surrey. The Leader responded saying that he did not believe this said anything about Surrey's level of influence. Surrey had good representation from Surrey MPs and had received a positive response to its expression of interest. Surrey had not been chosen for the pilot but Surrey would continue with its representations to government.

With regards to his first question, Lance Spencer queried if there was a timescale for the green fleet strategy. The Cabinet Member for Environment said that there was no date at the moment but would be meeting with the Green Fleet Manager in the first week of January 2022. The Cabinet Member invited the member to one of her member surgeries where the matter could be discussed further. With regards to his second supplementary question, Lance Spencer asked if there had been any response from the Cabinet Ministers. The Cabinet Member for Environment explained there had been no response as of yet but would share the response once it had come through and was happy to share the letters that had been sent to them.

With regards to Lance Spencer's question regarding mental health waiting lists, the Cabinet Member for Children and Families confirmed that the average waiting time from referral to the start of assessment was 147 days and at the beginning of this month there were 1512 children and young people waiting between referral and assessment. It was explained that the number of young people that were coming forward for assessment was higher than was expected and as a result of that, Mindworks Surrey had taken on additional capacity and extended contracts with external partners to help to deal with that number of young people and reduce the time that families were waiting.

With regards to her member question Catherine Baart asked if it was possible to have a copy of the travel plan which came up with the recommendations. The member also mentioned that there were very few public buses that travelled up Cockshot Hill to Reigate Station and when a daily shuttle bus was established if this would also be open to members of the public to use. The Leader stated that he was happy to share the travel plan. The plan was to introduce an on demand bus service which was already being piloted in Mole Valley and would be open to the public but this would depend on whether this service being provided by a community transport provider or not which the Leader would need to check.

With regards to his member question, Jonathan Essex stated that the Cabinet Member's response mentioned a retrofit of homes and asked if there was a stocktake of Surrey housing underway across the county. The Cabinet Member for Environment explained that there was data which had been pulled together by Atkins although the robustness of this data had been questioned and as a result more work has been asked to be done on this. The



Cabinet Member explained that one of the priorities was how the council worked with the rented sector in order to drive retrofits through as this was probably going to be one of the hardest areas to drive going forward. Jonathan Essex explained that some of the London boroughs were working together to deal with high rise building retrofits.

#### **234/21 PUBLIC QUESTIONS [Item 4b]**

There were two public questions. The questions and responses were published as a supplement to the agenda.

#### **235/21 PETITIONS [Item 4c]**

There were none.

#### **236/21 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]**

There were none.

#### **237/21 REPORTS FROM SELECT COMMITTEES , TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

The motion was introduced by Robert Evans who made the following key points:

- Thanked the Leader for writing to the Secretary of State and copying him into the letter.
- Since the Grenfell Tower disaster many questions have been asked about similar properties in Surrey. Therefore an audit and consultation to establish the potential scope of the cladding, EWS1 and snagging issues of all habitable buildings should be carried out. Buildings where an EWS1 form is not being granted are causing issues for owners selling or renting their properties. This was the situation in West Plaza by Ashford Hospital where there were around 150 properties which owners were having difficulties in selling because mortgage lenders will not lend against the property.
- Current estimates to put right all the defects in similar properties across the country would cost between £15-16 billion, in comparison, current estimates for the cost of the government COVID measures announced so far range from £315-410 billion.
- This was a very serious matter that impacted more properties in Surrey than people realised. It was difficult to express in words the heartbreak, anxiety torment and utter despair that this situation has caused to those who were affected and it was only right for the council to take a lead and to be at the forefront of any campaign to support our people and push the government.

The motion was seconded by Jonathan Essex who made the following key points:

- Concern about buildings in Surrey is more widespread than we have been led to believe.

- All homes and buildings should be checked and should be made safe as quickly as possible. The councillor was aware of buildings in Redhill comprising of 3-4 storey block of flats where faults were spotted and remedied by the developer who paid for the full cost of works.

The Cabinet Member for Community Protection responded to the points raised by the motion proposer and seconder stating that the fire and rescue service works closely with all partners with the aim of keeping our residents and visitors safe and well. Through the building risk review programme, the fire service had visited the majority of the high rise residential buildings highlighted by the Ministry of Housing Communities and Local Government and those identified locally by the Surrey Fire and Rescue Service. These totalled 97. Surrey Fire and Rescue Service works with the National Chief Council to support the Grenfell Tower inquiry recommendations. As part of that they have consistently called for improvements to building regulations and provided input to a number of key reviews and consultations across the industry and the government, which will form the basis of an improved building safety system.

The Cabinet Member explained that EWS1 forms were not a statutory requirement and not all premises will require one. With regards to asking the boroughs and districts, in conjunction with Surrey Fire and Rescue Service to perform an audit and consultation to establish the potential scope of the cladding, EWS1 and snagging issues of all habitable buildings, this was a matter for the district and boroughs to decide.

The Leader explained that some of the biggest challenges lay in the fact that building regulations were the responsibility of the district and boroughs and not the county council. The Leader would be happy to raise the issue with the Chairman of the relevant Select Committee and discuss a potential public hearing around cladding in Surrey buildings. The Leader agreed to raise the issue with the other Surrey MPs and the Surrey Leaders Group meeting.

#### **RESOLVED:**

At the County Council meeting on 12 October 2021, Robert Evans moved a motion under Standing Order 11. It was agreed for the motion to be referred to Cabinet for consideration. The motion called on the leadership to support all those in Surrey affected by this scandal and to resolve to:

- I. Formally raise the issue with H M government through Mr Gove and the County's other MPs.
- II. Support other local authorities and the LGA's initiatives with the government in exploring ways in which local councils can be empowered to support their residents and ensure building regulations are complied with, or retrospectively repaired, at no cost to the leaseholder.
- III. Ask the boroughs and districts, in conjunction with Surrey Fire and Rescue Service as a matter of urgency and if they have not already done so, to perform an audit and consultation to establish the potential scope of the cladding, EWS1 and snagging issues of all habitable buildings.

- IV. Urge the County's boroughs and districts to explore ways to delay approving planning applications where the applicant has outstanding snagging or EWS1 certification issues and include a condition to be discharged on all future planning applications to provide an EWS1 form before first occupation.
- V. Sign Surrey County Council up to the End Our Cladding Scandal campaign.

Recommendations I-III were supported by the Cabinet.

**238/21 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 6]**

Decisions taken since the last meeting were noted.

**RESOLVED:**

That the delegated decisions taken since the last meeting of the Cabinet be noted.

**Reason for decision:**

To inform the Cabinet of decisions taken by Cabinet Members, Strategic Investment Board and the Committee in Common subcommittee under delegated authority.

**239/21 COVID-19 DELEGATED AND URGENT DECISIONS TAKEN [Item 7]**

There were no decisions to note.

**240/21 CABINET MEMBER OF THE MONTH [Item 8]**

It was agreed that the Cabinet Member for Adults and Health's report would be deferred to January and an update on the current covid situation would be considered instead.

The Cabinet Member explained that in Surrey in the last seven days there had been an additional 15,214 cases of COVID as a result of the new Omicron variant. This meant a 77% increase in cases in the past seven days. There was a rise in cases across all ages and this was becoming the dominant strain in Surrey. The Cabinet Member emphasised the importance of getting vaccinated and encouraging safe behaviour to limit the spread of the virus. A thank you was given to residents who had been vaccinated and continue to get vaccinated. The vaccination remained the best defence against the virus.

**RESOLVED:**

The Cabinet Member of the Month report was deferred to January and an update on the current Covid situation was provided by the Cabinet Member for Adults and Health.

## 241/21 SURREY FORUM AND DELIVERING THROUGH PARTNERSHIPS [Item 9]

The report was introduced by the Leader who explained that the report provided an overview of the framework of the strategic partnerships that we have across Surrey and their governance. The report sets out how a number of county-wide strategic partnership boards (the Health and Wellbeing Board, the One Surrey Growth Board and the Greener Futures Board) that oversee and respond to issues of major significance in Surrey, come together to contribute towards delivery of Surrey County Council's four priority objectives: i) Growing a sustainable economy so everyone can benefit, ii) Enabling a greener future, iii) Tackling health inequality and iv) Empowered and thriving communities. In order to better align and co-ordinate the work of these boards, strengthen collaboration between partners, an overarching Surrey Forum had been established. This formalises previously informal arrangements bringing together a range of leaders from the public, private and voluntary, community and faith sectors. The Surrey Forum will be guided by intelligence, expertise, and best practice through shared data and insights capabilities, underpinned by the Surrey Office for Data Analytics (SODA), it will analyse county-wide issues to identify and act on key areas of focus.

It was queried what the difference between a combined authority and the Surrey Forum was. The Leader explained that the Forum was an informal board with various partners sitting on it. A combined authority would require local government reorganisation with specific powers granted by central government.

### **RESOLVED:**

1. That Cabinet note the convening and facilitating role Surrey County Council has played in developing co-ordinated and aligned Surrey-wide collaborative leadership.
2. That Cabinet endorse the establishment of the Surrey Forum and its place in a wider framework of county-wide strategic partnership boards.
3. That Cabinet agree that the multi-agency Surrey Forum partnership lead an inclusive, comprehensive refresh of the Community Vision 2030 to 2050

### **Reasons for Decisions:**

Building on the strong partnerships already in existence across the county, the response to the Covid-19 pandemic across the county has highlighted the benefits and need for improved alignment, coordination and collaboration between communities and the public, private and voluntary, community and faith sectors, to collectively deliver for residents. The Surrey Forum will play a key role in overseeing progress towards delivering a single shared vision for the county and ensuring alignment of partners' strategic priorities, decisions and resources.

*[The decisions on this item can be called in by the Communities, Environment and Highways Select Committee]*

## 242/21 AGILE OFFICE PROGRAMME [Item 10]

The report was introduced by the Cabinet Member for Property and Waste who explained that the council was working towards ensuring it had a sustainable office estate. As we emerged from the impacts of the Covid-19 pandemic, the council continues to recognise the increased need to evolve towards becoming an agile organisation, to help support achieving a sustainable future for Surrey County Council. A member commented that the council ignored building repairs and had a track record of not looking after buildings. The Cabinet Member responded by saying that the new programme will solve the back log of building repairs and the council was striving towards making sure the estate is fit for purpose. The Leader added that the council did undertake repairs to its buildings and have a dedicated team and contractors who undertook this work.

### RESOLVED:

1. That Cabinet approves the recommended programme of activity (see paragraph 15) to deliver a reduced office estate footprint alongside essential transformational investment to deliver workspaces across the county that support the Council's agile organisation objectives. Further details are set out in the Part 2 report.
2. That Cabinet agrees a total capital budget envelop of up to £21.8m to fit out the remaining core facilities and priority localised workspaces, to the Council's Agile workspace standards.
3. That Cabinet approves immediate allocation (from the £21.8m envelop) of £4.7m to drive forwards the programme activity (noting that further work will be undertaken to test the scope and available options for provision of core workspace in the North West quadrant – an additional paper will then be brought back to Cabinet in Q2 2022 with a recommended option and draw down from the remaining £17m capital funding).
4. That Cabinet approves the use of the Budget Equalisation Reserve to finance the £7.2m of one-off revenue costs of change to enable delivery of the estate transformation programme from 2021-2025 and deliver revenue efficiencies of approximately £2.2m per annum from 2024/25 onwards.
5. That Cabinet approves the arrangements by which a variation of up to 10% and maximum of £500k of total capital value may be agreed by the Director of Land & Property in consultation with the Cabinet Member for Property, the Cabinet Member for Corporate Resources, and the Executive Director of Resources. If the variance exceeds £500k, a further Cabinet report will be submitted to seek approval for additional capital funds.
6. That Cabinet delegates the procurement of appropriate supply chain partners to enable delivery of all services associated with the above recommendation, in accordance with the Council's Procurement and

Contract Standing Orders, to the Executive Director of Resources and the Director of Land and Property.

### Reasons for Decisions:

**January 2021:** Cabinet approved the outline Agile Office Estate Strategy which made the broad case for change, setting out key drivers and key targets. Specifically, the current corporate office estate was deemed to be:

- Of generally low quality, that does not efficiently support the adoption of Agile modern working practices.
- Expensive compared to industry benchmarks and expensive to maintain.
- High in its carbon output with poor energy efficiency.
- Relatively poorly located and under-utilised.

The strategy set out the components of a new office estate for Surrey County Council based on the evidence from a review of the existing estate and of the opportunities for new ways of working. Whilst the outline strategy was approved, it concluded that further analysis was required before the volume and location of space could be finalised (refer to Table 1 below).

Following January's paper, agile workforce analysis has enabled detailed option reviews to meet demand and the development of a detailed five year programme of rationalisation and modernisation which will deliver an office estate that is flexible enough to support Services as they change office-based working practises to adopt agile ways of working; provides modern, healthy, accessible space to meet the needs of Surrey County Council and its partners; financially sustainable; and more energy efficient. Specifically, the following benefits will then be realised:

- i. Revenue savings of circa £2.2m per annum from 2025/26.
- ii. Flexibility for future increase/decrease workspace without acquiring additional assets.
- iii. Improved quality for healthy, accessible space for staff, partners, and residents.
- iv. Increased value of estate, mitigation against spiralling maintenance costs, leasable unused space, generating revenue or supporting partners to deliver.
- v. Balanced geographical coverage across Surrey (aligns to greener travel plan).
- vi. Support Net Zero ambition by 2030, by improved median energy efficiency and efficient operation.
- vii. A network of modernised touchdown/delivery facilities, developed via a place-based approach to meet Service needs, develop partnership opportunities, and deliver maximum benefit to local communities.

*(This item can be called in by the Resources and Performance Select Committee)*

### **243/21 ANNUAL PROCUREMENT FORWARD PLAN 2022/23 [Item 11]**

The report was introduced by the Leader who explained that Cabinet were being asked to Approve to Procure the projects listed in Annex 1 in

accordance with the Council's Procurement and Contract Standing Orders. Projects highlighted in grey in the Annex would require sign off from the Cabinet or the Strategic Investment Board. All Cabinet Member had the opportunity to review the projects due for procurement.

**RESOLVED:**

1. That Cabinet gives approval to Procure for the projects listed in Annex 1 – “Annual Procurement Forward Plan for 2022/23” in accordance with the Council's Procurement and Contract Standing Orders.
2. That Cabinet agrees that where the first ranked tender for any projects listed in Annex 1 is within the +/-5% budgetary tolerance level, the relevant Executive Director, Director or Head of Service (as appropriate) is authorised to award such contracts.
3. That Cabinet agrees the procurement activity that will be returned to Cabinet prior to going out to market.
4. That Cabinet notes projects that will be presented to Cabinet or the Strategic Investment Board for approval of the business case (highlighted in grey).

**Reasons for Decisions:**

- 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 2022/23.
- 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 2022/23.

*(This item can be called in by the Resources and Performance Select Committee)*

**244/21 MAKING OF A COMPULSORY PURCHASE ORDER AND SIDE ROADS ORDER IN ASSOCIATION WITH THE A320 ROAD IMPROVEMENT SCHEME [Item 12]**

The Cabinet Member for Transport and Infrastructure explained that in July 2021 Cabinet agreed to proceed with the A320 Housing Infrastructure Fund scheme and resolved to make compulsory purchase orders to require the necessary land. In the course of preparing the order documentation it had become apparent that, in addition to the making of a compulsory purchase order, the Council will also need one or more technical roads orders: a side roads order (identifying new highways to be provided, highways to be improved, existing highway to be stopped up and private means of access to be closed); and, depending on the final views of National Highways (formerly

Highways England), a possible line order. The report sets out the various road orders and acts needed to be implemented to carry out was agreed in July.

#### **RESOLVED:**

1. That Cabinet resolve to authorise the making of a compulsory purchase order and a side roads order, line order and/or other similar roads order (together referred to as "the Order") under the provisions of sections 6, 8, 14, 125, 239, 240, 246, 249, 250 and 260 of the Highways Act 1980 (and any associated provisions) and section 40 of the Road Traffic Regulation Act 1984 (and any associated provisions) to acquire land for the construction of the A320 HIF Scheme (the Order Land); the Council being satisfied that there is a compelling case in the public interest for the making of the Order to facilitate the carrying out of the A320 HIF Scheme.
2. That Cabinet resolve that recommendation 1 above shall be read in substitution for paragraph 1 of the recommendations set out in the July 2021 Cabinet Report.

#### **Reasons for Decisions:**

In September 2020 the Cabinet confirmed acceptance of the HIF funding award of £41.8 million (see Cabinet Paper at item 13).

As at the Cabinet decision date of September 2020 the Scheme had not been fully designed, thus the final land take was not known, and a further authority to pursue a compulsory purchase order was sought from Cabinet in July 2021.

Following Public Consultation further design alterations were made and this paper seeks additional authority to make a compulsory purchase order and a side roads order, line order and/or other similar roads order (together referred to as "the Order") under the provisions of sections 6, 8, 14, 125, 239, 240, 246, 249, 250 and 260 of the Highways Act 1980 (and any associated provisions) and section 40 of the Road Traffic Regulation Act 1984 (and any associated provisions) and to seek confirmation by the Secretary of State.

The decision as recommended by this report will enable the Council, with funding for its Infrastructure Fund Forward Funding scheme from the Ministry of Housing Communities and Local Government (MHCLG) to construct the necessary infrastructure improvements described above.

*[The decisions on this item can be called in by the Communities, Environment and Highways Select Committee]*

#### **245/21 AWARD OF CONTRACT FOR THE SUPPLY, INSTALLATION, COMMISSIONING, INSPECTION, AND MAINTENANCE OF INTELLIGENT TRAFFIC SYSTEMS IN THE COUNTY OF SURREY [Item 13]**

The report was introduced by the Cabinet Member for Transport and Infrastructure who explained that the report provided an update following a procurement exercise for the Contract for the Supply, Installation, Commissioning, Inspection, and Maintenance of Intelligent Traffic Systems



in the County of Surrey (Intelligent Traffic Systems), and it proposes a recommendation to award the contract to the successful bidder. The pre market engagement exercise started in March 2021 and a number of bidders had bid for the contract. As a result a contract had been awarded for a minimum of six years with an optional two year extension. Both social value and environment commitments are built into the award.

**RESOLVED:**

1. That Cabinet approve the award of the Intelligent Traffic Systems contract to the successful bidder.
2. That Cabinet delegate authority to finalise and enter into contract with the successful bidder to the Executive Director for Environment, Transport and Infrastructure in consultation with the Executive Director for Resources and the Cabinet Member for Transport and Infrastructure.

**Reasons for Decisions:**

Surrey County Council has a general 'Network Management Duty' under the Traffic Management Act 2004, and the County's Traffic System Assets play a key role in delivering this Duty. The award of the Intelligent Traffic Systems (ITS) contract will enable Surrey County Council to continue to inspect, maintain and improve traffic control systems on its highway network across the county.

Following approval of the Procurement Strategy in September 2020, officers from Highways and Transport supported by officers from across the Council including Procurement, Legal Finance and Strategic Commissioning have conducted an "Open Procedure" procurement exercise to identify the next Intelligent Traffic Systems contractor.

Following the recent completion of that procurement process, officers are now able to recommend the contract be awarded to the "most economically advantageous tenderer" as explained in the Part 2 report.

*[The decisions on this item can be called in by the Communities, Environment and Highways Select Committee]*

**246/21 DIGITAL BUSINESS & INSIGHTS PROGRAMME RE-PLANNING [Item 14]**

The report introduced by the Leader and asked the Cabinet to approve a funding request to complete the remaining stages of the implementation programme to replace the council's existing corporate (enterprise resource planning or ERP) system and go-live in April 2022. The Leader explained the two phases of the project and highlighted that the delay to the programme was due to the quality of the data being migrated and updates and change requirements from HR. A member commented that the project had gone significantly wrong and an overspend had been incurred. The Leader stated that there were lessons to be learnt but did not agree that the project had gone wrong. There could have been greater clarity between the Council and the contractor in terms of who had responsibility for parts of the project. A member commented that the project had been scrutinised by the Resources and Performance Select Committee and

risks identified. The project would be reviewed by the Select Committee again in January 2021.

**RESOLVED:**

1. That Cabinet approve the £1.25m revenue and £1.91m capital funding required for the project extension to complete go-live of the new Unit4 ERP system in April 2022.

**Reasons for Decisions:**

The recommendation to approve the funding request will enable the programme to complete the implementation of the Unit4 ERP system and deliver its benefits. This includes addressing urgent technical drivers for change, while also enabling the council to achieve its ambitions to transform services, drive efficiencies, improve management decision making and to fully enable a flexible and mobile workforce.

*(This item can be called in by the Resources and Performance Select Committee]*

**247/21 CHILDREN'S IMPROVEMENT UPDATE [Item 15]**

The report was introduced by the Cabinet Member for Children and Families who explained the detailed work undertaken by children's services including the feedback from the last Ofsted monitoring visit. The report also detailed the work that the service was doing to address the response for children who were experiencing neglect in their families and the work being done to strengthen the practice in our children with disabilities teams. The report also touches on the recruitment and retention of social care staff. Members commented that it was clear that real and tangible progress was being made as stated in the letter from Ofsted. The Cabinet Member for Education and Learning stated that children services had been reviewed and evaluated by peer review and peer challenge and partners had fed back that they can see and feel the strength of practice. The family safeguarding model has been recognised and commended.

**RESOLVED:**

1. That Cabinet reviews the findings from the September 2021 Ofsted Monitoring Visit (focused on services for care leavers) and the updated improvement plan and priorities as set out by children's services in response to feedback received.
2. That Cabinet notes the progress made delivering the children's services 'Getting to Good' plan, the improvement priorities resulting from the Ofsted Focused Visit in March 2021 and the services' preparedness for a full Ofsted ILACS inspection.
3. That Cabinet agrees to receive a further update on the progress made delivering the children's services 'Getting to Good' plan and the overall inspection readiness in Spring 2022 (unless such an inspection has already taken place).

### Reasons for Decisions:

Children's services improvement is a high priority for the Council. It is important that Cabinet is aware of the evidence of progress made to improve services so far, as determined by both internal and external scrutiny and of the ongoing, ambitious and innovative improvement plan which is driven by a focus on improving outcomes for children and families and goes well beyond resolving only the issues highlighted by Ofsted, the Department for Education (DfE) and the Commissioner.

The routine national inspection activity resumed in May 2021 and Ofsted are continuing to carry out the 'Inspecting Local Authority Children's Services' (ILACS) programme. Although the timetable for inspection is not notified in advance, we are anticipating a full re-inspection of Surrey's children's services between Spring and Summer 2022.

*(The decisions on this item can be called-in by the Children, Families, Lifelong Learning & Culture Select Committee)*

### 248/21 MONTHLY BUDGET MONITORING- 2021/22 MONTH 7 [Item 16]

The report introduced by the Leader provided details of the County Council's 2021/22 financial position as at 31 October 2021 (M7) for revenue and capital budgets, and the expected outlook for the remainder of the financial year. At M7, the Council was forecasting a full year £17m deficit against the revenue budget. This represented a £1.5m improvement from M6. The year would end with a balanced budget and directorates were encouraged to focus on their original budgets and delivering against that.

#### RESOLVED:

1. That Cabinet note the Council's forecast revenue and capital budget positions.
2. That Cabinet approve the introduction of a new Highways Section 171 fee of £143 to recover the administrative cost involved in issuing licences for customers to undertake private works where access is required from the highway as outlined in paragraph 14.

### Reasons for Decisions:

This report is to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval of any necessary actions.

*(This item can be called in by the Resources and Performance Select Committee)*

### 249/21 EXCLUSION OF THE PUBLIC [Item 17]

**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.

**250/21 AGILE OFFICE PROGRAMME [Item 18]**

The Cabinet Member for Property and Waste introduced a Part 2 report containing information which was 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).

**RESOLVED:**

See Minute 242/21

**Reasons for Decisions:**

See Minute 242/21

*(This item can be called in by the Resources and Performance Select Committee)*

**251/21 ANNUAL PROCUREMENT FORWARD PLAN 2022/23 [Item 19]**

The Leader introduced a Part 2 report containing information which was 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).

**RESOLVED:**

See Minute 243/21

**Reasons for Decisions:**

See Minute 243/21

*(This item can be called in by the Resources and Performance Select Committee)*

**252/21 AWARD OF CONTRACT FOR THE SUPPLY, INSTALLATION, COMMISSIONING, INSPECTION, AND MAINTENANCE OF INTELLIGENT TRAFFIC SYSTEMS IN THE COUNTY OF SURREY [Item 20]**

The Cabinet Member for Transport and Infrastructure introduced a Part 2 report containing information which was 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).

**RESOLVED:**

See Minute 245/21

**Reasons for Decisions:**

See Minute 245/21

*(The decisions on this item can be called-in by the Children, Families, Lifelong Learning & Culture Select Committee)*

**253/21 DIGITAL BUSINESS & INSIGHTS PROGRAMME RE-PLANNING [Item 21]**

The Leader introduced a Part 2 report containing information which was 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).

**RESOLVED:**

See Exempt Minute [E-21-21]

**Reason for Decisions:**

See Minute 246/21

*[The decisions on this item can be called in by the Resources and Performance Select Committee]*

**254/21 PUBLICITY FOR PART 2 ITEMS [Item 22]**

It was agreed that non-exempt information may be made available to the press and public, where appropriate.

Meeting closed at 15:48

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**Chairman**

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**REPORT OF THE COUNCIL'S SELECT COMMITTEES****Item under consideration: SCRUTINY OF 2022/23 DRAFT BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2026/27****Date Considered: 13 - 17 December 2021**

- 1 Over the course of a week in December, the Council's four Select Committees reviewed the Draft Directorate Budgets and Medium-Term Financial Strategies relevant to their remits following initial briefing budget from Finance officers in October. Each Select Committee received a summary of the Council-wide budget position alongside more detailed Directorate level information including capital plans, pressures and efficiencies and the medium-term financial strategy.
- 2 Select Committees took evidence from Cabinet Members, Directorate Leadership Teams, and the Finance Service over the course of four remote, informal meetings. These meetings took place remotely owing to the increasing prevalence of the Omicron variant of coronavirus, however, the meetings were streamed live on the Council's webcasting website so that residents might observe proceedings. Minutes were taken by Democratic Services and will be published in the normal way in the next set of Select Committee agenda.
- 3 The objectives of the scrutiny were again this year to: test the sustainability of the 2021/22 budget, review how it supported the delivery of the council's strategic ambitions and consider how it would aid the county's recovery from the coronavirus pandemic. This report is a summary of the key points, conclusions and recommendations resulting from those meetings. Further scrutiny topics and actions for committees identified at these meetings are included in their respective minutes and not reproduced here.
- 4 The Select Committees recognised the variety of challenges placed on the Council and its staff during the pandemic and the usual uncertainty arising from the date of the local government financial settlement from central government.
- 5 Several issues were raised by Select Committees with assurances being sought from decision makers that no negative outcomes would be experienced by Surrey residents as a result of efficiencies and changes to services.

**Adults and Health Select Committee:**

1. The Committee asked about the Adult Social Care (ASC) Directorate's forecasting of demand. Witnesses assured Members that robust monthly monitoring processes enabled the Council to be clear on how expenditure on ASC services compared to the budget proposals.

2. The potential financial impact of the Omicron variant was raised and how this had been factored into the reserves for 2022/23. The Director of Public Health explained that the risk of a new variant had remained on the corporate risk register and that through using COVID reserves, Public Health could flex their services as appropriate. In terms of contingencies, The Director of Finance (Corporate and Commercial) stated that from the 2021/22 financial year, the Council had circa £11 million of reserves and contingencies which could be added to the 2022/23 budget, any unspent money from 2021/22 could be carried over.
3. The sustainability and risks of the Learning Disabilities and Autism (LD&A) efficiencies were explored. The Executive Director of Adult Social Care explained that expenditure on LD&A had risen, and would continue to do so, due in large to those transitioning from Children's Services into ASC every year. The Executive Director of Adult Social Care explained that the proposed efficiencies in this area were focused around changing the model of day care services and a maximisation of independence.
4. The Mental Health Lead for the Independent Mental Health Network asked for reassurance that mental health would be a focus of forthcoming budgets to ensure that ASC capacity could meet the increased demand. The Strategic Finance Business Partner (ASC and PH) stated that the assumption of a continuation of the high level of demand for mental health services was built into the draft budget for 2022/23.
5. The Chairman enquired about how the efficiencies identified would help to tackle health inequalities and the impact on residents. The Director of Public Health explained that the efficiencies outlined in Public Health for the 2022/23 draft budget were relatively small and that they should not have any material impact on health inequalities.

#### **Children, Families, Lifelong Learning & Culture Select Committee:**

1. The Committee probed the assumptions and deliverability of efficiencies in the budget particularly regarding Children's Services. The Executive Director for Children, Families and Lifelong Learning highlighted that the approach taken was about working differently to better meet families' needs at a lower cost, such as through the prior introduction of the new Family Safeguarding Model and the creation of more in-county placements. The Committee highlighted the challenge of the high number of agency social workers, placements in independent school settings and the financial pressure this created.



2. Witnesses stated that the council set its budget with regard to the Community Vision 2030 and the four priority objectives. This was shown through decisions regarding whether directorates were required to close budget gaps in their entirety or whether additional funding could be directed to those services. Thus, it was unlikely that the budget gaps for 2022/23 for Adult Social Care, Children, Families & Lifelong Learning and DSG High Needs Block would be closed through further efficiencies.
3. When asked what impact government's Special Educational Needs & Disabilities review could have on the assumptions around funding for the 2022/23 budget and the MTFs the Committee were informed that the current assumptions around ongoing funding for the High Needs Block included an 8% year on year increase in funding, which was based on previous years and was likely to be broadly correct for the next couple of years.
4. A Member enquired about the basis of the assumption that service income in Customers & Communities would return to pre-COVID levels and the degree of confidence in that assumption. The Strategic Finance Business Partner highlighted the challenge of this assumption and highlighted that there had already been positive indications of this in the 2021/22 financial year, especially in the Registration service. £500,000 of COVID-19 funding had been used to support the Directorate in the 2021/22 financial year.

#### **Communities, Environment and Highways Select Committee:**

1. The Committee first raised the broader issues of the impact of the end of furlough, increasing inflation and other income pressures on Surrey. Witnesses agreed that uncertainty arising from the pandemic brought risks to delivering the budget. To deal with this there was a £20m contingency built into the budget centrally to meet unforeseen pressures and there was a £58m total contingency.
2. The Committee sought a commitment that the savings and efficiencies identified in the draft budget proposals would not lead to any deterioration in services to residents. The Cabinet Member for Transport and Infrastructure confirmed that there were no plans to reduce services.
3. The Committee raised several queries in relation to the Council's climate change work. Witnesses were asked if this budget would deliver the reduction of 1.2million tonnes of carbon dioxide as set out in the Greener Futures Delivery Plan. An Officer said that although it was too early to confirm, the projections had now been completed so it would be possible to track progress. A member asked if the budget alongside the MTFs

was adequate to deliver the Greener Futures initiative and climate change delivery plan. The Committee were told that the Council would be able to leverage the investment and that capacity had been created to develop bids for additional funding as the Council's budget alone would not be sufficient for the Greener Futures initiatives and the Climate Change Delivery Plan. The Committee considered the idea of a carbon budget running parallel with the financial budget in the future as a means of staying on top of our commitments.

### **Resources and Performance Select Committee:**

1. The Committee questioned the impact of the proposed budget reductions or efficiencies on residents and the Council's service delivery. Witnesses said that the final budget package was being produced with an expectation that that would include updated impact assessments to consider 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 decision-making process.
2. Some concerns were raised about the timing and method for collecting feedback from residents on their priorities for Council spending. Officers reassured Members that it was as rigorous as possible and built on prior consultation rounds with residents earlier in 2021. Witnesses took on feedback on the closure date of the consultation. Following on from this the Committee raised differing council tax support offers across the 11 districts and boroughs and how information on these different offers could be disseminated as part of engagement with residents on the council's budget proposals.
3. A Member asked why reserves were being bolstered whilst at the same time the Council was increasing its borrowing. Witnesses advised that the Council didn't externally borrow until there was a need to do so and its savings offset the amount of reserves, so in terms of interest costs every pound in reserve would offset interest costs until that funds were required to fund the capital programme. Although the numbers in reserve seem significant, it would not be beneficial to reduce them and risk the profile of the Council's finances over the medium-term.
4. A Member noted an overspend of £3m in IT & Digital and asked if it had been included as a budget pressure and if so where. Officers explained that a report was planned for Cabinet in December 2021 on the cost of the delay to the implementation of the My Surrey corporate system. That impact had been registered in both the capital and the revenue budgets.

5. A Member asked if the Council had reviewed similar Council's corporate costs to understand how our costs compared. The Committee were informed that the subject of benchmarking was an important one, it was a complex area due to a lack of availability of comparable data. However, work was being undertaken to build local networks and have useful discussions to enable more focus on this.
6. The Committee wished to understand the reasons for non-delivery of a number efficiencies and whether there were similar risks within the current budget. Officers said that the forecast for 2021/22 was that £4.1m of efficiencies were deemed to be undeliverable, with approximately half of that figure being in the Adult Social Care Directorate. The impact of COVID-19 was a consistent underlying theme across the non-delivery of efficiencies in 2021/22 and this would continue in 2022/23. The budget had been set based on several core assumptions, COVID-19 being one of them.

#### **Recommendations to Cabinet:**

1. Cabinet is asked to consider creating a parallel carbon budget (carbon impact of the total budget) in 2023/24 to be set alongside the financial budget so the carbon emission implications of decisions as well as the financial implications can be scrutinised. **(Communities, Environment and Highways Select Committee)**
2. The Cabinet Member for Transport & Infrastructure to provide evidence in the final budget to assure the committee that the additional capacity planned for the Planning Enforcement Team is adequate and realises additional revenue in terms of recovered costs. **(Communities, Environment and Highways Select Committee)**
3. The Community, Environment and Highways Select Committee seeks assurances from the Cabinet that the final 2022-23 budget has adequate resources allocated to support the high priority action plans and intended outcomes in relation to:
  - a. Climate Change and Greener Futures Delivery Plans;
  - b. A shift to Local Transport Plan 4 and active travel; and
  - c. Recommendations of the Greener Futures Reference Group previously presented to Cabinet**(Communities, Environment and Highways Select Committee)**
4. Cabinet is requested to ensure that a comprehensive, representative, and early budget consultation with residents and key stakeholders should form an integral part of the Council's annual budget setting process 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 this year's call for

evidence for example could have been extended from 28 December 2021 to allow residents and stakeholders more time to comment and engage after the festive and the New Year period. **(Resources and Performance Select Committee)**

5. Cabinet to ensure that the effect of Council borrowing result in a real return, particularly any commercial borrowing which ought to cover return on its investment. **(Resources and Performance Select Committee)**
6. Cabinet to ensure that an assessment is undertaken of all Surrey's borough and district council's council tax support offers to ensure any increase in Surrey County Council's share of Council Tax is affordable to all residents. **(Resources and Performance Select Committee)**
7. 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 Budget Task Group (with all Select Committee representation) will be provided with:
  - a) Regular in-year and up-to-date finance monitoring updates throughout the year - particularly when there are significant and material changes - 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, for example, service delivery, residents, corporate and organisational priorities, Equality, Diversity & Inclusion matters and staffing) be provided to Select Committees and the Budget Task Group where appropriate before the draft budget is formally presented to all Select Committees. This should happen earlier than November 2022 to ensure Members have sufficient time to understand, make further enquires and add real value to the scrutiny process; and
  - d) Commentary and comparison of corporate costs of the Council with similar Local Authorities.

**(Resources and Performance Select Committee)**

**Liz Bowes**  
**Chairman - Children, Families,**  
**Lifelong Learning Select Committee**

**Nick Darby**  
**Chairman - Resources and**  
**Performance Select Committee**

**Bernie Muir**  
**Chairman - Adults and Health Select**  
**Committee**

**John O'Reilly**  
**Chairman - Community,**  
**Environment & Highways Select**  
**Committee**

**SURREY COUNTY COUNCIL****CABINET****DATE:** 25 JANUARY 2022**REPORT OF:** N/A**LEAD OFFICER:** JOANNA KILLIAN, CHIEF EXECUTIVE**SUBJECT:** LEADER/DEPUTY LEADER/CABINET MEMBER/ STRATEGIC INVESTMENT BOARD AND COMMITTEE-IN-COMMON DECISIONS TAKEN SINCE THE LAST CABINET MEETING**SUMMARY OF ISSUE:**

To note the delegated decisions taken since the last meeting of the Cabinet.

**RECOMMENDATIONS:**

It is recommended that the Cabinet note the decisions taken by Cabinet Members since the last meeting as set out in Annex 1.

**REASON FOR RECOMMENDATIONS:**

To inform the Cabinet of decisions taken by Cabinet Members, Strategic Investment Board and the Committee in Common subcommittee under delegated authority.

**DETAILS:**

1. The Leader has delegated responsibility for certain executive functions to the Deputy Leader and individual Cabinet Members and reserved some functions to himself. These are set out in Table 2 in the Council's Scheme of Delegation.
2. The Leader has also delegated authority to the Strategic Investment Board to approve property investment acquisitions, property investment management expenditure, property investment disposals and the provision of finance to its wholly owned property company, Halsey Garton Property Ltd.
3. Delegated decisions are scheduled to be taken on a monthly basis and will be reported to the next available Cabinet meeting for information.
4. **Annex 1** lists the details of decisions taken since the last Cabinet meeting.

**Contact Officer:**

Huma Younis, Committee Manager, [huma.younis@surreycc.gov.uk](mailto:huma.younis@surreycc.gov.uk)

**Annexes:**

Annex 1 – Delegated Decisions taken

**Sources/background papers:**

None

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**SURREY COUNTY COUNCIL****CABINET****DATE:** 25 JANUARY 2022**REPORT OF:** N/A**LEAD OFFICER:** JOANNA KILLIAN, CHIEF EXECUTIVE**SUBJECT:** SURREY COUNTY COUNCIL RESPONSE TO COVID 19 –  
URGENT DECISIONS TAKEN BY OFFICERS UNDER  
STANDING ORDER 54 AND COVID RELATED DELEGATED  
DECISIONS

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**SUMMARY OF ISSUE:**

To note the officer delegated decisions taken in response to COVID-19.

**RECOMMENDATIONS:**

It is recommended that Cabinet note the decisions taken by officers as set out in the annex.

**REASON FOR RECOMMENDATIONS:**

To inform the Cabinet of decisions taken by officers under delegated authority.

**DETAILS:**

1. The Council is responding to the COVID-19 major incident and therefore needs to make urgent decisions to ensure that residents are protected. Urgent decisions taken under Standing Order 54 are attached.
2. Delegated decisions will be reported to the next available Cabinet meeting for information.
3. The Audit and Governance Committee will monitor the use of the new meetings protocol and make recommendations on any required amendments to the protocol to ensure that Members remain informed in relation to council decision making.

**Contact Officer:**

Huma Younis, Committee Manager, huma.younis@surreycc.gov.uk

**Annexes:**

Annex – Delegated Decisions taken

**Sources/background papers:**

None

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**CABINET MEMBER OF THE MONTH:** Sinead Mooney, Adults & Health  
**SPOTLIGHT:** Current Key Issues

## Surrey COVID-19 update

### Local Outbreak Engagement Board

Surrey's Local Outbreak Engagement Board (LOEB) is responsible for:

- Sign-off of the general direction of travel for Surrey's COVID-19 [Local Outbreak Management Plan](#) (LOMP) and ongoing development of the plan
- Senior level oversight of outbreak responses in Surrey, outlined in Surrey's COVID-19 LOMP. This is implemented via Surrey's Heartlands Integrated Care System (ICS) Resilience & Emergency Preparedness, Resilience and Response (EPRR) Board, or in the event of a significant increase in transmission, via Surrey's COVID Management Group (CMG). Surrey's CMG is currently in operation due to the spread of the Omicron variant.
- Oversight of resource allocation relating to the delivery of LOMP in Surrey
- Direction and leadership for community engagement for outbreak response
- Approving the public-facing communications for outbreak response

### Local Outbreak Management Plan

Surrey's LOMP is continually updated to reflect national policy and guidance. The latest plan (version 15) reflects the Government's [COVID-19 Response: Autumn and Winter Plan 2021](#) and the revised [COVID-19 Contain Framework](#), and was published on 10 December 2021 following approval by the LOEB. The plan includes:

- The national, legal and local context
- Governance structures where decisions are made
- The surveillance system that provides COVID-19 data to help inform service needs and support local decision makers
- Preventing and reducing transmission of COVID-19 through testing, contact tracing, vaccinations, dealing with variants, being COVID secure in specific settings, and tackling inequalities
- Managing enduring transmission within the local communities
- Communications and engagement with the public, the community, partners, and national bodies

### COVID-19 Data & Intelligence

Between 1 January and 7 January 2022, 1,362.2 cases of COVID-19 per 100,000 population were recorded in Surrey. This is similar to the regional seven-day rate (1,356.0) and lower than the national seven-day rate (1,570.4). The latest [Coronavirus figures and statistics](#) are available on the SCC website.

### Variants of Concern – Omicron

Omicron is now the dominant variant in England and the South East. The latest figures on the distribution of COVID-19 variants in the UK, including Omicron cases by Lower Tier Local Authority level, are available [here](#). Local data on Variants of Concern is also published in Surrey's [Weekly Coronavirus full summary report](#).

### Communications

A comprehensive Communications and Engagement Strategy has been developed to support the LOMP. Targeted communications continue around key behaviours to limit the spread of the variant, including vaccination, testing and the mandatory wearing of face masks in shops and on public transport. The SCC Communications Team are working with the district and borough communications team and provide any assets or support necessary.

### Government's adult social care reform white paper

People at the Heart of Care, the government's adult social care reform white paper published on 1 December 2021, sets out a 10-year vision for adult social care. It outlines a range of policies that the government will implement over the next 3 years, working together with the sector and those who draw on care and support. These proposals are backed by the new Health and Social Care Levy announced in September, of which £5.4 billion is being invested into adult social care over the next 3 years. Important measures unveiled include:

- £300 million to integrate housing into local health and care strategies, with a focus on increasing the range of new supported housing options available.

- £150 million of funding to drive greater adoption of technology and achieve widespread digitisation across social care.
- £500 million so the social care workforce have the right training and qualifications, and feel recognised and valued for their skills and commitment.
- A new practical support service to make minor repairs and changes in people's homes, alongside increasing the upper limit of the Disabilities Facilities Grant for home adaptations.
- Up to £25 million to work with the sector to kick-start a change in the services provided to support unpaid carers.
- £30 million to help local areas innovate around the support and care they provide in new and different ways, providing more options that suit people's needs and individual circumstances.
- A new national website to explain the upcoming changes, and at least £5 million to pilot new ways to help people understand and access the care and support available.
- More than £70 million to increase the support offer across adult social care to improve the delivery of care and support services.

## **Mental Health**

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At Cabinet on the 30 November 2021, approval was given for the formal inclusion of Mental Health into the Accommodation with Care and Support Programme. This decision recognises the importance that Surrey places on improving mental health outcomes, experiences and services for people with mental health needs in Surrey. This endorsement will strengthen the work already being undertaken to improve the accommodation and care available for people with mental health needs in Surrey.

The appointment of a management trainee to the mental health commissioning team has also enabled good progress to be made on the housing related support workstream within the programme. We are working closely with our District and Borough Housing partners and housing related support providers to inform future development of these support services.

## **Exploration of Registered Provider of Social Housing status for Surrey County Council**

Since the 2008 Housing and Regeneration Act and associated regulations that came into force in April 2010 what were called or referred to as Registered Social Landlords (RSL) are now named/referred to as Registered Providers of Social Housing (RP). These can be 'private' RPs or not for profit; the term RP covers all permutations including the fact that private companies can and do gain RP status with the Housing Regulator as well as various forms of not-for-profit housing providers. The term RP also covers local authorities who by virtue of their housing duties get granted RP status automatically.

A task and finish group of senior officers has been established to look at the feasibility, pros and cons of seeking to establish RP status for Surrey County Council and will be reporting back on its finding in the new year.

## **Appointment of a new Executive Director of Adult Social Care**

The new Executive Director for Adult Social Care & Integrated Commissioning will be responsible for developing the strategy to improve the health and wellbeing outcomes of Surrey's residents, maintaining the focus on improvement and prevention and early intervention strategies. A key focus will be to lead health and social care integration, providing the expertise to support the Council in its shift towards a place-based, outcome driven model and progressing this work at pace. The post holder will carry statutory responsibilities for Adult Social Services and the management of integrated commissioning across health and social care. An appointment has been made and will be announced by the Chief Executive shortly.

**SURREY COUNTY COUNCIL****CABINET****DATE: 25 JANUARY 2022****REPORT OF: TIM OLIVER, LEADER OF THE COUNCIL****LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR RESOURCES (S151 OFFICER)****SUBJECT: 2022/23 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2026/27**

**ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE/EMPOWERING COMMUNITIES**

<b>SUMMARY OF ISSUE:</b>
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Since 2018, the Council has implemented a wholesale Transformation Programme and delivered c £240m of efficiencies, with a further far-reaching programme to be delivered across the next five years.

Through our hard work and diligent financial management, we have built a stronger financial base from which to deliver services. We have reduced our financial risk, delivered service improvement, undertaken ambitious investment and built back depleted reserves. We have continued to act responsibly with taxpayer's money; minimising increases in Council Tax whenever possible and delivering services in a more effective and efficient way, so as to provide a stable platform to invest in the county's future.

We have been able to build a financial bedrock for the Council to deal with Covid-19, along with a platform for the county's recovery. Establishing this solid base is a key achievement because it means we can focus on delivering priorities, not simply on fighting financial crisis. Our hard-won financial resilience was evidenced through the Covid-19 pandemic where our staff worked tirelessly to protect our communities and support the residents and businesses who needed us, confidently, and without fear of financial failure. Although the past two years have inevitably seen a strong focus on supporting Surrey residents throughout the Coronavirus pandemic, we have continued to deliver our other essential service responsibilities. This has created real challenges, but the Council has remained focused on its transformation plans and improving services.

Although there was a temporary reduction in expenditure on Adult Social Care packages in the early phase of the pandemic, we have seen over the past months an increased demand as well as the need to provide further financial support for Adult Social Care providers. Whilst we received a number of one-off payments from Central Government which enabled us to take only 0.5% of the 3% of the Adult Social Care Precept last year, with the increased demand and cost and the fact we are not expecting any additional financial support from Government for 2022, we have little choice but to increase our use of the precept. In the medium-term we expect to receive a percentage of the funds raised from the 1.25% National Insurance Levy but significant amounts will not be allocated until 2023/24 at the earliest and will come with substantial additional responsibilities. There remains a risk that the extra funding provided may not cover the full cost of the additional responsibilities and this is

something we will be working to clarify and address with Government, other local authorities and partners.

Equally, we have seen an exponential increase in the demand for children's social services and in particular special education needs and disabilities (SEND) with the Council spending more than the Government grant, in the region of £25m to £30m per annum. We continue to engage with Government on the adequacy of the high needs block grant but in the meantime part of the overall increase will be used to support children's services.

We are investing through our Capital Programme now, through the building of specialist facilities, to ensure that taxpayers will be protected as far as possible from future increases in the cost of children's and adult's services in the medium-term.

We have also seen a huge increase in demand for mental health services, amongst both children and adults. Factors which may increase the need for mental health support include family crisis or bereavement, loneliness, isolation and loss of a support network, financial and employment challenges; all of which are exacerbated by the impact of the pandemic. The Council has a clear strategy around investing in prevention and early intervention. Additional funding of nearly £8m (1% of the proposed Council tax increase) will be invested in mental health, including accelerating a number of projects that will prevent people either falling into a chronic condition or will reduce pressure on the medicalised solutions delivered by our Mental Health Trust.

The funding will be used for interventions that enhance or safeguard supporting and protecting factors that help people avoid becoming acutely or chronically unwell. The investment will generate match funding where possible, and be used to maintain or improve wellbeing and reduce the need for formal or acute treatment. Interventions will be designed alongside stakeholders and partners and could include, for example, investing in improved supported housing options for people with mental health problems, use of technology, peer support and expanding the immediate support available for people in a crisis, to avoid the need for longer-term interventions.

We completely recognise the financial pressure on households, particularly from inflationary costs and we do not wish to add to that pressure. However, the health and wellbeing of our residents is paramount and at least 4% of the proposed 4.99% increase will be transparently invested in supporting those vulnerable residents that access social services, SEND or are in need of support for other physical or mental health conditions. The remaining increase will support the delivery of Council priorities where services are subject to significant inflation and demand pressures.

We also continue to invest in various initiatives that support growth in our local economies including re-visioning of the high street, in community schemes through Your Fund Surrey and as well as delivering our ambitious greener future strategy that will see this county becoming net carbon zero by 2050. In addition, we continue to fund road maintenance and infrastructure improvements well in excess of the funding we receive from our Government grant and with the roads in Surrey having the highest usage outside of London, it is understandably a challenge meeting resident expectation.

It is paramount that we continue to ensure that the County Council is in a resilient financial position, which it now is, so that there is no risk of us failing to deliver the crucial services that we have responsibility for either in the short or medium term.

Our continuing ambition to deliver for Surrey residents is most evident in our £1.9bn, 5-year programme to invest in the assets and infrastructure of the county, and our commitment to

delivering the Community Vision for Surrey in 2030. We have achieved a huge amount since 2018, but there is more to do with major challenges remaining on the horizon.

Local Government across the country stepped up to the challenge of Covid-19. The pandemic has had an unprecedented impact on individual wellbeing, on family resilience and on the sustainability of businesses, compounded by significant increases to the cost of living and uncertainties in the employment market. The Final Budget reflects the Council's commitment to continue its work to drive recovery from the pandemic, enhancing its engagement with residents to understand their priorities, and to ensure that no one is left behind.

None of that is to underplay the extent of the challenging external environment in which the Council is operating. The Government's reform of Adult Social Care will deliver change in the longer-term, but the immediate pressure remains squarely on local authorities. The planned reform represents the biggest change to Adult Social Care, and the care provider market, in decades. Implementing the reforms and policy changes will come with significant impact on both the Council's resources and the wider provider market. The impact of the changes on our budget will be subject to clarification over the coming months as Government and councils prepare to implement reform.

Climate Change is a real and imminent threat that must be tackled seriously, and we have set out our ambitious plan to invest in and deliver on our commitments.

While we will continue to have conversations with Government around what we feel is fair and necessary for Surrey, we must look to the future and prepare properly for these anticipated budget impacts. A key component of our recent successes has been a determination to recognise our own agency in developing solutions, rather than accept unchallenged the impact of external factors. The Council's Transformation Programme is ongoing and continually refreshed, to maximise every opportunity to deliver better services to our residents, in the most effective and efficient way possible.

The production of the 2022/23 budget has been developed through an integrated approach across Strategy, Transformation and Finance, ensuring that revenue budgets, capital investment and transformation plans are all aligned with each Directorate's service plans and all four of the council's corporate priorities. These are: -

- Growing a sustainable economy so everyone can benefit
- Tackling health inequality
- Enabling a greener future
- Empowering communities

The overall outlook for 2022/23 is one of significant challenge, with budget envelopes in the key service areas increasing by a modest 3.7% (£37.3m) in the face of substantially higher increases in the cost of maintaining current service provision. Despite an increase in projected funding, there remain challenges in managing growth in demand (particularly in Adult Social Care and Children's Services), inflationary pressures and the ongoing impact of Covid-19 within those envelopes.

Cabinet is required to consider and make recommendations to Council on:

- The Revenue and Capital Budgets for 2022/23, including efficiency proposals.
- The Council Tax Precept level for 2022/23.
- The Council's Capital Programme for 2022/23-2026/27.
- The Council's Capital, Investment and Treasury Management Strategy, which provide an overview of how capital expenditure, capital financing and treasury

management activity contribute to the delivery of our services and sustain our capital investments.

The budget decisions and attached 2022/23 Final Budget Report and Medium-Term Financial Strategy, supported by Annexes, underpin the priorities set out in the Council's Organisation Strategy and refreshed Transformation Programme.

**RECOMMENDATIONS:**

It is recommended that:

Cabinet recommends that Council:

1. Approves the net revenue budget requirement be set at **£1,042.0 million** (net cost of services after service specific government grants) for 2022/23 (Annex B), subject to confirmation of the Final Local Government Financial Settlement.
2. Subject to finalisation of the tax base, approves the total Council Tax Funding Requirement be set at **£831.0 million** for 2022/23, subject to final confirmation of District and Borough tax base. This is based on a council tax increase of 4.99%, made up of an increase in the level of core council tax of 1.99% to cover core Council services, including 1% for mental health, and an increase of 3% in the precept proposed by Central Government to cover the growing cost of Adult Social Care (Annex E).
3. Notes that for the purpose of section 52ZB of the Local Government Finance Act 1992, the Council formally determines that the increase in core council tax is not such as to trigger a referendum (i.e., not greater than 2%).
4. Sets the Surrey County Council precept for Band D Council Tax at £1,626.39, which represents a 4.99% uplift. This is a rise of £1.48 a week from the 2021/22 precept of £1,549.08. This includes £185.48 for the Adult Social Care precept, which has increased by £46.47. A full list of bands is as follows:

Valuation Band	Core Precept	ASC Precept	Overall Precept
A	£960.60	£123.66	£1,084.26
B	£1,120.70	£144.27	£1,264.97
C	£1,280.80	£164.88	£1,445.68
D	£1,440.91	£185.48	£1,626.39
E	£1,761.11	£226.70	£1,987.81
F	£2,081.31	£267.92	£2,349.23
G	£2,401.51	£309.14	£2,710.65
H	£2,881.82	£370.96	£3,252.78

5. Notes that the 4.99% increase in Council Tax will be deployed as follows:
  - 0.99% increase to fund the increased cost of delivering services
  - 3.00% increase to fund additional spend in adult and children's social care
  - 1.00% increase to fund additional investment in mental health.

Across this investment, the 3% increase in Adult Social Care Precept will be directed entirely to Adult Social Care.

6. Notes that underlying General Fund Balances are projected to remain at £28.0 million as of 1 April 2022.
7. Approves the Total Schools Budget of £575.2 million to meet the Council's statutory requirement on schools funding (as set out in Section 9 of the 2022/23 Final Budget and Medium-Term Financial Strategy to 2026/27).
8. Approves the overall indicative Budget Envelopes for Executive Directorates and individual services for the 2022/23 budget (Annex B).
9. Approves the total £1,909.6 million proposed five-year Capital Programme (comprising £1,031.2m of budget and £878.4.9m pipeline) and approves the £212.1 million Capital Budget in 2022/23 (Annex C).
10. Approves the Capital and Investment Strategy (Sections 1 to 3), 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.
11. Approves the policy for making a prudent level of revenue provision for the repayment of debt (the Minimum Revenue Provision (MRP) Policy) (Annex G).
12. Agrees the Council's refreshed Transformation Programme (as set out in section 3 of 2022/23 Final Budget Report and Medium-Term Financial Strategy to 2026/27)
13. Note that the investment in Transformation required to deliver improved outcomes and financial benefits is built into the proposed Medium-Term Financial Strategy (as set out in section 3 of 2022/23 Final Budget Report and Medium-Term Financial Strategy to 2026/27).

Cabinet approves:

14. The £15m transfer from the Budget Equalisation Reserve to the Transformation Reserve set out in paragraph 10.

Cabinet notes that the Audit & Governance Committee has approved the following at its meeting on the 24th January:

15. Treasury Management Strategy and Prudential Indicators (Annex F – Section 4) which set a framework for the Council's treasury function to manage risks, source borrowing and invest surplus cash.

#### **REASON FOR RECOMMENDATIONS:**

Council will meet on 8 February 2022 to agree a budget and to set the Council Tax Precept for 2022/23. Cabinet is required to recommend a budget to Council for consideration at this meeting. The budget directs available resources to support the achievement of the Council's ambitions and priorities in the 2030 Vision and the Refreshed Organisation Strategy.

The budget will also support the delivery of the continuing transformational changes that are required to ensure that the Council can improve priority outcomes for residents, while managing growing demand for services and ensuring future financial sustainability.

#### **DETAILS:**

1. The 2022/23 Final Budget Report and Medium-Term Financial Strategy to 2026/27 and supporting Annexes set out the context (both internal and external), approach and assumptions underpinning the development of the budget.

## CONSULTATION:

2. Section 9 of the 2022/23 Final Budget Report and Medium-Term Financial Strategy to 2026/27 sets out the consultation undertaken as part of developing the budget.

## RISK MANAGEMENT AND IMPLICATIONS:

3. The attached report and Annexes have been prepared with a view to risk management from a financial, operational and reputational perspective. The financial risk implications are set out in Section 5 of the attached and exemplified in the s151 commentary below.

## FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

4. The attached report considers financial and value for money implications throughout and future budget reports will continue this focus.

## SECTION 151 OFFICER COMMENTARY

5. The Council has a legal requirement to set a balanced budget. 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 also require authorities to have regard to the level of Reserves to meet estimated future spend when calculating the budget requirement. The Budget report has been drafted on the basis of this legislation.
6. The enclosed report sets out a balanced budget for 2022/23. 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.
7. Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report on:
  - the robustness of the estimates made for the purposes of the [budget] calculations; and
  - the adequacy of the proposed financial reserves.
8. The Section 151 Officer confirms that the Final Budget has been based on reasonable assumptions, taking into account all material, financial and business issues and risks at the time of preparation.
9. The formal Section 25 report on the adequacy of reserves will be included in the 2022/23 Final Budget and Medium-Term Financial Strategy to 2026/27 report to Council on the 8th February 2022.
10. Section 5.32 of the 2022/23 Final Budget and Medium-Term Financial Strategy to 2026/27 sets out the level of key reserves and contingencies, **totalling £86m**:
  - General Fund (£28m).
  - Specific contingencies built into the 2022/23 budget (£20m); and
  - Unused contingency brought forward from previous years (at least £38m depending on 2021/22 outturn).
11. The following principles for the overall management of reserves are proposed:



- Reserves should only be used to fund one-off or time-limited investment that will drive out efficiencies, deliver the capital programme or improve the delivery of services and council priorities.
- Reserves cannot be used as a substitute for permanent efficiencies to meet permanent spending pressures.
- Budgets such as the Transformation Fund (£10m) and Capital Feasibility Fund (£5m) should be seen as contributions to reserves, with any use drawn down from the reserve when needed.
- Reserve contributions should be reviewed annually to ensure contributions are equal to planned use over the medium-term;
- Over the medium-term, reserves should stay flat or ideally increase – as financial uncertainty, the efficiency requirement and the investment ambition will remain high across the MTFs period.
- Currently, General Fund and Earmarked reserves (excluding technical balances such as PFI sinking funds) stand at approximately £150m / 15% of the net revenue budget, which consists of the contingencies outlined above and a number of other earmarked reserves.
- Reserves should not drop below 10% of budget. This aligns with a recommendation from Grant Thornton that reserves should be between 5% and 10% of the net revenue budget. (Source Grant Thornton: Lessons from recent Public Interest Reports 2021)
- It is proposed to implement a 2% buffer over the 10% threshold, with remedial action taken if reserves are used for unforeseen financial shocks. This would establish the following three levels:
  - **Enhanced** – reserves stay flat or grow from the current c15%
  - **Basic** – reserves do not drop below 12% (10% + 2% buffer) and, if they do, are rebuilt to at least 12% over medium-term
  - **Minimum** – reserves do not drop below 10% and, if they do, are rebuilt as soon as possible in the following years' budget
- To avoid a programmed reduction in reserves, the use of reserves to support Transformation or other investment should be less in any given year than the planned budget contingency.

12. Section 3 of the 2022/23 Final Budget and Medium-Term Financial Strategy to 2026/27 sets out the level of Transformation investment planned in 2022/23. It is proposed to transfer £15m from the Budget Equalisation Reserve into the Transformation Reserve which coupled with the £10m in-year allocation will provide an adequate starting level, and then to manage the draw-down over the course of the year through Transformation governance process.

#### LEGAL IMPLICATIONS – MONITORING OFFICER

13. Whilst the Cabinet is being asked to recommend, and subsequently the Council asked to agree, the revenue budget and capital programme, the budget decision does not constitute final approval of policies, or the sums of money to be saved under the service proposals except for those areas where there is a specific recommendation being made.

14. The revenue budget and capital programme recommendations in the report do not commit the Council to implement any specific efficiency proposal. When the Cabinet comes to make specific decisions on efficiencies, where necessary, focussed consultations and the full equality implications of doing one thing rather than another will be considered in appropriate detail. If it is considered necessary, in light of equality or other considerations, it will be open to those taking the decisions to spend more on one activity and less on another within the overall resources available to the Council.

#### **EQUALITIES AND DIVERSITY**

15. A comprehensive review of Equalities and Diversity was undertaken and is referred to in Section 11 of the attached Report and Annex I.

#### **CORPORATE PARENTING/LOOKED AFTER CHILDREN IMPLICATIONS**

16. This is set out in section 4.

#### **SAFEGUARDING RESPONSIBILITIES FOR VULNERABLE CHILDREN AND ADULTS IMPLICATIONS**

17. This is set out in section 4.

#### **ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

18. The Budget has been designed to support the implementation of the Council's corporate priorities, including enabling a Greener Future. Section 4 of the report sets out relevant implications.

19. Where proposals in this report have an Environmental Sustainability impact, this will be set out in full to Cabinet as part of the decision required to implement the proposal.

#### **PUBLIC HEALTH IMPLICATIONS**

20. This is set out in section 4.

#### **WHAT HAPPENS NEXT:**

21. Cabinet is requested to consider and agree the recommendations 1- 14 as set out above and recommend to Council on 8 February 2022 for approval.
22. Pending agreement, the Final Budget, MTFs, Organisation Strategy and Transformation Programme will be communicated to residents, staff, partners and other key stakeholders.
23. The refreshed Transformation Programme will be led and delivered by the respective Cabinet Members and Executive Directors, with all decisions in relation to specific constituent programmes and projects continuing to be subject to consultation and decision-making protocols in line with the Council's Constitution and Scheme of Delegation.

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#### **Report Author:**

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**Consulted:**

Cabinet, Executive Directors, Heads of Service

**Annexes:**

2022/23 Final Budget and Medium-Term Financial Strategy to 2026/27

Annex A – Pressures and Efficiencies 2022/23

Annex B – Detailed Revenue Budget 2022/23

Annex C – Capital Budget 2022/23-2026/27

Annex D – Projected Earmarked Reserves and Balances

Annex E – Council Tax Requirement

Annex F – Capital, Investment and Treasury Management Strategy 2022/23

Annex G - Minimum Revenue Provision (MRP) Policy 2022/23

Annex H – Consultation Summary for 2022/23 Budget

Annex I – Equalities Impact Assessment for 2022/23 Budget

Annex J – Financial Management Code of Practice Assessment

**Sources/background papers:**

- Provisional Settlement 16 December 2021
- 2022/23 Draft Budget and Medium-Term Financial Strategy to 2025/26 (Cabinet 30<sup>th</sup> November 2021)

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1. EXECUTIVE SUMMARY

A budget to deliver priority objectives, ensuring that *no one is left behind*:

**PRIORITY OBJECTIVES**

- Growing a sustainable economy so everyone can benefit**  
Support people and businesses across Surrey to grow during the economic recovery and re-prioritise infrastructure plans to adapt to the changing needs and demands of residents at a time of financial challenges.
- Tackling health inequality**  
Drive work across the system to reduce widening health inequalities, increasing our focus on addressing mental health and accelerating health and social care integration to reduce demand on services while improving health outcomes for residents.
- Enabling a greener future**  
Build on behaviour changes and lessons learnt during lockdown to further progress work to tackle environmental challenges, improve air quality and focus on green energy to make sure we achieve our net zero targets.
- Empowering communities**  
Reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey's future.

Fig 1 – Council Priority Objectives

- 1.1 In 2018 the Council recognised that its Medium-Term Financial Strategy was not sustainable. It was facing increasing demand on all of its services with the rising cost of care packages, increasing numbers of children accessing specialist services, a highways network system that needed investment and areas of inefficiency in its support services.
- 1.2 Many of those same pressures still exist, but the Council embarked on an ambitious programme of transformation; a ground up review of how those services could be delivered more effectively and efficiently. Those first stage transformation programmes have delivered budget efficiencies of c£80m annually, enabling the Council to keep Council Tax increases within the Government cap.
- 1.3 With the advent of Covid-19, the focus was understandably on supporting our vulnerable residents and working closely with the NHS to keep people safe and save lives. As a consequence, a number of projects had to be paused as the Council and the county responded to the most horrific pandemic in living memory. As we start to move forward again and our economy reopens, it is apparent that there needs to be a shift of focus to reflect national priorities, the priorities of this Council and indeed of our residents.
- 1.4 Agile working has now become the norm with a genuine desire to live and work more locally. Parts of the economy will take years to recover and there is a need to offer re-skilling and upskilling to those whose jobs may never return. An international movement, to truly address the climate emergency and both the threats and opportunities of delivering a greener future is gathering pace, along with a need to enable communities to come closer together with a real sense of what they want in their localities to improve the lives and livelihoods of those living there. We recognise the absolute importance of our connection with residents and will continue our work to develop a more inclusive relationship; one where they feel supported, empowered, resilient and engaged.
- 1.5 Now, more than ever, the status quo is simply not acceptable. The Government's national agenda; to enable everyone to have equal opportunity, wherever they live and whatever their ambition, is reflected by the Council's guiding principle, to ensure that *no one is left behind*. The Council recognises the same urgency to provide equal opportunity in Surrey, where we see across this diverse county inequality; health inequalities, wealth inequality and mobility


inequality. A legacy of a county that has historically not always capitalised on its assets – its people, its countryside, its economic opportunities or indeed its community spirit.

1.6 As we look forward to a post-Covid world we need to build on the transformative work the Council started in 2018 and deliver a strong local economy, tackle health inequalities, enable a greener future and support and encourage thriving communities. This Council is determined that *no one is left behind* and that our Community Vision 2030 is delivered. The purpose of the Budget and Medium-Term Financial Strategy is to set out how the Council will use its funding to deliver priority objectives and core services. These priority objectives (set out in fig 1 above) sit front and centre in the budget process, guiding our approach to allocating resources and developing investment plans:

- Growing a sustainable economy so everyone can benefit
- Tackling health inequality
- Enabling a greener future
- Empowering communities

1.7 The Council’s ambition to improve the lives of residents, ensuring that *no one is left behind*, is set out in section 2 and reflected throughout this budget report, particularly in the far-reaching £1.9bn Capital Programme which illustrates our plans for investment in Surrey over the next five years. Along with further allocations for school building, road and travel improvements and improved access to vital Council services, key areas include:

**£470m**  
**Investment in enabling a greener future**  
To tackle climate change, protect residents and businesses from flooding and promote carbon reduction;



**£129m**  
**Care and support accommodation**  
Promoting independence in Adult Social Care



**£125m**  
**SEND**  
To develop provision for children with special educational needs and disabilities



**£100m**  
**Investment in Your Fund Surrey**  
To enable communities in Surrey to realise their own aspirations for investment



Fig 2 – Key areas of capital investment

- 1.8 The ‘Twin Track’ approach, set out in section 3, will enable the Council to continue to direct its resources toward achieving its ambition and priorities. Amongst other priority areas, the revenue budget includes £46.5m of annual spend on mental health, £38m of which is funded directly by the Council with a further £8.5m of contributions from partners, across Adult Social Care, Public Health and Childrens Services. The Council recognises this as a key area of focus, particularly given the unprecedented impact of the Covid-19 pandemic on mental health and emotional wellbeing and has increased spend relating to mental health by £7.9m, including a £6.5m transformation investment to encourage match funding from partners, including the health sector. The funding will be used for interventions that enhance or safeguard supporting and protecting factors that help people avoid becoming acutely or chronically unwell. The investment will maintain or improve wellbeing and reduce the need for formal or acute treatment. Interventions will be designed alongside stakeholders and partners and could include, for example, investing in improved supported housing options for people with mental health problems, use of technology, peer support and expanding the immediate support available for people in a crisis, to avoid the need for longer-term interventions.

#### **Developing the Budget and Medium-Term Financial Strategy:**

- 1.9 The 2022/23 Budget Report and Medium-Term Financial Strategy to 2026/27 presents a balanced budget for 2022/23, outlining ambitious, sustainable and resilient medium-term financial plans.
- 1.10 As in previous years, the production of the 2022/23 budget has been developed through an integrated approach across Strategy, Transformation and Finance, based around Core Planning Assumptions which set out likely changes to the environment in which we deliver our services. The integrated approach ensures that revenue budgets, capital investment and transformation plans are aligned with each Directorate’s service plans and the Corporate Priorities of the organisation. Ensuring that each aspect of planning for 2022/23 and the medium-term are completely aligned provides a stable foundation for delivering services to Surrey residents in the face of challenges presented in the wake of the Covid-19 pandemic and wider pressures.

#### **The financial outlook:**

- 1.11 Continuing a trend set over several previous financial years, Local Government funding remains highly uncertain, with a number of factors likely to result in significant changes to our funding position over the medium-term. The key factors are set out in sections 5 and 8 of this report. The provisional Local Government Finance Settlement (LGFS) was released on the 16<sup>th</sup> December, with a final settlement due in January 2022. The LGFS was published on a one-year basis, with an indication from Government that funding reform will take effect from 2023/24 which could have a significant detrimental impact on the Council. The LGFS set out an additional £18.8m of funding for the Council, at least half of which is one-off for 2022/23. The additional funding represents c.2% of core spending power whilst the wider inflation rate is c.4%. Whilst additional funding for 2022/23 is welcome, the expectation that Government funding will change significantly from 2023/24 onwards remains a significant risk to our medium-term planning.
- 1.12 The overall outlook for 2022/23 is one of significant challenge, with budget envelopes increasing by a modest 3.4% in the face of substantially higher increases in the cost of maintaining current service provision. Despite a small increase in projected funding, there

remain challenges in managing growth in demand (particularly in Adult Social Care and Children's Services), inflationary pressures and the ongoing impact of Covid-19 within those envelopes.

1.13 The final budget for 2022/23 proposes total funding of £1,042.0m; an increase of £37.3m from 2021/22. In order to achieve a balanced budget and deliver vital additional investment in the mental health of residents, the budget includes the following recommendations to full Council on Council Tax and the Adult Social Care Precept:

- 0.99% increase to fund the increased cost of delivering services
- 3.00% increase to fund additional spend in adult and children's social care
- 1.00% increase to fund additional investment in mental health

These changes will be presented on the Council Tax notices as a 1.99% increase in Council Tax and a 3% increase in the Adult Social Care precept. The increase in the total bill for a Band D property will equate to £1.48 per week. Decisions to increase Council Tax are not made lightly and balance the need to provide sustainable services for the most vulnerable with a recognition of the pressure on household finances. The budget avoids raising the Adult Social Care precept by the maximum 3.5% assumed by Government.

1.14 The gap over 2023/24 and the following four years is expected to continue grow. Tackling this gap will require a fundamentally different approach, and work has already begun on the budget for 2023/24 and beyond. The Council has adopted a 'Twin Track' approach with Track 1 focussed on the 2022/23 budget whilst Track 2 simultaneously beginning to address the medium-term outlook, with cross-Directorate transformation opportunities that focus on delivering priority objectives within constrained funding.

#### **Engagement:**

1.15 We have taken a two-stage approach to engagement in the formulation of this final budget for 2022/23. Through September and October, we carried out research with residents to understand their priorities for how the Council should spend its money. We carried out an online and telephone survey with 1,087 residents who were statistically representative of Surrey's population aged 16 and over. These were complemented with online workshops with 73 residents to gather in-depth opinion on topics, such as how the Council should spend its money and make efficiencies to balance the budget.

1.16 Residents indicated that they were willing to accept increases in Council Tax and the Adult Social Care Precept if it was for the purpose of protecting services that work with some of the most vulnerable people in Surrey. The engagement demonstrated that resident priorities align with those of the Council, with top priorities for residents including Social Care for people of all ages, Waste services and Fire and Rescue. There was also support for more investment in preventative services and for placing those residents most at risk of being left behind in Surrey at the heart of decision-making. Residents wanted a more active role in what happens in their localities.

1.17 Between November 2021 and January 2022, we ran an open consultation with stakeholders, including residents, on the draft budget. 98 people and organisations responded through an online survey and other methods. Reception of the draft budget was mixed among



stakeholders. Support was expressed for additional funding for adult social care, spending on environmental initiatives and mental health. However, there were also concerns about a council tax rise coming in conjunction with other cost of living increases.

- 1.18 The Council's ambitions in these areas are set out across the remainder of this report particularly including the Council's priority and transformation investment in empowering communities, £100m capital investment in Your Fund Surrey to bring forward community-led projects, £12m investment across the MTFs specifically for road safety schemes plus £52m on major improvements to the A308 and A320 (additional safety elements are included in the wider Infrastructure Capital Programme), and £125m capital investment for children with special educational needs and disabilities.

**Key elements of this report and next steps:**

- 1.19 The key elements of this report include:
- The Council's Strategic Framework (Section 2);
  - An update on our Transformation plans and the 'Twin Track' approach (Section 3);
  - Directorate Service Strategies aligned to both of the above (Section 4);
  - The Financial Strategy for 2022/23 (Section 5);
  - The five-year Capital Programme, setting out the Council's ambitious plans to invest in Surrey's infrastructure, economy and create a greener future (Section 6);
  - 2021/22 Financial Performance – revenue and capital (Section 7);
  - The Medium-Term financial outlook to 2026/27 (Section 8);
  - The Schools Budget (Section 9)
  - Our approach to engagement and consultation (Section 10); and
  - Budget Equality Impact Assessment (Section 11) summarising key messages from an equality analysis for the budget, including commentary on the impact of Council Tax increases, in para 11.1.
- 1.20 The final 2022/23 Budget and Medium-Term Financial Strategy to 2026/27 will be presented to Council for approval on the 8<sup>th</sup> February 2022.

**2. Strategic Framework: An outstanding Council, ensuring that no one is left behind**

- 2.1 Our guiding principle as an organisation is to ensure that no one is left behind, and this should run through everything that we do and the decisions that we take. No one left behind is also at the core of the Community Vision for Surrey in 2030 (see figure 3 below), which was developed with residents, communities and partners, and sets out our aspirations for people and places in the county by 2030.



*Fig 3: Delivering the Community Vision 2030*

- 2.2 It is our responsibility as a Council to support residents and improve the lives of those in need. Our core services aim to support people to live independently and well in their communities, ensure children and families reach their full potential, protect Surrey's residents and businesses, and take care of Surrey's environment and highways. To be a truly outstanding Council and have a meaningful impact on the lives of all residents, we also play a broader role in ensuring Surrey responds to the big challenges and opportunities facing the county.
- 2.3 We focus our activities and resources on a set of strategic priorities. Achieving these strategic priorities requires delivery of good quality and sustainable core services as the foundational building blocks. Progress towards delivering our priorities through our wider activity will also begin to positively affect the lives of those residents who are most in need, helping to reduce demand for many of our core services.
- 2.4 In 2020, the Council agreed a new Organisation Strategy (2021-26), setting out four priority objectives. These reflect where we think we can have the greatest impact on improving outcomes for people living and working in the county, and we are focused on delivering against these priorities over the medium-term. Our core services are the building blocks for these objectives. By collaboratively working across the Council, and with other partners, in delivering these objectives the lives of Surrey residents are improved, demand on services is reduced and better outcomes and opportunities for Surrey residents are achieved.

**Growing a sustainable economy so everyone can benefit** – Support people and businesses across Surrey to grow during the economic recovery and re-prioritise infrastructure plans to adapt to the changing needs and demands of residents

**Tackling health inequality** – Drive work across the system to reduce widening health inequalities, increasing our focus on addressing mental health and accelerating

health and social care integration to reduce demand on services while improving health outcomes for residents

**Enabling a greener future** – Build on behaviour changes and lessons learnt during lockdown to further progress work to tackle environmental challenges, improve air quality and focus on green energy to make sure we achieve our net zero targets

**Empowering communities** – Reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in decisions that will shape Surrey's future.

- 2.5 Continuing to drive the transformation of our organisation and its culture is key to enabling delivery against the four priority objectives. Our Transformation Programme enables us to improve services and manage demand, making the Council more effective and efficient. In short, it helps us deliver better outcomes for residents for less money. Our areas of focus for transformation include driving improvements in customer experience, organisational culture, and use of digital and data. Recognising our commitment to *no one left behind*, we are also delivering a radical agenda for Equality, Diversity, and Inclusion to enable the Council to become more diverse and inclusive, bringing strength through difference.
- 2.6 We cannot stand still. The relationship between delivering our core services and our Transformation Programme is key and represents a continuous cycle of change and improvement with each informing the other.
- 2.7 On 29 June 2021, Cabinet reaffirmed its commitment to the Vision 2030 and Organisation Strategy and set out a high-level delivery programme for the medium term. This will enable the Council to support residents and communities to thrive in the coming months and years as Surrey, and the country as a whole, emerge from the Covid-19 pandemic and we adjust to the effects it has had on our communities, localities and economy.

### 3. Transformation and the 'Twin Track' approach

#### Transformation

- 3.1 The progress the Council has made in recent years has been underpinned by an ambitious and effective approach to transformation. Since its inception in 2018/19 the Transformation Programme has improved vital services for residents, introduced innovative new service models, built capacity and competency, and made a significant contribution to stabilising the Council's finances. This includes the forecast achievement of £81m of ongoing transformation-related efficiencies by the end of 2021/22 along with significant cost containment in areas of growing demand, thereby ensuring we can operate within available resources and protect investments in key services.
- 3.2 Any large scale and dynamic change programme must continue to flex and adapt if it is to meet strategic objectives in an ever-changing environment. We therefore review and refresh the Transformation Programme regularly, ensuring we continue to build on and improve outcomes for our residents.

- 3.3 Linked to our commitment that *no-one is left behind*, there are a range of continuing transformation programmes that are specifically focused on improvements within our Children's and Adults' Services. These are already leading to better outcomes for children and young people, residents and service users. These programmes are complex and take time to deliver with many spanning multiple years, and therefore it is imperative that we continue to drive delivery of these programmes through to completion as key priorities for the Council. We are committed to delivering long term, sustainable improvements.

### **Future Transformation Programme and 'Twin Track' alignment**

- 3.4 2021/22 is the 4th year of our original envisaged 5-year transformation journey, the programme continues to deliver a range of service performance and quality improvements together with financial benefits, but transformation should continue to evolve and not be a static approach or set of programmes.
- 3.5 Governance and reporting arrangements are well established with visibility and ownership at senior levels including Cabinet Members & Corporate Leadership Team (CLT); this includes the Transformation Assurance Board which is chaired by the Leader and has regular attendance from Cabinet Portfolio Holders as required depending on agenda items.
- 3.6 The current level of transformation investment equates to approximately 1% of the budget (£10m p/a) annually and is the only current internal mechanism for services to bid against to receive additional funding for change programmes and initiatives. Externally it is possible to bid for grant funding or other Government funding.
- 3.7 The level of requests for transformation funding and planned programmes in 2022/23 has increased compared to previous years. This is mainly due to the addition of significant organisational ambitions together with planned improvements and existing programmes. The Transformation Support Unit (TSU) has worked closely with key stakeholders across the organisation to develop and refine the requests for 2022/23 which has resulted in a strong set of proposed programmes that will enable us to pump prime our strategic priorities along with continuing to drive a range of service quality and performance improvements. The transformation programme will also deliver significant financial benefits in terms of efficiencies and cost containment in 2022/23 See section 3.11 in this report for further details.
- 3.8 2022/23 will start to see a shift in our current portfolio of change with a revised approach to categorisation, planning and funding of transformation activities, creating two streams as follows:
- I. The completion (or transition to BAU) of a number of existing programmes by April 2023;
  - II. A pipeline for future transformation programmes, to be created that will allow appropriate planning and business case development. This will effectively move away from the annual refresh cycle of bidding for funding and resources. This will allow for a more organic and flexible approach to programme setup and delivery

This revised approach will enable twin track initiatives to be incorporated in the transformation pipeline as and when ready.

<p><b>Strategic Priorities</b></p> <ol style="list-style-type: none"> <li>Greener Future (inc. natural capital, waste &amp; transport)</li> <li>Enabling Empowered Communities</li> <li>Growing A sustainable Economy</li> <li>Getting to Good (CFL)</li> <li>Workforce of the Future</li> </ol> <p>This enables us to:</p> <ul style="list-style-type: none"> <li>Enact the CCDP and associated programmes</li> <li>Continue developing our approach to communities</li> <li>Continue to develop and drive plans for a sustainable economy</li> <li>Continue the improvement of Children's services</li> <li>Drive forward our plans for org design and future workforce</li> </ul>	<p><b>Adult Social Care</b></p> <ol style="list-style-type: none"> <li>Accommodation with Care &amp; Support</li> <li>Care Pathways</li> <li>Evaluate In House Services</li> <li>Market Management</li> <li>Learning disabilities and autism</li> <li>Mental Health</li> <li>Enabling you with Technology</li> </ol> <p><b>Children, Families and lifelong Learning</b></p> <ol style="list-style-type: none"> <li>Preparing for Adulthood</li> <li>SEND Transformation</li> <li>CSPA/LSPA phase 2</li> <li>Placement Value and Outcomes</li> <li>Helping Families - Early Intervention</li> <li>Domestic Abuse</li> <li>NSPCC Reunification Project</li> <li>One Front Door/ Plug yourself in</li> <li>Graded Care Profile</li> <li>No Wrong Door</li> </ol> <p><b>CPG</b></p> <ol style="list-style-type: none"> <li>Community Protection (SFRS &amp; Coroners)</li> </ol>	<p><b>Communities</b></p> <ol style="list-style-type: none"> <li>Libraries &amp; Cultural Services</li> <li>Customer Experience</li> </ol> <p><b>Health &amp; Care Integration</b></p> <ol style="list-style-type: none"> <li>PEoLC Frailty</li> <li>Digital Infrastructure</li> <li>First 1000 days</li> <li>Estates</li> <li>Transforming Outcomes for people</li> </ol> <p><b>Cross cutting / enabling programmes</b></p> <ol style="list-style-type: none"> <li>Land &amp; Property Transformation</li> <li>Digital Programme</li> <li>Digital skills development</li> <li>Data Insights</li> <li>Property Technology</li> <li>Digitisation Records Mgt</li> <li>Becoming More Entrepreneurial</li> <li>Resources Directorate Improvement Programme</li> </ol>
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Fig 4. Summary of 2022/23 Transformation initiatives / programmes

3.9 In the medium term it is anticipated transformation will be far more cross cutting and collaborative both internally and with partners. Outcomes from the twin track (track 2) work will significantly influence the shape of the programme from 2023/24 onwards

3.10 To enable a greater flexibility around the timing and level of transformation funding, it is proposed the annual £10m budget is treated as a contribution to a transformation reserve from which programmes would draw down. The reserve will be supplemented by an initial one-off transfer of £15m from the Budget Equalisation Reserve. The rationale for this approach is:

- Managing transformation spend through a reserve would better reflect the nature of programme spending by allowing for peaks and troughs in spending over the years;
- It also allows the TSU to better manage the funding of changes to programme plans, allowing plans to be brought forward or pushed back as and when necessary; and
- This level of contribution to the reserve will be flexed (increased or reduced) over the medium-term based on the level of transformation requirements in any given year and to ensure that reserve levels overall are maintained.

**Transformation benefits and efficiencies 2022/23**

3.11 By the conclusion of the 2021/22 financial year, transformation will have achieved a total of £81m of ongoing revenue efficiencies. This figure includes efficiencies achieved since the commencement of the programme in 2018/19. In addition, transformation has achieved £55m worth of cost containment during the same period.

3.12 Transformation will continue to drive efficiencies, with an additional £20m of efficiencies in the MTFs for 2022/23 with a further £32m\* identified through to 2026/27

*\*this figure is expected to rise significantly as track 2 opportunities are further developed and business cases approved, including the acceleration of £1.7m into 2022/23 set out in paragraph 3.27.*

- 3.13 The SEND Transformation programme contains some of the most significant cost containment targets. Overall, there is a cost containment target of £28m for 22/23 linked to SEND, with further cost containment needed in future years; whilst this is not all activity directly resulting from the transformation funding, the overall programme plays a key part in their delivery. As the plan has progressed, some areas of activity such as preparation for adulthood and Placement, values and outcomes have developed into their own workstreams with associated cost containment.
- 3.14 The transformation programme is not just about delivering financial benefits, and the broad range of initiatives in 2022/23 will continue to drive service quality and performance improvements that will directly contribute to better outcomes for our residents, services users and businesses in the County. Funding will be invested in initiatives that clearly demonstrate the achievement of improved outcomes, this may entail the use of funding on programmes that do not have financial efficiencies associated with them and therefore the return on investment will be based on non-financial benefits for example; improved independence, faster response times and better coordinated and joined up service provision.
- 3.15 During 2022/23 and in the medium term there will be an increased focus on making significant progress driving forward our strategic priorities with specific programmes focused on; enacting the Climate Change Delivery Plan (CCDP), continued development in empowering and enabling communities, further progress of our plans for a sustainable economy and economic growth and the ongoing improvement of Children’s services and associated Ofsted rating.
- 3.16 Our ‘Twin Track’ approach (Fig. 5 below) refers to the planning and delivery of two budget-setting processes at the same time - preparing the budget for 2022/23 (Track 1) whilst simultaneously developing a new approach to 2023/24 onwards (Track 2). This approach helps us plan overall outcomes, rather than individual budget envelopes year-by-year, and ensures that we stay prepared and equipped to meet future challenges. The approach plans to help keep the Council on a stable financial footing over the medium-term. The ‘Twin Track’ approach will also help us transition to the next phase of our transformation programme, ensuring we’re in the best possible position to deliver our ambition of better outcomes for residents. Opportunities are being developed with a range of stakeholders including staff, Members, partners and residents.



Fig 5: 'Twin Track' approach

- 3.17 To stand the best chance of closing the budget gap and ensuring that constrained funding is targeted most effectively at our priorities, fundamental changes to our budget setting and

delivery approach are required (Track 2). This means accelerating cross-organisational working over delivering efficiencies in silos, focusing on outcomes and collaboration. Working in this way maximises our chances of closing the budget gap, ensuring the Council continues to be a financially resilient and more efficient organisation that works effectively with partners to achieve better outcomes for residents and maximum value for money.

- 3.18 Working towards better outcomes and financial resilience also means we need to continue to transform how we operate as an organisation, to enhance our relationship with residents and embed this into our ways of working. Across the organisation, we need to be focused on early intervention and prevention, strengths-based practice, building capacity and resilience, and empowering residents to do more for themselves. This also includes considering how we make the most of Surrey’s assets, take a commissioning and procurement approach that strengthens our economy and embed a business-as-usual approach of cross-organisational and partnership thinking to both service design and delivery.
- 3.19 Some of the areas that we will be progressing under Track 2 are set out below. A number of early activities have been identified and work is ongoing to develop robust business cases.

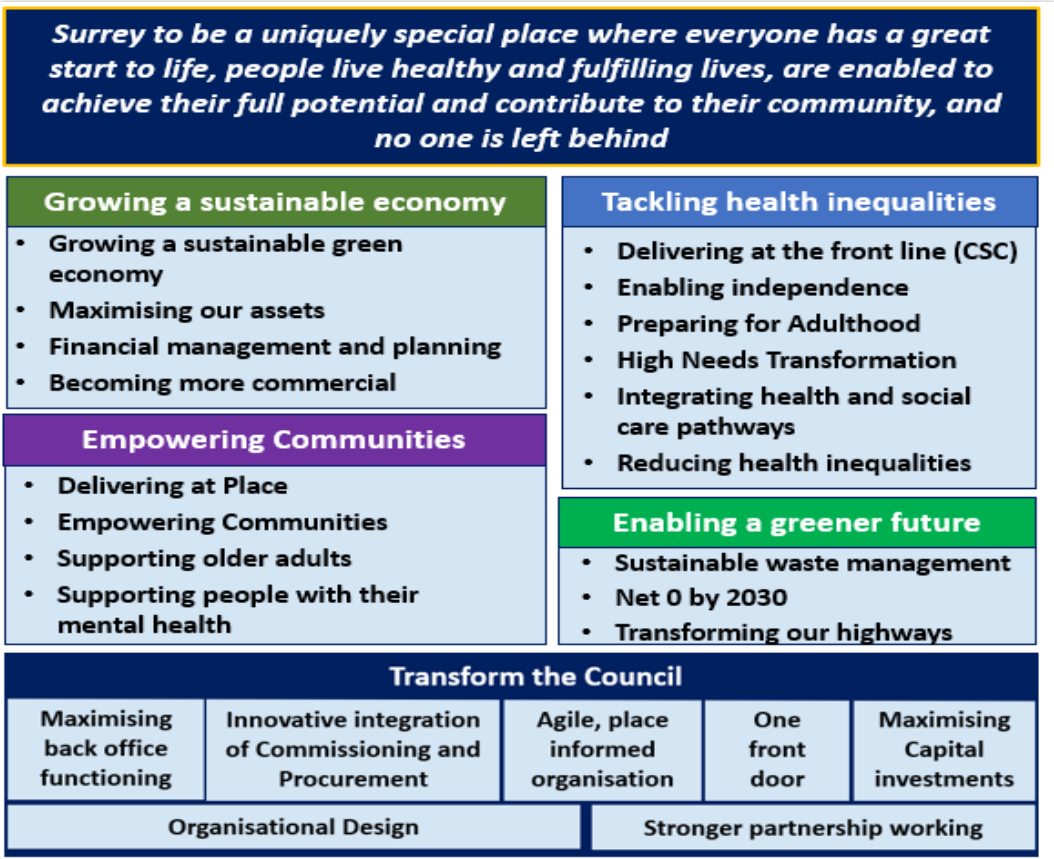


Fig 6: Track 2 areas of focus

- 3.20 Our strategy puts resident experience, outcomes and communities at the centre of service design, delivery and transformation. To achieve this, greater collaboration across Council directorates and with residents, partners and business will be essential to achieve our priorities. With this mindset, the programme will lead to greater innovation and challenge existing ways of delivering services and budget setting.

## What does 'Twin Track' mean for residents, communities and businesses?

- 3.21 A key driver for the Council is to deliver a sustainable future for residents and deliver against the Vision 2030 in the most efficient and sustainable way (fig. 3 above). Developing our approach to the medium-term now provides the time and space to design and develop an organisation that has the financial resilience to ensure that residents who most need us benefit from services that best meet those needs. As a large, diverse county, a one-size-fits-all model of service delivery will not, in many instances, meet the needs of our local people. 'Twin Track' will support and enhance community-based delivery and working, where local people have access to support, information and services they need at the right time and in the right way, and benefit from more community-led action and participation.
- 3.22 Working more closely within localities and developing a greater understanding of local need will enable effective and efficient use of resources to support residents and communities to thrive and realise the best possible outcomes.
- 3.23 As well as improving access to and delivery of universal services in Surrey, 'Twin Track' will support our most vulnerable residents to access specialist services they need within their local communities. This will be achieved by investing in a range of appropriate provision focused on improving outcomes such as increasing the range of Extra Care Housing, SEND provision and supported living within the county.
- 3.24 Our residents' experiences are shaped by the relationships they have with the Council and partners. We will accelerate our work to create a more inclusive relationship with citizens; one where they feel supported, empowered, resilient and engaged. By working with residents so they can take more responsibility for themselves where possible and appropriate, we can provide a more seamless and efficient experience, focussing our resources on residents who need our services most.
- 3.25 We want our county's economy to be strong, and to contribute to a sustainable, greener future for Surrey. Success will mean more jobs in Surrey across a range of sectors, enabling greater opportunities for Surrey's residents from all backgrounds and skill sets. Working closely with and investing in local businesses and key growth sectors, 'Twin Track' will drive inward investment from the Council into local businesses and providers at a faster pace - buying more in Surrey, for Surrey.
- 3.26 By working with partners to put in place effective green infrastructure to connect communities and enable safe, easy and predictable travel, and work with residents to play their part in responding to the climate emergency, 'Twin Track' maintains Surrey's commitment to sustain our local climate and work towards net zero carbon.

### Twin Track Acceleration into 2022/23

- 3.27 To support closing the budget gap for 2022/23, we have assessed the potential for accelerating work across the Twin Track transformation opportunities, to generate additional efficiencies for 2022/23. Identification of opportunities was based on key areas as follows:
- Areas where work on an opportunity has begun, but the ambition could be increased and benefits could be realised quicker than originally planned with appropriate resource and attention;



- Areas that are within Surrey County Council’s direct control and require lower levels of collaboration, leading to faster implementation; and
- Areas where behaviour change and strengths-based working can reduce incoming and existing demand for high cost services, while improving outcomes.

3.28 Two opportunities have been identified for accelerated development, with the expectation that £1.7m additional efficiencies will be generated for 2022/23. This target is included in the Central Income and Expenditure section of Annex A, until it can be distributed to Directorate budget envelopes:

- **Transport** – Stretching our ambition to support more service users of Home to School Transport to be more independent and lower the costs of transport provision, as well as supporting transport functions across the council to work in a more integrated way.
- **Fees and charges** – Uplifts to fees and charges that are within the Council’s gift to influence, including making increases in areas that do not currently align with nationally set charges.

3.29 These early opportunities will support our ambitions to move towards new ways of working that realises better outcomes for residents and maximum value for money. As the business cases are developed, they will be subject to Cabinet approval and due scrutiny where required.

#### Next steps

3.30 To progress ‘Twin Track’ and build on existing momentum, we need to continue the work to mature our culture, behaviours and ways of working with partners, residents and businesses.

3.31 A series of business cases outlining identified ‘Twin Track’ transformation opportunities aligned to the corporate priorities will be developed over the coming months. We commenced the process for Track 2 early to give us the opportunity to identify, test, reiterate, plan and implement ideas with sufficient time. These will define the ambitions of the opportunities and set out key financial and non-financial benefits, setting out more detail on how we plan to close the budget gap and improve outcomes for residents.

3.32 We will continue to engage with residents, businesses and partners to inform our Medium-Term Financial Strategy and delivery of better outcomes for our communities.

## 4. SERVICE STRATEGIES

### ADULT SOCIAL CARE

#### Context

4.1 Adult Social Care’s (ASC) 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”***.

4.2 ASC provides advice and information, assessment, care and support services for people aged 18+ with Physical and Sensory Disabilities, Learning Disabilities and Autism, Mental Health

needs and for frail Older People. ASC operates in a challenging environment with reductions in Government funding; an ageing population and growing numbers of young people moving into adulthood who need services; an increasingly fragile care market; and radical changes in national policy. Covid-19 has added another level of complexity, with ASC playing a crucial role in SCC's response to save lives, protect the National Health Service (NHS), ensure our residents are protected wherever possible and continue to deliver essential services.

- 4.3 ASC's 2022-27 MTFS seeks to build on and further progress the ambitious transformation programme that the service embarked upon in 2018. At its heart is the implementation of a 'strength-based' framework that focuses on people's strengths as experts in their own lives and recognises their strengths to help them stay connected to their community and independent. This has already enabled SCC to manage demand for ASC more efficiently and effectively and make a substantial contribution towards putting SCC in a more financially sustainable position.
- 4.4 Prior to the pandemic, through the early implementation of its transformation programme and a close focus on budgetary control, ASC was successful in mitigating service pressures and delivering efficiencies to the extent that total net expenditure only grew by £3.1m (0.8%) between 2017/18 – 2019/20. This was £48.9m less than the provisional (but unaffordable) budget for 2019/20 proposed in the 2018-21 MTFS.
- 4.5 The pandemic has had profound impacts on society and the economy, and as part of this there have been significant financial impacts on SCC's ASC service. During 2020/21 the number of people funded by ASC, particularly Older People, sadly reduced due to Covid-19 reaching a low point in September 2020. However, at the same time the cost of care has substantially increased due to increased acuity of care needs and the impact of the Discharge to Assess (D2A) system introduced nationally at the start of the pandemic in March 2020. Average costs of care have increased across all client groups, with the largest rise of almost 13% in the average cost of supporting an Older Person compared to the pre-pandemic position. These increases in cost mean that although the total number of people supported by ASC currently remains lower than the pre-pandemic position, total expenditure on care packages is over 7% higher. With the number of people seeking support continuing to grow in the recovery period, there is increasing pressure on ASC's care package budget.
- 4.6 The integration of NHS and Social Care services continues to be a major priority for the service. The strategic objective is to create a service response where users or patients "cannot see the join" between us. This year we have of course focussed on our response to Covid and working together to ensure people are discharged from hospital, with care package costs charge to a national NHS hospital discharge fund an initial time-limited period post discharge. As part of this focus on hospital discharge and our broader joint working across the county, we have worked very closely together to offer support to social care providers as they responded to challenges through the year. We have also created a number of jointly funded posts to create an integrated approach to strategic commissioning, focussing initially on Learning Disabilities and Autism, Mental Health services and support for carers. There is a similar initiative in Children's services where most of these services are now jointly commissioned. Another key area of focus is Continuing Healthcare Services, where SCC is managing an integrated service reducing the number of disputes and delivering more timely assessments. Continuing to effectively progress health and social care integration to jointly

deliver services at best value is a key enabler to the delivery of ASC's MTFs and also of course the broader financial sustainability of Surrey's health & social care system.

### **Current 2021/22 budget position**

- 4.7 ASC's original budget for 2021/22 was £377.2m. This has been temporarily increased to £380.7m due to the allocation of £3m of Contain Outbreak Management Fund Covid-19 grant funding to mitigate some of the additional care package pressures caused by the pandemic and another £0.5m temporary budget virement. The impacts of the pandemic set out above combined with other service pressures mean that at month 8 an overspend of £3.2m is forecast for ASC's 2021/22 budget. The scale of the pressure is substantially understated in 2021/22 due to a combination of temporary Covid-19 grant funding, some one-off underspends and other benefits this year and the fact that there is only a part year impact of the increase in care package commitments showing in 2021/22. When budget papers were prepared full year care package commitments were £18.1m higher than 2021/22 and this pressure is included and needs to be addressed in the 2022/23 budget. Most of this pressure relates to factors caused by the pandemic, including an estimated pressure of between £7-£10m directly related to the impact of Discharge to Assess system introduced during the pandemic.

### **Financial pressures**

- 4.8 Based on SCC's current expected funding, ASC, like most services, has been asked to develop a financial strategy that mitigates all of its own pressures while also reducing overall spending to contribute towards managing SCC's expected medium-term reduction in funding and increased capital financing requirement. The current budget envelopes set for ASC would represent a reduction in SCC's allocated budgeted resources for ASC of £40m (11%) by 2026/27. In the context of the very significant pressures ASC faces, the service does not consider it feasible to meet this ask unless there is a substantial increase in specific ASC funding.
- 4.9 Total pressures are budgeted at £44.4m in 2022/23, £128.1m for the whole 2022-27 MTFs period. Most of the pressures relate to care package expenditure, which is not surprising given that almost 90% of ASC's gross expenditure relates to supporting people and their carers. Aside from the £18.1m care package carry forward pressure set out above, the biggest pressures are care package price inflation (budgeted at £17.8m in 2022/23, £67.9m for 2022-27), and care package demand (budgeted at £5.7m in 2022/23, £29.6m for 2022-27).
- 4.10 Notwithstanding the serious financial risks that the new ASC reforms recently announced by Government pose and are commented on below, there are some material risks associated with the current budget assumptions. Budgeting for a service as complex as ASC is not an exact science and there will always be a risk that demand or price assumptions could be understated. This risk is higher in the pandemic recovery period when there could be more latent demand for care services. A pressure of £3.5m has currently been included in the MTFs for Liberty Protection Safeguards but depending on if and how the new proposed legislation is implemented, it is thought maximum pressures could exceed £13m per year in the worst-case scenario. A relatively small pressure of £1m is budgeted in 2022/23 relating to Discharge to Assess. This assumes a sustainable approach is implemented when the national funding for D2A comes to an end in March 2022, which will be challenging to achieve. Other risks include

the fact that a £2.4m increase in Better Care Fund income for ASC in 2022/23 has been assumed based on prior year trends, but this has not yet been confirmed by Government.

## Financial efficiencies

- 4.11 ASC plans to continue to deliver an ambitious programme of efficiencies to as far as possible mitigate these pressures. The implementation of transformation plans has been delayed because of the pandemic, but there is a renewed focus now to picking up the pace of delivery. These efficiencies are set in the context that despite successfully controlling expenditure in recent years (noting that Surrey is set to have by far the lowest growth in total ASC net expenditure across the period 2017/18 to 2021/22 out of all counties in the South East), Surrey remains a high spender on ASC per head of population compared to its nearest neighbour authorities. £19.4m of efficiencies are currently budgeted in 2022/23 and £48.5m over the whole 2022-27 MTFS period, although ASC continues to consider how the scale of efficiencies could be increased.
- 4.12 The majority of ASC's efficiencies (£13.8m in 2022/23 and £41.8m over the whole 2022-27 MTFS period) are expected to be achieved through delivery of ASC's transformation programmes. These programmes focus on:
- Improving **care pathways**, including a focus on ASC's digital front door, reablement service and community and prevention strategy. This is an enabler to delivery of efficiencies;
  - Developing new care settings in the community to enable a shift away from residential care through the **Accommodation with Care and Support** programme;
  - A strategic shift in models of care to focus on promoting independence through the **Learning Disabilities and Autism** programme;
  - Improving **market management**, including embedding a central brokerage function and commissioning new frameworks for key market sectors;
  - Comprehensively **reviewing all care services delivered in-house by ASC** to determine the best way of delivering these services in the future;
  - Re-shaping service delivery and reviewing organisational structures through the **Mental Health** programme; and
  - Implementing a comprehensive new **Technology Enabled Care services** offer, which will be an essential enabler to the delivery of all the above programmes and their efficiencies, as well as reducing the cost of support for new clients.
- 4.13 SCC's health & social care integration transformation programme which is cross-cutting across ASC, Children, Families & Learning and Public Health services, will also be a key enabler to the delivery of many of ASC's planned efficiencies in the 2022-27 MTFS.
- 4.14 There are £5.6m of further efficiencies proposed in 2022/23 and £6.7m across the whole 2022-27 MTFS period for Older People and Physical and Sensory Disability strength-based reviews, resolution of Continuing Health Care disputes and agreeing a new Continuing Health Care joint funding policy framework that are not directly related to ASC's transformation programmes.

## Capital programme

- 4.15 Successful delivery of ASC's transformation programmes, particularly the Accommodation with Care and Support programme, is likely to involve SCC committing significant capital resources, both in terms of use of SCC owned land, that could potentially otherwise be sold or used for alternative purposes, and direct capital expenditure.
- 4.16 Feasibility monies of £1.8m for Extra Care Housing have already been approved by Cabinet and pipeline capital expenditure of £80m for developing new affordable Extra Care provision for Older People and £40m for developing new Independent Living provision for people with Learning Disabilities or Autism has been included in the draft MTFs proposals. This represents the initial estimated capital investment that SCC may be required to contribute towards the development of 725 new affordable units of Extra Care and 500 units of independent living (noting that SCC will not lead on the funding and development of all these units). The pipeline funding will be drawn upon as required based on decisions made by Cabinet about proposed schemes on different sites. Proposals for the development of new Mental Health accommodation services are also being developed and are likely to have a capital requirement. Consideration of the long-term future of the care homes operated in-house by ASC sites and currently subject to public consultation could also have significant capital implications.
- 4.17 Capital investment in ASC services is always based on a thorough analysis of the business case for a proposal to ensure proposals represent value for money for residents. This includes an assessment of the return on investment that the financial benefits of developing new accommodation is expected to generate, particularly in terms of care package savings.

## Horizon scanning

- 4.18 It is recognised that changes will not necessarily be welcomed, initially at least, by all. Some of ASC's important stakeholders including people who use services and carers, 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 spending on ASC is to be kept within what SCC can afford.
- 4.19 ASC's current calculated budget requirement is £25m higher than the budget for 2021/22. Based on SCC's expected funding, the gap from projected budget envelopes grows to £113.6m by 2026/27. ASC will continue to prioritise implementation of its transformation programmes and the other actions necessary to reduce care package commitments in the remainder of the year and mitigate pressures next year and beyond.
- 4.20 These 2022-27 MTFs proposals for ASC come against the backdrop of the Government's recently announced reforms for health and social care set out in its Building Back Better publication. SCC welcomes ASC system reform but is concerned at the apparent lack of any additional funding to meet existing ASC pressures, and that the cost of the proposed reforms may exceed the funding allocated to local authorities. This is a particular risk for areas like Surrey where large number of people currently fund their own care, meaning there will be a greater shift to local authority funding of care if the new proposed cap on care costs is introduced. There is currently insufficient detail for SCC to make a sound judgement of the

cost of the proposals, but the reforms will have far reaching impacts on residents, the social care workforce, the care provider market and local authority resource requirements. SCC urges Government to ensure:

- additional funding for existing social care pressures, along with up front funding to plan for implementation of the reforms, is provided in 2022/23;
- there is comprehensive and effective consultation with local authorities so that the burdens of the reforms can be properly understood and fully costed; and
- a fair and transparent methodology is developed for allocating funding for the new reforms, noting that the basis for allocating funding will need to differ significantly from how ASC funding is normally allocated between authorities.

4.21 If this does not happen, then the reforms will simply place additional financial burdens on SCC, and Local Government more broadly, further destabilising the ASC sector rather than enabling a sustainable future.

## **PUBLIC SERVICE REFORM AND PUBLIC HEALTH**

### **Context**

4.22 SCC's Public Health (PH) service improves and protects the health and wellbeing of people living and working in Surrey. It achieves this by:

- Providing public health intelligence and evidence to enable decisions based on people's need and what is effective;
- Providing specialist public health expertise and advice to NHS commissioners to support them in improving the health of their population through prevention and through effective commissioning;
- Improving health through partnership working, policy development, behaviour change and the commissioning of health improvement services for all ages which are targeted to those at risk of health inequalities;
- Working with partners to protect Surrey residents from communicable diseases and environmental hazards; and
- Providing oversight and support in the review, development and delivery of the Surrey Health and Wellbeing (HWB) Strategy.

4.23 The PH service commissions a range of services centred on key 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.

4.24 The services commissioned by PH are all preventative in approach and targeted at reducing health inequalities. This is one of SCC's key strategic aims and an overall ambition of Surrey's Health and Wellbeing strategy.

4.25 PH's priority focus since March 2020 has of course been on supporting the containment and management of the Covid-19 pandemic. The PH service has mobilised its resources and expertise to ensure that accurate and up-to-date information about infection rates across the county along with intelligence on the wider impact of the pandemic is provided for decision makers. It has worked closely with SCC's Corporate Leadership Team (CLT) and SCC's key partners to advise on how the virus can be most effectively managed for staff, residents and

the delivery of essential services whilst also enabling the establishment of both local testing and contact tracing capacity.

- 4.26 At the same time, the PH service continues to respond seven-days-a-week to local health protection queries and notifications of outbreaks from across the system whilst also ensuring the delivery of the majority of its core functions and commissioned services that are an integral part of the delivery of the local health and wellbeing strategy. These, it could be argued, are more important than ever, to maintain and improve people's health and wellbeing and focus on the need to reduce health inequalities during these very challenging times.
- 4.27 The wider Public Service Reform Directorate is jointly funded, accountable to both Surrey County Council and Surrey Heartlands Integrated Care System for driving the continuous improvement of a public service model that supports the delivery of our integrated health and social care strategies. Working across Surrey, the PSR teams will aim to:
- Ensure that local health and care partners make best use of data to inform the design of new models of proactive care and make best use of our collective resources to deliver improvements in health and wellbeing;
  - Galvanise people around a shared ambition to address the wider determinants of health (social, economic and environmental) to address health inequalities across Surrey's population, focussing on the improvement of both physical and mental outcomes;
  - Work with the Surrey Office of Data Analytics (SODA) and a wide range of stakeholders to support public sector transformation through data and technology, using design-led approaches and encouraging social innovation;
  - Develop new models for research and intelligence which provide an opportunity to improve outcomes for residents and increase engagement with them, taking a systemwide overview to understand local issues and ensuring research is reliable and robust by developing common principles, standards, methodologies and training; and
  - Ensure that the Surrey Heartlands system maintains the leading edge by underpinning its work with innovation, research and commercial development.

#### **Current 2021/22 budget position**

- 4.28 The current Directorate budget is £34.2m, £33.4m of which relates to Public Health and the remaining £0.8m to Public Service Reform functions. A balanced budget outturn is expected for 2021/22.
- 4.29 In addition to its core budget, the PH service is leading on the deployment of four Covid-19 grants:
- Test and Trace to pay for the costs of the county's contact tracing team and Covid-19 related communications to residents, business, schools and other organisations;
  - Contain Outbreak Management Fund (COMF) to cover a wide range of measures to help control the spread of the virus including working in partnership with District and Borough Councils, supporting the homeless and other vulnerable groups, schools and colleges and on functions such as environmental health officers;
  - Targeted Community Testing relating to the management of Surrey's asymptomatic testing programme and community collect system enabling residents to collect lateral flow testing kits; and

- Practical Support for Self-Isolation grant for assisting people who face difficulties with matters such as food due to having to self-isolate. This grant is being transferred to District and Borough Councils who already administer self-isolation support payments to residents.

4.30 From the start of the pandemic up until March 2022 total funding of over £40m will have been received and deployed across all these grant funded Covid-19 programmes. This has been essential to enabling Surrey to respond effectively to the pandemic. Some elements of the programmes will need to continue into 2022/23 to ensure the county remains on top of the spread of the virus and is able to respond agilely to any changes in the nature of the pandemic. SCC will ensure these costs are funded from its Covid-19 reserve if there is insufficient current grant funding to carry forward to cover the costs next year or new grant funding is not made available in 2022/23.

### Financial pressures

4.31 Since transferring to SCC from the NHS 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 PH funding is very low. Surrey's 2021/22 PH grant equated to £32.13 per head of population (the third lowest per head allocation in the country) compared to an England average of £57.82 per head;
- Secondly, Government has failed to invest adequately in PH services since they transferred to local authorities. Over the first 7 years after transfer of the PH service to SCC up to 2019/20, Surrey's PH grant funding was cut by £3.6m (9%). Although Surrey's grant has been increased by £3m in the last two years, this has come with some new responsibilities and Surrey's total PH grant funding is still £0.6m (1.5%) lower than it was in 2013/14 in cash terms (a much larger reduction in real terms); and
- Thirdly, like all Council provided services, Surrey's PH service has been impacted by the reductions to broader Central Government funding that SCC has suffered in recent years. An element of the PH grant has been allocated to services delivered or commissioned by other parts of SCC that contribute to meeting PH outcomes. Funding for other services that deliver wider PH outcomes was at its highest level of £6.3m in 2018/19. This was reduced to £5.4m in 2019/20 and this remains the budgeted assumption in 2022/23. This has required the PH service to make reductions to the preventative services it directly commissions in previous years, although if the funding was allocated to PH, this would require reductions in other SCC services.

4.32 The combination of the above factors has meant Surrey's PH service has had to significantly reduce expenditure on the services it directly commissions in recent years. PH's current budget of £33.4m is £5.8m less than its starting budget of £39m in 2013/14. This represents a cash reduction of 15%.

4.33 PH's latest MTFS proposals include pressures of £0.4m in 2022/23 and £1.1m across the whole 2022-27 MTFS period. These pressures largely relate to pay inflation and the end of grant funding for a £0.4m family resilience service, which PH is working with partners in SCC's Children, Families and Lifelong service to consider options for how to fund. The need to continue to deliver some elements of the Covid-19 programmes that are currently funded by grants in 2022/23, estimated to be in region of £3m, is not included as a pressure on the basis that as set out above this expenditure will be funded out of SCC's Covid reserve if there is insufficient grant funding to cover it.



- 4.34 In addition to budgeted pressures, there are some risks not included as pressures but that could materialise. The most significant is how NHS Agenda for Change pay rises which impact on several services that PH commissions will be funded. Previously SCC has received additional funding to cover the cost of these pay rises for NHS workers, but it is not clear if this will continue.

### **Financial efficiencies**

- 4.35 In recognition of the vital role the PH service continues to perform in providing services to improve and safeguard the wellbeing of residents, address health inequalities and lead in mitigating and managing the impacts of the pandemic, SCC's Cabinet agreed that PH would be protected from any corporate efficiencies in 2022/23. PH does though still need to mitigate its own £0.3m pressures in 2022/23. The service plans to do this through making small adjustments to service delivery to manage within available budget resources.
- 4.36 SCC's current indicative budget envelopes from 2023/24 would require the PH service to contribute towards delivering efficiencies to help manage SCC's expected reduction in corporate funding and increased capital financing requirement. Opportunities for increased value for money and cost efficiency will continue to always be sought as part of re-procuring PH services. However, if there is a requirement to further reduce expenditure on the services that PH commissions in the future then, taking into account the substantial efficiencies already delivered in previous years, it is likely this will mainly have to be achieved by reducing service provision. The outcomes of Track 2 of the MTFs may change the need to do that, but PH has undertaken a prioritisation exercise to rank the efficacy and impact on residents of its services to determine how to limit the negative impact on Surrey's public health of any reductions in PH expenditure that are required in future years. These have not been included as efficiencies in the latest MTFs proposals because of the detrimental impacts the reductions would have and because PH is awaiting the outcomes of Track 2 of the MTFs. As such, a budget gap of £3.4m is currently showing for PH up to 2026/27 based on the current indicative budget envelopes for future years prior to completion of Track 2.
- 4.37 It is important to be clear that any further reduction in PH spending in Surrey could have serious long-term impacts for Surrey residents, other SCC services and key partners such as the NHS. It would also impact on our ability to take forward our ambition to reduce health inequalities as part of the wider system. Therefore, any future changes to Surrey's PH spending once the national funding position is clearer and SCC has progressed Track 2 of the MTFs will require very careful consideration, prioritisation and evidence-based decision making.

### **Horizon scanning**

- 4.38 The PH service is reviewing its priorities for 2022/23 as the longer-term PH impacts of the pandemic are still emerging. This will include a need to consider the extent to which any elements of the programmes currently funded by Covid-19 grants may need to become more permanent service functions and, if so, how these could be funded.
- 4.39 Most of PH's major service contracts are coming up for renewal in the next 2-3 years. A key focus of the service will therefore be ensuring new service specifications take account of the latest health status of Surrey's population and where it is considered service provision needs to be targeted to address health inequalities. The procurement processes will also of course

need to consider how the refreshed services can be commissioned to maximise value for money for residents.

- 4.40 At present the future of the PH grant remains unclear. PH will need to remain responsive to any changes in grant funding. In the meantime, SCC will continue to lobby for increased PH funding to support the delivery of the health and wellbeing priorities for Surrey residents.
- 4.41 Through a focus on research, partnering with academia and industry, and data across the wider Public Service Reform Directorate, the team will be looking at how we drive health and social care devolution to its full potential, lobbying and influencing Government where appropriate on future models of public service that transforms peoples' lives. Working effectively in this space, SCC hopes to be able to influence future public policy, leading to a more sustainable public service model.

## CHILDREN, FAMILIES AND LIFELONG LEARNING

### Context

- 4.42 The overall aim of the Children, Families and Lifelong Directorate is to ***root children and families in our hearts and minds***. Our purpose is to ensure that Surrey's children and families have access to a range of services that tackle inequalities, support independence and enhance lives. We support families and enable children and young people to be safe and feel safe, be healthy and make good choices about their wellbeing.
- 4.43 Since being judged as 'inadequate' by Ofsted in May 2018, Surrey's Children's Services has taken determined and continued action to deliver an ambitious improvement plan. The service is committed to tackling areas for development highlighted by Ofsted and subsequent monitoring visits have illustrated the positive improvement journey across our services for children, young people and families, which is particularly encouraging given the additional challenges of the last year during the Covid-19 pandemic.
- 4.44 These factors have significantly impacted the financial position of the directorate and will continue to do so in the future. This is both in short term financial costs in responding to the Ofsted judgement and then the Covid-19 pandemic, but also in fundamental changes to the level of demand and type of support required for children, young people and families. Further pressures have arisen from international events leading to an increase in refugees and asylum seekers arriving via Home Office schemes and unofficial routes.
- 4.45 For Children's Social Care placements, lack of sufficient local supply is a key area looking to be addressed. This is both from the perspective of being able to increase the number of children placed in Surrey-based provision, but also ensure the appropriateness of supply to meet need. Expanding capacity of maintained specialist provision for SEND children is also key to reducing financial pressures within the DSG High Needs Block.
- 4.46 While capacity is increased within Surrey, other external factors such as current rates of increased demand and inflation are causing added financial pressures which need to be managed.

## Financial pressures

- 4.47 Key pressures are impacting the 2021/22 financial position within CFL, which then cause pressures in future years requiring ongoing mitigation. Total pressures for CFL, excluding the DSG High Needs Block, are budgeted at £18.4m in 2022/23, £52.3m for the whole 2022-27 MTF period. The pressures within CFL are focused on a number of key areas:
- Placement levels and costs in Looked After Children and Children with Disabilities - There has been an increase in Looked After Children (LAC) numbers during 2021/22 and these have been in the more expensive categories of placements such as residential, where one placement can be up to £0.25m;
  - Staffing overspends within Children's Social Care due to the level of agency staff needed to cover crucial vacant posts; and
  - SEND (due to the numbers of children and the cost of support, with many children supported in more expensive independent schools).
- 4.48 In 2021/22 Children's Social Care staffing and placement costs have a projected overspend of £6m and there is a focused effort to address and mitigate the costs.
- 4.49 The other significant area of ongoing financial pressure is within Special Educational Needs and Disabilities (SEND). This is funded through the Dedicated Schools Grant (DSG) High Needs Block (HNB), however this has seen a significant deficit position since 2018/19. Whilst, not able to directly finance the deficit with General Fund (GF) sources, the Council has taken the decision to establish an offsetting reserve which tracks the HNB deficit in order to ensure balance sheet stability. At the end of 2020/21 this reserve balance was £84m (equivalent to the HNB deficit) and projected to increase to £115m by the end of 2021/22. In the 2022/23, the HNB deficit is expected to be approximately £142m, so in the MTF the projected contribution to the offsetting reserve in 2022/23 is £27m.
- 4.50 Achieving the improvement in children's services is not seen as mutually exclusive to the need for financial rigour. Whilst projecting budgetary effects of supporting children in CFL is complex, our financial strategy is to:
- Focus on those children requiring support through our Family Safeguarding model and No Wrong Door, whilst ensuring the safety of children and complying with statutory responsibilities;
  - Reduce the unit cost of provision or move children from high-cost provision into other suitable placements (where appropriate);
  - Review the level of provision on offer;
  - Enable children to live closer to home to promote better outcomes but also to reduce costs; and
  - Promote budget accountability, including reducing the need for costly agency staffing through improvements in recruitment and retention.

## Financial efficiencies

- 4.51 In order to mitigate the pressures, a number of options for reducing the Directorate's budget requirement to meet available funding were considered, with those included in the Budget totalling £13.8m in 2022/23 and £26.9m over the whole 2022-27 MTF period. Within CFL, the pressures occur in the areas of most significant expenditure (staffing and placements), which means that the scope for offsetting costs through efficiencies in less pressured areas is difficult.

4.52 Reducing costs for Looked After Children (LAC) placements is focused around the following areas;

- Reducing the level of demand through new practice models which enable early intervention;
- Provide more in county and in-house provision at lower cost to support those requiring placements;
- Increase the use of foster carers which are lower cost than residential placements and also deliver improved outcomes; and
- Reduce unit costs through increased block purchasing and collaborative commissioning systems.

4.53 Managing pressures on staffing expenditure is the other key area. This is being approached through the increased rollout of the retention and recruitment programme, which is incentivising a higher percentage of staff to move to permanent contracts. This reduces the additional costs incurred when filling posts through agency/locum staff. Bringing down the cost of the agency workers we employ is targeted through consideration of joining the South East memorandum of understanding on agency rates, as well as the move to a combined agency worker framework with Kent CC.

## SEND

4.54 SEND efficiencies are focused on increasing internal capacity in Surrey maintained schools through phases 1-4 of the SEND capital programme of £125m as well as reducing demand through early intervention and support. The overall wider strategy ambitions are set out as follows:

- **Early joined up identification, response and provision**  
As children's needs are identified and met at the earliest possible stage, children should have access to the right provision to reach their potential and demand for long term statutory support reduces.
- **Children thriving in their local communities**  
With most children attending their local mainstream school with the right help and support and enough special maintained provision for those who need it, children should be able to live at home with their family.
- **Better experiences for children and families**  
By providing children and families with the right information and advice and making the system easier for them, children and families should receive a consistently good quality service.
- **Financial sustainability and better use of resources**  
Our focus on improving outcomes and value for money, joint commissioning and decision-making should ensure that the high needs grant funding available will be sufficient to meet children's needs within 5 years.

## DSG High Needs Block Trajectory

4.55 The SEND Transformation is a holistic and far-reaching programme, and it incorporates activity across the Local Area SEND system alongside the activity necessary to discharge our SEND

Accelerated Progress Plan. The programme, and associated cost containment activity, is structured in a thematic way to aid delivery and encompasses four key areas of focus:

- Inclusion in local maintained schools: Increasing the proportion of children able to thrive in a mainstream or specialist-maintained provision closer to home along with their peers and siblings;
- Sufficiency, outcomes, and value of school places: Ensuring that the school estate provides sufficient, suitable places for children with Special Education Needs and Disability within the county, improving the value of independent places that are used through partnership and market management and reviewing the school funding model within maintained provision to ensure funds are allocated efficiently and effectively as possible;
- Preparation for Adulthood: Supporting post 16 children in preparing for adulthood through more and better educational pathways and support for independence; and
- Partnership Accountability: Ensuring all partners across the local area, including Council departments and local providers are working effectively together to support improvements in outcome, experience, and sustainability of the SEND system in Surrey.

- 4.56 The financial pressures on the DSG and High Needs Block (HNB) continue to be a key focus of the Council and are being addressed through the SEND Transformation programme. At the end of 2020/21, following an overspend of £34.5m, the cumulative deficit on the HNB stood at £84m. DSG is made up of 4 blocks of funding: Schools, HNB (SEND), Early Years and Schools Central Services. In total, the overall DSG deficit balance stood at £63.7m at the end of 2020/21 (due to surpluses in other blocks).
- 4.57 The 2021/22 budget contains an assumed overspend of £23.8m which is matched by a General Fund contribution to the offsetting reserve. Previous assumptions within the MTFS were that this annual deficit would begin to reduce by £5.3m per annum to achieve a balanced in-year budget within 5 years. Following further work in conjunction with IMPOWER, a revised trajectory model was developed to reflect the current position of the programme. The current forecast for 2021/22 outturn is an overspend of £8.8m on the budgeted position, so an overall overspend of £32.6m.
- 4.58 The revised trajectory, supported by the IMPOWER model, is that the position over five years is still on track to deliver a balanced position. However, this is not delivered evenly over that period and would see a £9m pressure in 2022/23 reducing to £7m in 2023/24 before coming back more in line with previous expectations. The IMPOWER model will support the Council's 'Twin Track' approach to financial planning and will enable us to review the planning assumption with greater certainty as delivery progresses.
- 4.59 There is also a risk that SEND demand continues to increase post Covid leading to further spend, this, along with other financial impacts, is monitored at fortnightly meetings along with plans to mitigate the growth wherever possible through earlier intervention. The Department for Education SEND Review has been postponed and it is not yet known how this may impact the ability for the local authority to develop a financially sustainable system.

#### **Other Capital budgets**

- 4.60 In addition to the SEND Capital programme, a number of other capital projects impact directly within CFL. A number of these are managed through Land and Property (L&P) but the service

benefits or costs would be seen within CFL budgets. The largest in 2022/23 relate to schools. As well as the SEND strategy referenced above, there is £25.5m for the Schools Basic Need programme (grant funded) and £9m recurring Capital Maintenance in schools. Similar to SEND, there is an ongoing review of LAC sufficiency supported by a £5.m capital budget in 2022/23 and £37m up to 2026/27.

- 4.61 Development of the Surrey Outdoor Learning and Development (SOLD) site at Thames Young Mariners is designed to increase residential capacity at the site which will in term allow additional income generation through both the type of provision and time during the year over which courses can be run.

### Horizon scanning

- 4.62 The circumstances in which CFL is currently operating have led to significant additional cost pressures in the past three years. This, combined with the longer-term uncertainty around the impact of the Covid-19 pandemic, make long term projections more difficult. Core pressures within social care staffing and placement costs, as well as SEND, look set to continue and also be the major risks to achieving a balanced position in the future. For all of these areas resolving the base pressures and overspends will go a long way to enabling future strategies to align to available funding resources.

## ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE

### Context

- 4.63 ETI is a future-focused Directorate which aims to shape places, improving the environment and reaching sustainability and climate change targets. ETI provides many “universal services” to residents, i.e. services which many/all residents access including waste management and highways. Key service areas include:

- Waste management, including recycling/disposal of household waste and operation of community recycling centres;
- Highway maintenance and street lighting;
- Public transport;
- Countryside;
- Planning & Development; and
- Supporting the county’s and Council’s response to climate change and carbon reduction

- 4.64 Over the period of the MTFs, ETI’s key priorities are to:
- Continue to build upon our new Directorate organisation design - implementing and embedding the new Highways structure, coupled with further reviews of our Waste, Greener Futures and Planning functions;
  - Strengthen our financial sustainability to provide value for money to communities by leveraging available funding opportunities, identifying new commercial opportunities, opportunities for partnership working, innovating service delivery and developing our Greener Futures Finance Strategy;
  - Mobilise Ringway as the new Highways contract provider, improving quality of works across the county, continuing to identify opportunities to innovate and work more effectively, and delivering against carbon reduction outcomes including immediate adoption of a minimum 11% EV fleet with commitment to reach net zero by 2030;

- Strengthen engagement with customers and communities, through delivery of our Customer Enquiry Improvement Plan and establishing the cross cutting Greener Futures Engagement and Behaviour Change Working Group;
- Working with key partners and members, finalise the design of our future waste services, and progress the re-procurement. Conclude the Eco Park dispute;
- Deliver the Council and county's carbon emission reduction targets in line with our Climate Change Delivery Plan. With 46% of Surrey's emissions resulting from Transport, a key part of delivering these targets will be supported by adoption of the Surrey Transport Plan, EV network rollout and Bus Back Better plans;
- Deliver the £30m of capital schemes identified in phase 1 of the Surrey Infrastructure Programme, and develop the pipeline of phase 2 schemes; and
- Implement a new governance model to better support delivery of the Climate Change Delivery Plan and Surrey Infrastructure Plan.

### Services and spend: revenue budgets

- 4.65 ETI's current annual revenue budget is £141m. Key areas of spend include managing the recycling and disposal of the county's domestic waste collected at the kerbside and deposited at community recycling centres, managing the county's 3,000 miles of highways including repairing and maintaining the county's roads, streetlights, bridges and other assets, passenger transport including contracting bus services where socially necessary and operating the concessionary travel scheme for elderly and the disabled, and management of the countryside including providing visitor services.
- 4.66 A significant proportion of the Directorate's budget is linked to contracts, and ETI therefore recognises the need to work in close partnership with providers and markets to explore opportunities for efficiencies.

### Services and spend: capital budgets

- 4.67 In addition, ETI delivers infrastructure improvements through the Capital Programme, which includes the capital budget for projects which are in or approaching delivery, and the capital pipeline for schemes under development and subject to business cases. ETI's 5 year capital programme is £0.9bn, and includes structural maintenance of roads and bridges, the River Thames flood alleviation scheme, highways and transport improvement schemes (e.g. Farnham, A320) and Greener Futures, the Council's ambitious carbon reduction plan.

### Financial pressures

- 4.68 The ETI 2022/23 revenue budget includes pressures of £7.4m, £21m for the whole 2022-27 MTFS period; including:
- Inflation: significant spend within ETI is delivered through medium and long term contracts, including bus services, highway maintenance, and waste management. Most contracts include provision for an annual inflationary uplift, e.g. to recognise that materials and labour costs are increasing. Inflation is currently high and while future forecasts are currently volatile the ETI revenue budget includes non-pay inflation of £4.3m in 2022/23;

- Bus contracts: bus passenger numbers have reduced due to the Covid-19 pandemic, and although recovering they remain below pre-pandemic levels, and consequently fare income is reduced. While the Government has been providing financial support to the bus industry throughout the pandemic, this is expected to stop in 2022/23. The 2021/22 ETI budget includes growth of £1.7m to reflect the need for ongoing support to sustain contracted bus services, which increases to £2.1m in 2022/23, although this will be reviewed as passenger numbers increase; and
- Supporting ETI services: other growth includes additional resources to deliver Council priorities including Greener Futures and waste contract reprocurement, investment in managing the countryside including maintenance of public rights of way, and making provision for responding to the impact of severe weather (e.g. flooding) and ecological threats (e.g. ash dieback disease).

### Financial Efficiencies

- 4.69 The ETI 2022/23 revenue budget includes efficiencies totalling £6.5m, including the following:
- Waste prices: while the volume of domestic waste has increased as a result of working and lifestyle changes following the pandemic, the cost of dealing with dry mixed recyclable materials has reduced this year. Waste materials (e.g. paper) are a commodity and prices are influenced by supply and demand within a global market. At least in the short term this trend is expected to continue, providing a net benefit of £2m;
  - Street lighting: the Council continues to convert its streetlights to LED resulting in reduced energy consumption, which provides both a carbon reduction and a financial efficiency of £1.1m; and
  - Other efficiencies include use of one-off grant funding and other income, highway contract efficiencies, enforcement (e.g. of bus lanes and utility companies) and seeking to make services self-funding where appropriate.

### Horizon scanning

- 4.70 In future years further opportunities are anticipated in a number of areas.
- 4.71 Following an extensive procurement process the Council has appointed a new highways contractor, Ringway, to deliver maintenance and improvement works. The Council and its contractor will work in partnership to explore further efficiencies, for example innovations in working practices and use of improved materials.
- 4.72 The Council's current waste management contract is due to expire in 2024, and work is ongoing to define future requirements and to explore efficiencies, both through new contractual arrangements and also through closer working with waste collection authorities as well as giving consideration to development of infrastructure.
- 4.73 The Government is consulting on its Waste and Resources Strategy which could have implications for how the Council manages domestic waste, and the cost of doing so. The Strategy includes provision to improve the reuse of products, to make producers responsible for the cost of managing the disposal of products and packaging, and to change the way waste and recyclable materials are collected – all of which could provide opportunities for achieving efficiencies in ETI's budget over the MTF period and beyond.



**Context**

- 4.74 The Community Protection Group includes responsibility for Trading Standards, Emergency Management, Health and Safety, Coronial Services, Armed Forces and Community Resilience and the Surrey Fire and Rescue Service (SFRS). These are mainly statutory and regulatory services all brought together with the vision to make Surrey a safer place to live, work, travel and do business.
- 4.75 To support the 2030 Vision and Organisation Strategy we will focus on the areas of People, Places, Products and Premises. We will work with partners, SCC services, communities and businesses to protect residents from harm both physically and financially through: our prevention and protection work, ensuring that SCC can effectively prepare for, respond to and recover from emergencies, tackling rogue traders and deceptive, unsafe, and illegal practices and products.
- 4.76 The Group is also on a transformation journey. SFRS, in response to Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, has put in place a major improvement programme which is set out in the Making Surrey Safer Plan 2020-24. A big part of the plan is about changing and investing in how we deliver better prevention and protection activities. This will help prevent emergencies from happening in the first place. The Coroners Service is also transforming with care and support for the bereaved and dignity and respect for the deceased, at the core of how it operates.
- 4.77 Partnership working is key to the success of the group, starting within Surrey County Council with Adults and Children's services, to help prioritise support to our most vulnerable residents. We also aim to work better with other emergency services, District and Borough Councils and closer working with businesses to support the Surrey economy. The role Trading Standards play in this is important particularly with digitalisation leading to more Scams directed at vulnerable people and businesses.

**Services and spend**

- 4.78 The Community Protection Group has an annual revenue budget of £40m, primarily the Fire and Rescue service, and a Capital Programme of £23m across 2022-27 which includes replacement of Fire vehicles and equipment.

**Pressure and efficiencies**

- 4.79 The Group's Medium Term Financial Strategy reflects expected growth through pay inflation, including anticipated growth from nationally agreed firefighters pay awards. Other pressures include Coroners operating costs, including the establishment of a new mortuary facility.
- 4.80 Total pressures are budgeted at £2.4m in 2022/23, £6.7m for the whole 2022-27 MTFS period.
- 4.81 Following significant transformation and modernisation of the Fire service across 2019-21, which included investment in prevention and protection activities alongside a more efficient

operating model, efficiencies in future years are focussed on optimising spend through continual improvement and consideration of alternative funding.

## PROSPERITY, PARTNERSHIPS AND GROWTH

- 4.82 The Directorate plays a key leadership role in convening and developing lasting and effective relationships and partnerships with key organisations locally, regionally and nationally and in driving forward the Council's ambitions and Economic Growth Strategy for Surrey through innovative, targeted delivery programmes.
- 4.83 Relationships and partnership work with Government departments and officials, national agencies, national and regional representative bodies, District and Borough Councils, other authorities, County organisations and local bodies contribute to the achievement of the Community Vision 2030 and all four of the Council's strategic priorities. This is most obviously manifested in the proactive planning, preparation, positioning and activity in relation to Government policy and programmes, such as the forthcoming Levelling Up White Paper and potential to secure a County Deal in a subsequent round.
- 4.84 'Surrey's Economic Future: Our 2030 Strategy Statement,' (agreed by Cabinet in December 2020) and the delivery programme that supports it, directly contribute to the Council strategic priority of 'growing a sustainable economy so everyone can benefit'. They also contribute to the 'reducing health inequalities', 'enabling a greener future' and 'empowering communities' priorities.
- 4.85 They set out the path to economic recovery and prosperity, identifying four main themes/opportunities for the County's post Covid-19 resilience and growth, including:
- Delivery of Surrey's Inward Investment Programme and promotion of the Surrey Story;
  - Convening and place leadership to reimagine Surrey's High Streets for the future;
  - Skills for growth: maximising opportunities through skills development for the future; and
  - Delivery of key Infrastructure across Surrey, including gigabit capability, highways and transport, and business networks and partnerships.
- 4.86 Specific interventions are already being taken forward to drive a more innovative, inclusive, and productive economy. This includes the launch of a new Surrey-specific approach to inward investment, a strategic, community-led approach to placemaking and a programme of work to improve full fibre digital connectivity in Surrey.
- 4.87 The Prosperity, Partnership and Growth Directorate has a total budget of c£1.5m, which is materially targeted at the Economic Growth Team and associated costs. For 2022/23 there is a requirement to strengthen the team further to develop a Growth Plan to drive business engagement, the economic place agenda, attract new business and skills, strengthen partnerships and understand infrastructure needs.

## CUSTOMER AND COMMUNITIES

### Context

- 4.88 The Directorate includes the following services:
- Community Partnerships and Engagement;
  - Customer Services and Customer Experience; and
  - Libraries, Arts, Heritage and Registration Services

- 4.89 Customer and Communities delivers critical day-to-day services and operations, while also shaping and driving several connected key strategies and transformation programmes that are central to the successful achievement of the Surrey County Council (SCC) Organisation Strategy, 2030 Community Vision and Surrey Health and Wellbeing Strategy.
- 4.90 Although a newly formed Directorate, all areas have undergone (or are undergoing) significant improvement & cost reduction. The Net budget for the Directorate for 2021/22 amounts to c£11m. This includes significant income budgets in excess of £10m, primarily across Cultural Services (Libraries, Surrey Arts & Registrations), although there is also income within Customer Services from Blue badges fees. Income to Cultural Services comes primarily from weddings (from providing registrars services at both registry offices and licenced venues), income from music lessons provided by Surrey Arts in schools and income from archaeology services and fines and reservation charges in libraries.
- 4.91 All areas have undergone significant improvements over the last 3 years and significant cost reduction e.g., libraries net budget has reduced by 30%; Customer Services budget reduced by over £400k. The ambition is not only to ensure the sustainability and quality of service delivery, but to think creatively about how services are delivered.

### **Delivering key strategies and transformation programmes**

- 4.92 The Directorate is at the forefront of shaping and delivering the Council's priority ambition of empowering communities. Supporting the development of thriving communities is essential to delivering a greener future, driving a sustainable local economy, and tackling health inequalities - and strong and active communities are a crucial ingredient in supporting more people to live independently for longer.
- 4.93 The Covid-19 pandemic has seen the communities that we live and work in change overnight and has required the Council and partners to work better together alongside and with our communities. Customers and Communities were able to respond proactively to the pandemic, and these responses in turn have set the direction for further transformation – for example:
- Library services rose to the challenge of Covid-19 and adapted successfully having been recognised by the Government as an essential service in supporting residents with learning, digital inclusion and health and wellbeing during an unprecedented time - the vital role played by libraries both through digital platforms and local settings has informed the next phase of library transformation plans;
  - Customer Services established at pace the Covid-19 Community Helpline and Local Contact Tracing operation which is now being woven into daily operational activity in the most proportionate and effective way; and
  - Based on learning from the community welfare response, the Directorate has embedded and supported the development of more community-focussed ways of working (including developing a community network approach and setting up and delivering Your Fund Surrey).
- 4.94 The Directorate is driving forward key transformation programmes to continue to adapt and improve services to meet the changing needs to our residents and ensure financial sustainability:
- **Customer Experience** - Making people's experience of dealing with the Council quicker, easier, and better by shaping a new relationship with our customers, managing their enquiries in a more efficient, proactive, and connected way and increasing our use of digital self-serve technologies;

- **Libraries and Culture Transformation** - delivering a modern and efficient set of services across Libraries, Arts and Heritage reducing net cost and increasing impact for communities in Surrey; and
- **Enabling empowered communities** - Providing the foundations, delivery arm and a learning approach to reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey's future.

### Financial position

- 4.95 The Directorate relies on significant income generation. Key services within closed as a result of COVID-19 restrictions, having a significant impact on achievable income levels over the past two years. While the latter half of 2021/22 has seen income levels increase, particularly in relation to weddings, there remains a pressure on income budgets in the current financial year.
- 4.96 From 2022/23 the budget planning assumption is that income levels return to pre-COVID rates. This requires significant activity to take place to ensure targets are achieved and that the Directorate can continue to manage emerging pressures from within the existing available budget envelope.
- 4.97 In addition to working to ensure that income levels return to pre-COVID levels, the Directorate has identified additional budget pressures relating to inflation and also to the non-achievement of the vacancy factor in the libraries service for 2021/22, this is not felt to be achievable in future years either and so results in an increase to the existing budget being required. The Directorate have had to identify a range of options to offset emerging pressures. Specifically:
- Continuing to drive further staffing and operational efficiencies through the libraries and cultural services transformation programme;
  - Other identified efficiencies from within the wider Cultural Services area including contract reviews, income generation strategies, charging and service reviews; and
  - Efficiencies from within community partnership team to support new ways of working.

### Capital

- 4.98 The Directorate has significant pipeline capital investment plans in development to transform the libraries estate and review the assets linked to Registrars.
- 4.99 The Capital Pipeline contains £34m of investment to enable the libraries transformation programme. This is a five-year programme of work to modernise library settings across Surrey to;
- Enable libraries to meet the changing needs of communities;
  - Support wider strategic priorities; and
  - Ensure library assets are fit and sustainable for the future.

## RESOURCES

- 4.100 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, the Directorate is focused on ensuring that corporate support and enabling services are of the highest calibre.

- 4.101 Covid-19 has shown how teams are responsive, adaptable and collaborative in tackling extreme challenges. The Resources Directorate wants to build on this, to provide the Council with a more joined up approach to support from back office functions, generating opportunities to realise better customer experience and efficiency through digital innovation and creating 'teams around a service/project.' This is intended to help deliver a step change in the effectiveness of our services, and to meet aspirations to be best in class with regard to the support we provide to our service directorates. The skills and behaviours that this demands of Resources colleagues will be consistent with, and reflective of, those required from front line services that are more focused on place, communities and individual choice.
- 4.102 The Resources Directorate improvement programme aims to ensure the consistent delivery of high quality, trusted advice and services, performing to their full potential and in a collaborative way, as a key enabler for the County Council to achieve the best outcomes for local residents. In addition to a number of individual service improvement plans, there are the following cross cutting areas of focus within the programme:
- Business Partnering;
  - Performance Management;
  - Leadership Development;
  - Value Tracking;
  - Agile Organisation; and
  - Digital Business Insights and Digital Transformation
- 4.103 Through this improvement programme, the Directorate are looking to provide efficient services without reducing the service offer. 2022/23 begins the process of identifying efficiencies following progress in stabilising and raising the quality of services provided. These efficiencies are driven through a number of areas and initiatives, the two largest contributions coming from:
- The implementation of the new ERP solution (MySurrey) through automation, more efficient processes and improved self-service; and
  - Land and Property through a variety of measures including asset rationalisation, the agile office programme, improved supply chain management and a review of income generation.
- 4.104 The Directorate is seeing a number of financial pressures emerging, the largest being in relation to increased costs of Microsoft licences and loss of income from contracts relating to both the Data Centre and the provision of school meals. In addition, there is an identified need to strengthen the capacity in some services in order to meet the organisational ambitions. Total pressures are budgeted at £4.9m in 2022/23, £15.9m for the whole 2022-27 MTFS period.
- 4.105 Efficiencies have been identified to offset emerging pressures. These relate to:
- The implementation of the new Unit4 ERP solution to help drive more streamlined and automated processes;
  - The Agile Office Estate Strategy realising efficiencies in the management of the Council's office estate;
  - A renewed focus for estate rationalisation to reduce revenue costs and increased impetus on using our asset base to generate sustained income;

- A review of the Orbis partnership, resulting in a reversion of the Business Operations Service to sovereign Councils and the resulting requirement to review the partners contributions to the Joint Operating Budget;
- Transformation projects in Pensions Administration, Twelve15, Land and Property and Business Operations (Shared Services);
- Medium term opportunities presented by looking for commercial opportunities within Twelve15, Pensions Administration, Business Operations and other back office activities; and
- Changes in culture and working practices, through adopting a Business Partnering Approach, to ensure that we work effectively across the organisation as trusted and insightful partners, enabling more efficient delivery of services while optimising our impact and generating better working relationships and outcomes within the services we support.

- 4.106 The Directorate now contains the Transformation Support Unit, which drives further financial efficiencies across the organisation through the ambitious and forward-looking transformation programme whilst ensuring a uniform and consistent approach to transformation and therefore making a significant contribution to achieving the financial sustainability required, so that the Council can deliver priorities, resulting in better outcomes for Surrey residents.
- 4.107 The Directorate also now delivers corporate strategy and policy functions, to design innovative solutions to the challenges facing Surrey and to support the council to be focused on the right strategic priorities that will deliver the Vision 2030 ambitions for residents. A key priority for the service is further developing the Council's partnership with the voluntary, community and faith sector and continuing to invest in services that support a robust and thriving third sector in the county while maximising the reach of council funding by working with the Community Foundation Surrey to match fund through donations.
- 4.108 In addition, the Directorate has significant capital investment and delivery plans relating to the Council's Land and Property (£414m) and IT&D (£23m) services, over the MTFs period. These investment plans are developed in close consultation with front line services to ensure that the Council's assets are used effectively and are fit to support the efficient delivery of services to our residents and to support our staff to carry out their responsibilities.

## PEOPLE AND CHANGE

- 4.109 The Directorate plays a central role in building and sustaining a positive organisational culture and ensuring that we are resourced and trained effectively now and in the future so the organisation is enabled to deliver the best for the residents of Surrey.
- 4.110 A key part of the Council's strategic agenda, 'Our People 2021' is our plan for the workforce of SCC (current and future). Our staff are our ambassadors and are crucial to successful delivery of the Organisational Strategy and consequently, achievement of the ambitions for Surrey as set out in the 2030 Vision. Our People 2021 sets out how we will develop the capacity and capability of our workforce to achieve our priority strategic outcomes for Surrey residents, ensure the effectiveness and efficiency of the Council, create a high performance culture and drive wholesale transformational change. It sets out the following strategic themes:

- Pay and Reward;
- Organisational Redesign and Strategic Workforce Planning;
- Leadership and Line Management Capability;
- Talent and Succession;
- Employee Engagement, Wellbeing and Inclusion;
- Performance, Achievement and Innovation;
- People Management Policies; and
- Individual and Organisational Resilience and Wellbeing

4.111 The People and Change Directorate operates within an existing budget of £6.6m and manages pressures within this envelope. For 2022/23 onwards the Directorate is proposing to deliver budget efficiencies from the following activities:

- Opportunities enabled by the implementation of the new ERP system which drives improved data and more efficient processes
- Activities to drive increased trading of HR&OD services with schools, generating increased income.

#### **COMMUNICATIONS, ENGAGEMENT AND PUBLIC AFFAIRS**

4.112 The Communications, Engagement and Public Affairs service is responsible for developing a Communications Strategy for Surrey County Council, mapping out a high-level narrative based on organisational priorities, underpinned by 'super campaigns' and ongoing resident and stakeholder communications.

4.113 The Directorate:

- Through a clear and consistent narrative, ensures residents understand the Council's challenges and its transformation achievements;
- Delivers a public affairs strategy which focuses the Council's political activities and makes clear the Surrey offer to key national Government stakeholders;
- Is responsible for developing an internal engagement plan that cultivates a culture of inclusion, nurtures talent, promotes diversity and creates connected employee communities;
- Ensures the organisation is prepared to respond to high profile media interest, protecting the Council's reputation, particularly in the areas where we are making critical service improvements; and
- Ensures the Council is prepared to deal with reputational challenges by being able to provide crisis management and support, ensuring that the bigger picture and a clear direction is connecting with stakeholders and partners.

4.114 The COVID-19 pandemic has required a significant increase in the level of activities required to communicate effectively to staff, residents and wider Surrey stakeholders. Limitations and the absence of traditional means of communications created by the pandemic, has also resulted in the team having to create new and innovative ways of reaching key audiences in a more targeted way. Supporting in the delivery of the Local Outbreak Control Plan, and the vaccination rollout, has also generated additional demands. The service has led the system-wide response for Surrey, leading and developing key public information campaigns, to residents, businesses and staff.

- 4.115 There is an ongoing requirement for the service to maintain good, clear, consistent communication in support of the County’s recovery from the pandemic including providing enhanced communications relating to the medium-term impacts of the pandemic, such as mental health, domestic abuse and financial hardship.
- 4.116 The Directorate operates within an overall budget of less than £2m, managing demand pressures within existing financial resources wherever possible. Two years ago a significant restructure was implemented to ensure efficiencies were realised and to ensure the service was resourced appropriately to support the needs of the organisation.
- 4.117 For 2022/23 a requirement for a dedicated team has been identified for the Community Protection Group (CPG). The CPG Directorate continues to lead on a number of high priority areas for the Council, including Surrey Fire and Rescue Service, Trading Standards, Emergency Planning, Coroners and Armed Forces/Veterans - all of which will require ongoing, high quality internal and external communications support, but has not previously had a permanent communications resource. This has created a small pressure on the Directorate budget envelope.

## 5. FINANCIAL STRATEGY AND FINAL BUDGET 2022/23

- 5.1 This section sets out our approach to developing a Budget and Medium-Term Financial Strategy. As part of our Finance Improvement Programme (FIP) we worked with an External Assurance Panel who suggested that we commit to assessing future budget setting processes against a best practice framework. This process began for 2020/21’s budget and has continued in successive years. The following six hallmarks are used as a self-assessment tool, with current progress set out alongside.

**Table 1 – Self-assessment against the Hallmarks of building the Budget**

Hallmark	Self-Assessment
<b>The budget has a Medium-Term focus which supports the Strategic Plan</b>	<ul style="list-style-type: none"> <li>• The budget process has been coordinated across Directorate Leadership Teams, Strategy, Transformation and Finance; the integrated approach ensures that the budget is focussed on delivering Corporate priorities</li> <li>• Despite significant uncertainty in the financial planning environment and the unprecedented impact of Covid-19, our approach continues to focus on a five-year Medium Term period, which bears the hallmarks of sustainability and avoids short-term measures or depletion of reserves</li> <li>• The Council has launched a ‘Twin Track’ approach to ensure that dedicated focus, resource and adequate time is dedicated to solving the medium-term budget gap (estimated at £150m)</li> </ul>
<b>Resources are focused on our vision and our priority outcomes</b>	<ul style="list-style-type: none"> <li>• The budget is based on clear integration with Organisation Strategy, the Transformation Plan and corporate priorities; developed in partnership across the</li> </ul>



	<p>organisation through the Strategic and Integrated Planning Group</p> <ul style="list-style-type: none"> <li>• The budget has been subject to numerous iterations through Cabinet and Corporate Leadership Team over the last four months to narrow the gap and clarify assumptions</li> <li>• The budget is based on the comprehensive application of a recognised PESTLE+ framework to review the likely environment for budget setting and service delivery</li> <li>• The assessment led to the development of Core Planning Assumptions to provide a consistent framework for planning</li> </ul>
<b>Budget not driven by short-term fixes and maintains financial stability</b>	<ul style="list-style-type: none"> <li>• The 'Twin Track' approach, integrated with transformation and with a focus on opportunities required over the medium-term ensures that we are taking action now to secure a sustainable budget over the next five years</li> <li>• Business cases are built around corporate priorities; focussing on benefits realisation and deliverability across transformation, invest to save and capital</li> <li>• For the past three years we have not used General Fund reserves to support the budget and will continue to do so over the medium-term</li> <li>• We aim to continue to build general fund reserves to meet general risks and specific pressures to ensure that our resilience as an organisation grows despite an increasingly volatile and uncertain external environment</li> <li>• Our reserves exceed the 5%-10% range recommended by Grant Thornton in their document <a href="#">'Lessons from recent Public Interest Reports'</a></li> </ul>
<b>The budget is transparent and well scrutinised</b>	<ul style="list-style-type: none"> <li>• The Budget Task Group and Select Committees have been involved early in the budget process to set out the approach, covering the Core Planning Assumptions, the 'Twin Track' Approach and funding projections. These continue throughout the budget setting process</li> </ul>
<b>The budget is integrated with the Capital Programme</b>	<ul style="list-style-type: none"> <li>• Section 6 sets out the Capital Programme</li> <li>• The Programme is developed alongside the revenue budget by Capital Programme Panel. We will continue to clearly demonstrate delivery of corporate and service priorities and set out the impact and linkages with the revenue budget</li> <li>• The full borrowing costs of proposed Capital Programme are reflected in the revenue budget and the trajectory for borrowing costs has been assessed over the long-term</li> </ul>

	<ul style="list-style-type: none"> <li>The full lifecycle costs of new investment are assessed to establish the long-term financial impact</li> </ul>
<b>The budget demonstrates how the Council has listened to consultation with local, people, staff and partners</b>	<ul style="list-style-type: none"> <li>Section 9 sets out our approach to consultation, in summary;</li> <li>We have engaged with residents over the summer to understand their priorities for our spending and to gauge their reaction to a number of proposals</li> <li>During December 2021, we engaged further with stakeholders to understand their views about the draft budget and whether we are prioritising our resources in the right places</li> </ul>

## Budget Principles

5.2 The MTFS for successive years has been built on a number of high-level principles which are used as a framework to set the budget. These have proven to be successful and been reaffirmed for the 2022/23 budget.

5.3 The principles are:

- An integrated approach linking Organisation Strategy, Service and Transformation plans to the MTFS through cross-cutting business partnership;
- A balanced revenue budget with only targeted use of reserves and balances (i.e. using them for their intended purpose to cover one-off or time-limited costs);
- Regular review of reserves to ensure appropriate coverage for emerging risk;
- Budget envelopes set for each Directorate to deliver services within available resources;
- Budgets agreed and acknowledged by Accountable Budget Officers through Budget Accountability Statements;
- Cost and demand pressures contained within budget envelopes;
- Robust efficiency plans which are owned, tracked and monitored;
- Managers accountable for their budgets;
- Scenario planning across pessimistic, optimistic and likely assumptions to set realistic boundaries on the likely operating environment; and
- Working with partners to create best value for residents.

Principles more specifically related to setting sustainable Medium-Term budgets are:

- Developing and iterating five-year plans, integrated with transformation and capital investment across the Council;
- Continuing to adopt a budget envelope approach with a model to determine a consistent and transparent application of funding reductions to Directorate budget envelopes;
- Envelopes validated annually based on realistic assumptions and insight, (to be developed further through the 'Twin Track' approach);
- Evidence bases used to underpin all efficiency proposals;
- Assurance that all efficiencies, pressures and growth are owned by Executive Directors with clear governance throughout the organisation;
- Pay and contract inflation allocated to Directorates to be managed within budget envelopes;
- A corporate transformation fund held centrally;
- A corporate risk provision/contingency held centrally; and

- A corporate redundancy provision held centrally.

## Revenue Budget Headlines

- 5.4 The revenue budget has been developed during a period of significant uncertainty; with the impact of inflation forecasts, funding beyond 2022/23, Covid-19 and likely demand for services in future all very unclear. This uncertainty has been managed through the development and costing of a range of Core Planning Assumptions which looked at likely financial scenarios to set realistic limits on the range of potential outcomes.
- 5.5 The potential scenarios for service delivery and budget planning were initially modelled using themes developed around well-established 'PESTLE+' framework to build an expectation of future conditions by reference to the following factors:
- Political
  - Economic
  - Social
  - Technological
  - Legislative
  - Environmental; plus
  - Health
- 5.6 An assessment of likely outcomes against each of the scenarios of this framework was used to develop the Core Planning Assumptions, against which the service strategies and the Final Budget and 5-year MTFs were developed.
- 5.7 Throughout the planning process, we have followed the budget envelope principle where Directorates are challenged with producing a budget that matches available funding. This entailed Directorates identifying efficiencies to offset pressures from demographic growth, inflation and new responsibilities.
- 5.8 Directorate growth pressures and efficiencies have been subject to a number of iterations; culminating in the final budget, with the following main changes from 2021/22:
- **An increased budget of £37.3m**
  - Total pressures of **£83.8m**, comprising
    - Staffing pressures of **£16.4m**
    - Contract and Price Inflation of **£29.7m**
    - Demand and other pressures of **£29.2m**;
    - Capital financing costs of **£8.5m**; and
  - Efficiencies of **£46.6m**, similar in scale to the £41.2m target for 2021/22.
- 5.9 In setting the budget; pay, contract and price inflation has been calculated by Directorates, informed by Corporate assumptions. **These total £46.1m**. Pay inflation at 2% been calculated and allocated to Directorates, in addition to other pay and recruitment pressures. The pay award for 2022/23 will be decided by People, Performance and Development Committee and any further pressure or reduction from 2% will be dealt with in-year. Contract and price

inflation has been set based on a blended assumption of RRI and CPI of 4%, with variations for specific contracts where appropriate. Inflation has been included in Directorate envelopes.

5.10 The revenue budget envelopes for Directorates, Central Income and Expenditure and Funding are summarised in the table below. Overall, net expenditure has grown by £37.3m (3.7%):

- Pressures and Efficiencies are set out in further detail in **Annex A**.
- A breakdown of the 2022/23 budget by Directorates and Services in **Annex B**.

**Table 2: Summary Final Budget Position for 2022/23**

Directorate	Budget 2021/22 (Revised) £m	Pay Pressures £m	Contract Inflation £m	Efficiencies and Pressures £m	Funding £m	Total Movement £m	Budget 2022/23 £m
Adult Social Care	377.2	4.0	17.8	22.6	(19.4)	24.9	402.1
Public Service Reform and Public Health	34.3	0.3	0.0	0.2	(0.4)	0.0	34.3
Children, Families and Lifelong Learning	219.8	8.2	5.2	5.0	(13.8)	4.6	224.4
CFL - DSG High Needs Block	23.8	0.0	0.0	3.4	0.0	3.4	27.2
Environment, Transport and Infrastructure	140.4	0.7	4.3	2.5	(6.5)	0.9	141.3
Community Protection Group	37.7	1.4	0.2	0.8	(0.2)	2.2	39.9
Customer and Communities	11.2	0.6	0.0	0.2	(0.8)	0.0	11.2
Prosperity, Partnerships and Growth	1.3	0.0	0.0	0.2	0.0	0.2	1.6
Comms, Public Affairs and Engagement	1.7	0.0	0.0	0.2	0.0	0.2	1.9
People and Change	6.6	0.1	0.0	0.1	(0.2)	0.1	6.7
Resources	69.0	1.1	2.3	1.6	(3.7)	1.2	70.2
<b>Subtotal Directorate Envelopes</b>	<b>922.9</b>	<b>16.4</b>	<b>29.7</b>	<b>36.6</b>	<b>(44.9)</b>	<b>37.9</b>	<b>960.8</b>
Central Income & Expenditure	82.1			1.1	(1.7)	(0.6)	81.5
<b>Total Net Expenditure</b>	<b>1,004.7</b>	<b>16.4</b>	<b>29.7</b>	<b>37.7</b>	<b>(46.6)</b>	<b>37.3</b>	<b>1,042.0</b>
Business Rates (inc. related grants)	(110.3)				0.7	0.7	(109.6)
Grants (excl. Business Rates)	(148.4)				42.0	42.0	(106.4)
General Council Tax	(708.1)				(28.1)	(28.1)	(736.2)
Adult Social Care Precept	(69.8)				(25.0)	(25.0)	(94.8)
Collection Fund (Surplus) / Deficit*	31.9				(26.9)	(26.9)	5.0
<b>Total Funding</b>	<b>(1,004.7)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(37.3)</b>	<b>(37.3)</b>	<b>(1,042.0)</b>

## National Funding Context

### Spending Review and Local Government Finance Settlement

5.11 One 7<sup>th</sup> September 2021, the Chancellor launched the Spending Review 2021 (SR21) which concluded on 27<sup>th</sup> October 2021 alongside an Autumn Budget, stating; “The three-year review will set UK Government departments’ resource and capital budgets for 2022/23 to 2024/25”. The Spending Review was followed on the 16<sup>th</sup> December by the provisional Local Government Finance Settlement (LGFS). Despite DLUHC receiving a three-year allocation in the Spending Review, only a single-year settlement has been passed on to local authorities, pending further consideration of distribution formula for 2023/24.

5.12 The Spending Review and LGFS Headlines for Surrey County Council are as follows:

#### Revenue

- The Spending Review announced an average 3.8% per annum rise in spending for Government departments; a cash increase of £150bn by 2024/25 (£90bn real terms);
- As a result, Local Government overall saw an increase in Government grants of £1.6bn per year for each of the next three years - a total of £4.8bn;

- At the Draft Budget, Surrey expected to see £16m of the additional £1.6bn. The final allocations were £18.8m, a £2.8m improvement. The £18.8m consists of:
  - £9.3m increased Social Care Grant;
  - £7.9m new 'Services Grant' (allocated as a one-off grant for 2022/23); and
  - £1.6m increase to New Homes Bonus and other minor changes.
- An additional £2.7m was also allocated through a "Market Sustainability and Fair Cost of Care" fund, however this has been ringfenced within the budget to meet the cost of recently announced Adult Social Care reform;
- No new funding has been announced for ongoing Covid-19 pressures;
- It is expected that the 'Fair Funding Review' of the allocation of Government Grant will commence in 2022 calendar year and take effect from 2023/24;
- The core Council Tax referendum threshold remains at 2% per year;
- The Adult Social Care Precept limit is set at 1% per year, plus flexibility to carry forward unused amounts from 2021/22;
- For Surrey County Council, added to last year's 2.5% flexibility, a total of 3.5% is therefore available for 2022/23, with each 1% generating c.£7.9m. Of this 3.5%, the final budget assumes that 3% will be used.

### Capital

- Nationally, £2.6 billion of SEND capital investment was announced over three years – tripling current SEND capital funding to over £900m by 2024/25;
- Using previous allocation methods, Surrey County Council's share of the additional SEND funding could be up to £20.7m - an additional c£14m over the next three years, however this is not guaranteed and was not announced in the LGFS. The Capital Programme includes a comprehensive SEND investment programme so any additional grant will reduce our need to borrow to fund the required investment;
- A further £370m was announced in the Spending Review to reform children's care, improve access and provide more residential care for children who need it. Potentially this will allow Local Authorities to bid for funding to establish innovative approaches to reduce the number of children needing care over time. Individual Local Authority allocations were not announced in the LGFS.
- Additional investment was announced to tackle climate change; including active travel, decarbonisation and tree planting. The amount available for Local Government, and the mechanism for awarding to individual authorities is yet to be confirmed.

### The impact of Covid-19

- 5.13 The budget for 2021/22 was approved by Full Council on 9th February 2021, with net revenue funding of £1,003.6m (later adjusted to £1,004.7m to reflect an increase grant funding, including Public Health). Within the budget, Covid-19 caused a reduction in the Council Tax Base of 0.9%, suppressing the Council's funding by at least £7m; (mainly through increased Local Council Tax Support and reduced collection rates). Underlying Business Rates income reduced by £6m. The Collection Fund deficit (based on the impact of Covid-19 in 2020/21) reduced funding by a further £32m.
- 5.14 The 2021/22 budget included £54m of one-off Covid-19 funding, itemised in Table 3 below. £20m of this consisted of additional Covid-19 Emergency funding (confirmed in the LGFS 2021/22) for Directorate expenditure and a further £34m to partly mitigate the impact of

reduced funding set out above. Covid-19 continues to significantly affect the budget, both in terms of the in-year overspend (set out in section 7), the level of ring-fenced grant used to deliver the Covid-19 response in 2021/22 and the impact of funding falling away in 2022/23. The impact of Covid-19 (particularly on Adult and Children’s Social Care) continues well into the medium-term and is expected to exceed £20m for 2022/23. In the absence of Government funding, 2022/23’s budget (for the first time) includes an unfunded Covid-19 pressure.

**Table 3: One-off Covid-19 Grant Funding**

Covid-19 grants provided on a one-off basis in 2021/22	£m
Emergency funding	20.0
Business Rates S31 in year reliefs and exemptions	2.7
Business Rates S31 extended retail discount	19.2
Local Council Tax Support Grant	8.6
Local Tax Income Guarantee scheme	3.4
<b>Total</b>	<b>54.0</b>

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- 5.15 The total financial cost of Covid-19 for 2020/21 consisted of unexpected spend, lost income and delayed efficiency programmes of £137m; 14% of our original budget for the year. This was offset in part by specific grants from Government of £81m, leaving a net of £56m to be met from emergency funding. Total emergency funding for expenditure and lost income for 2020/21 amounted to £62m. Of this amount, £6.2m was held in reserve to meet ongoing pressures. Of the £20m additional Covid-19 received in 2021/22, £15.1 was allocated to Directorate budgets with the remaining £4.9m held in contingency. The total contingency for the year currently sits at £11.1m.
- 5.16 Specific funding for Directorates in 2021/22 include the Contain Outbreak Management fund (£27.6m) and Test and Trace grant (£1.7m), both held by the Public Health team and allocations for Infection Control funding of £18.3m (£35m was previously awarded in 2020/21) and the Rapid Testing Fund grant of £11.1m (£4.7m was previously awarded in 2020/21) in Adult Social Care. Funding was also provided to Council to help those self-isolating with practical support, with additional payments announced recently.
- 5.17 With the ongoing pandemic and uncertainty around aspects such as Omicron and other Variants of Concern, the situation will continue to be monitored closely. It is expected the impact will continue to be felt in medium-term financial planning which will be significantly more challenging than would have been the case prior to the emergence of the virus.

**Final Funding for 2022/23**

- 5.18 The most significant influence on the Council’s funding is the long-planned implementation of fundamental Government funding reform; the Review of Relative Needs and Resources, alternatively referred to as the Fair Funding Review. Reform is likely to see Surrey’s funding drop significantly over the medium-term. Our initial planning assumptions assumed that reform was to be implemented for 2022/23 however we now know that this is not the case. The LGFS confirmed that 2022/23 is based on a roll-forward of most grants, with the distribution of additional funding from the DLUHC £1.6bn allocation.
- 5.19 Total funding for 2022/23 for Surrey County Council is set out in the sections below.

**Council tax funding £831.3m (Council tax £831.0m less collection fund deficit £0.3m)**

5.20 The Provisional LGFS confirmed there will be a referendum principle of up to 2% for core council tax. For the ASC Precept, the Government is proposing an additional 1% on top of the core element, with the option to use the remaining flexibility from 2021/22’s 3% allocation (2.5% remains for SCC).

5.21 In setting the budget the Council has built in a 1.99% increase in the core council tax. A 3% 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 4.99% in 2022/23. This equates to an increase of £1.48 per Band D Property per week. The increase will be allocated as follows:

- 0.99% increase to fund the increased cost of delivering services
- 3.00% increase to fund additional spend in adult and children’s social care
- 1.00% increase to fund additional investment in mental health.

5.22 In setting the tax base for future years the District and Borough councils make allowances for growth in new properties, increases to reliefs, irrecoverable amounts and appeals. Going into next year, anticipated growth in base is slightly higher than the other adjustments discussed above, resulting in a 1.8% increase to the tax base.

**5.23 Full details of the Council Tax Requirement and a breakdown of the tax base by Districts and Borough can be found in Annex E**

5.24 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 each year, and that collected. The Government announced that repayment of collection fund deficits arising in 2020/21 will be spread over the next three years rather than the usual period of a year. The budget assumes that the 2021/22 council tax surplus will be £0.3m. The underlying surplus for 2022/23 is £2.5m with the £2.2m difference being transferred to reserves to fund the Council’s Empty Property scheme, which allows District and Borough Councils to benefit from additional Council tax generated from a reduction in Empty Properties.

**Table 4: Council Tax Requirement**

Council Tax	2021/22	Change	2022/23
	£m	£m	£m
Core council tax	707.8	28.4	736.2
ASC Precept	69.8	25.0	94.8
<b>Council tax requirement</b>	<b>777.6</b>	<b>53.4</b>	<b>831.0</b>
Collection Fund surplus/deficit (-)	(3.9)	6.4	2.5
Transfer to (-)/from reserves	(5.0)	2.8	(2.2)
<b>Council tax budget</b>	<b>768.7</b>	<b>62.6</b>	<b>831.3</b>

Note: The table will be finalised when final district and borough Tax Bases have been received

### Business Rates funding £104.3m (Business rates £109.6m less collection fund deficit £5.3m)

- 5.25 As part of the Spending Review, the Government confirmed there would be a freeze to the business rates multiplier to support businesses in the near-term, with compensation to local authorities for the freeze added to the grant for under-indexing the business rate multiplier. As such the business rates 'top-up' remains at the same level as 2021/22, £63.1m. The element of rates retained locally is budgeted at £46.5m; 1.6% lower than the budget for 2021/22 (£47.3m). The reduction from 2021/22 actuals takes into consideration the continuing impact of Covid-19 on business rates stability.
- 5.26 As with council tax, the Council also needs to consider the potential surplus or deficit relating to the actual collection of business rates when setting the budget. The business rates collection fund deficit comprises of:
- An estimate of the 2021/22 deficit (£3.9m); and
  - One third of the 2020/21 'spreadable' deficit (£1.4m).

In total, the business rates deficit is expected to be £5.3m.

- 5.27 Some reliefs are compensated for by Central Government, and a corresponding amount has been built in to grant funding to offset that element of the collection fund deficit. The expected deficit has improved by £17.4m from 2021/22. The improvement relates to a reduction in the expected impact of Covid-19 on collection fund and is offset by a reduction in Government compensation.

**Table 5: Business rates funding**

Business Rates	2021/22 £m	Change £m	2022/23 £m
Business Rates income	110.3	(0.7)	109.6
Collection Fund surplus/deficit (-)	(22.7)	17.4	(5.3)
<b>Business rates budget</b>	<b>87.6</b>	<b>16.7</b>	<b>104.3</b>

### Grant funding £106.4m

- 5.28 All grant assumptions have been updated to reflect the information provided through the provisional LGFS as well as other proposals and publications.
- 5.29 In total **grants have decreased by £42m** from 2021/22. The decrease is broadly driven by:
- Removal of one-off Covid-19 funding, **(£54m)**;
  - Pause in DEFRA PFI credits pending completion of the Eco Park **(£10m)**; **offset by**
  - Additional funding allocated in the LGFS (see para 5.12) **£18.8m**; **and**
  - Additional DLUHC Business Rates Multiplier freeze compensation **£3.5m**.
- 5.30 The **total £106.4m grant funding included in the budget** includes the following main elements:
- Public Health Grant - £38.6m (to be confirmed)
  - Social Care Grant - £31.3m



- Dedicated Schools Grant funding for Council services - £8.0m
- Services Grant - £7.9m
- Business rates compensation grants £12.0m
- PFI credits funding for Streetlighting £6.0m
- New Homes Bonus and other minor grants £2.6m

## Overall Funding

5.31 The funding picture set out above results in overall funding as follows; with 2022/23 funding being £37.3m higher in total than 2021/22:

**Table 6: Projected Funding over the Medium-Term**

Likely Funding Breakdown	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
Council Tax	777.6	831.0	851.7	875.2	899.3	926.4
Business Rates	110.3	109.6	156.0	120.6	85.3	49.9
Grant Funding	148.4	106.4	17.1	16.9	16.8	16.7
<b>Funding before collection fund</b>	<b>1,036.3</b>	<b>1,047.0</b>	<b>1,024.8</b>	<b>1,012.8</b>	<b>1,001.4</b>	<b>993.0</b>
CT collection fund	(8.9)	0.3	1.4	3.9	3.9	3.9
BR collection fund	(22.7)	(5.3)	(3.3)	(2.4)	(2.4)	(2.4)
<b>Total funding</b>	<b>1,004.7</b>	<b>1,042.0</b>	<b>1,023.0</b>	<b>1,014.2</b>	<b>1,002.8</b>	<b>994.4</b>

Section 8 sets out the main factors influencing medium-term funding projections.

## 2022/23 Reserves and Risk Mitigation Strategy

5.32 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.

5.33 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 of reserves and balances can be found in **Annex D**.

5.34 The budget proposes the following principles for the management of reserves:

- Reserves should only be used to fund one-off or time-limited investment that will drive out efficiencies, deliver the capital programme or improve the delivery of services and council priorities;
- Reserves cannot be used as a substitute for permanent efficiencies to meet permanent spending pressures;
- Budgets such as the Transformation Fund (£10m) and Capital Feasibility Fund (£5m) should be seen as contributions to reserves, with any use drawn-down from the reserve when needed;

- Reserve contributions should be reviewed annually to ensure contributions are equal to planned use over the medium-term;
- Over the medium-term, reserves should stay flat or ideally increase – as financial uncertainty, the efficiency requirement and the investment ambition will remain high across the MTFS period;
- Currently, General Fund and Earmarked reserves (excluding technical balances such as PFI sinking funds) stand at approximately £150m / 15% of the net budget.
- Reserves should not drop below 10% of the net budget. This aligns with a recommendation from Grant Thornton that reserves should be between 5% and 10%. (Source Grant Thornton: Lessons from recent Public Interest Reports 2021)
- It is proposed to implement a 2% buffer over the 10% threshold, with remedial action taken if reserves are used for unforeseen financial shocks. This would establish the following three levels:
  - **Minimum** – reserves do not drop below 10% and, if they do, are rebuilt as soon as possible in the following years' budget
  - **Basic** – reserves do not drop below 12% (10% + 2% buffer) and, if they do, are rebuilt to at least 12% over medium-term
  - **Enhanced** – reserves stay flat or grow from the current c15%
- To avoid a programmed reduction in reserves, the use of reserves to support Transformation or other investment should be less in any given year than the planned budget contingency.

- 5.35 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.
- 5.36 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.
- 5.37 In recent years a General Fund balance of between 2.0% to 2.8% (£20m to £28m) of net budget has been maintained. The General Fund balance is low by comparison to other authorities and we have ambition to increase it over time. However, in building resilience to address the level of risk we have focussed on building our earmarked reserves and contingencies.
- 5.38 As at 1st April 2021, £28.0m of General Fund was brought forward. This included a £3.9m increase approved as part of 2020/21 outturn. No application is planned to support the 2021/22 budget. The 2022/23 budget also assumes no use of reserves.

5.39 For 2022/23, in addition to the £28m General Fund balance, we have also allowed for a £20m contingency as part of budget setting. It is expected that the £38m of contingency brought forward from 2020/21 will not be required, giving a total contingency of £58m for 2023/23. The General Fund balance, in combination with the contingency (for general purpose use), will mean that there is £86m (8.3%) of cover to mitigate against future risk and uncertainties.

5.40 On the basis of the above the Section 151 Officer considers the 2022/23 Budget to be robust.

### **CIPFA Resilience Index Update**

5.41 The 2021/22 Budget and Medium-Term Financial Strategy to 2025/26 report to Council in February provided an update on the Council's performance in the CIPFA resilience index, based on provisional 2019/20 data. CIPFA have now released the final data for 2019/20 which confirmed the finding in February's report, in particular showing improvements in the level and direction of travel on reserves. The data for 2020/21 has not yet been released but will be analysed for the final budget report for Council in February 2022, if it is available.

5.42 Whilst the 2020/21 Resilience Index data is not yet available, we would again expect it to show a further improvement in resilience, particularly in respect of retained reserves which now as a result of the 2020/21 outturn position slightly exceed the upper end of the 5%-10% range recommended by our external auditors, Grant Thornton. The reserves position is set out in Annex D with commentary in the covering report.

### **CIPFA FM Code of Practice**

5.43 CIPFA has developed the Financial Management Code (FM Code), 'designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.'

5.44 In preparation to adopt the Code, officers have reviewed the guidance to determine where the Council meets the required standards. This review has concluded that:

- the Council can demonstrate overall compliance with the standards;
- evidence could be strengthened for a small number of indicators; and
- there are several areas where, as a result of various changes over the past two years including the Finance Improvement Programme and the Finance Academy, the Council's arrangements exceed the standards

5.45 A wide-ranging review in collaboration with fellow County Councils is underway and planned to continue over remainder of 2021/22 to review areas where further development or improvement would be beneficial. The results of the initial assessment are set out in Annex J.

## **6. CAPITAL PROGRAMME 2022/23 TO 2026/27**

### **Overview**

6.1 This section provides an update on the development of the Capital Programme for 2022/23 to 2026/27, taking into account work that has been carried out by officers and Cabinet Members over the last six months.

- 6.2 Over the last two years the Council's capital ambition and delivery has grown significantly. We continue to invest in the County, aligned to the corporate priorities of the Council and in the areas of most importance to our residents. Aligned to this, the Council declared a Climate Emergency as it recognises that environmental sustainability has to be at the core of what we do especially when delivering a Capital Programme of this size. Our aspirations in this space are high and we are continuing to work with external partners for innovative ways to deliver our green agenda, in a way which is affordable for our residents. We are also investing in other equally important priorities such as school places including for children with special educational needs and disabilities, infrastructure and Adult Social Care accommodation with care and support.
- 6.3 The Capital Programme planning process began in June this year, maintaining the trend of starting the process earlier each year as part of a continual drive to improve governance, deliverability and accountability in capital.
- 6.4 During 2021/22, the officer-led Capital Programme Panel (CPP), ensured that the framework for setting the Capital Programme continues to focus on outcomes for residents, deliverability and affordability and contributes to the Community Vision for Surrey 2030 and aligning with the organisation's priorities:
- Growing a sustainable economy so everyone can benefit;
  - Tackling health inequality;
  - Enabling a greener future; and
  - Empowering Communities.
- 6.5 Governance of the Capital Programme is led by CPP and the three Strategic Capital Groups (SCGs) for Property, Infrastructure and IT with support from Finance and Members. The SCGs are tasked with developing the Capital Programme based on an asset planning approach to ensure that affordable, value for money capital solutions are identified to meet the needs of residents.
- 6.6 CPP provides additional assurance that capital plans fit in with corporate priorities and that deliverability and benefits can be achieved. In collaboration with Finance, the impact of the Capital Programme on financial resources is assessed with each new iteration to ensure it is sustainable, with particular focus on overall borrowing levels and borrowing costs in the medium to long term.
- 6.7 Officers work closely with Cabinet to shape the development of the Capital Programme. Cabinet approve the addition of new schemes, as well as transfers from the capital pipeline into budget, following the rigorous business case process. Assurance on the delivery of high priority schemes is also provided through the Major Projects Board as well as specific project boards for individual major schemes.
- 6.8 Governance structures, processes and procedures of the Capital Programme are continually assessed to strengthen financial management, decision making, and accountability. This includes internal audit, external reviews and work led by CPP and SCGs in collaboration with Finance.

6.9 In 2021/22, there has been increased focus on deliverability and benefits realisation of the Capital Programme (particularly those programmes or projects whose investment deliver a revenue stream), aligning with the corporate approach to benefits delivery. The work has been driven through CPP as part of an action plan to improve capital governance and provide better value for money. As a result of this ongoing work, there have been a number of improvements:

- The development of a new business case template (based on the Treasury’s Five Case/Green Book Model) to improve understanding of the benefits of the Capital Programme across individual projects and across the programme as a whole ;
- Clear benefit governance, with benefit profiles identified at the inception of a project and benefit owners identified;
- An updated financial model to ensure accurate data is captured for self-financing projects;
- Reporting into Benefits Board, driving benefit aggregation and realisation across the Council.

CPP will work in collaboration with SCGs, the Benefits Board and benefit owners (such as specific services) to ensure that the Capital Programme delivers the intended benefits.

6.10 Due to the growing size of the Capital Programme, considerable additional work has been undertaken to assess the impact of borrowing costs on the revenue budget in the short, medium and long-term. As a result of this work the following have been used as the foundations for establishing the Capital Programme:

- Clear identification and prioritisation of schemes that will be self-funded, with borrowing costs directly met from the operating model through income and efficiencies. These schemes are not a burden on the revenue budget;
- Establishing a borrowing limit for schemes that will be funded centrally and setting out an improved framework to ensure prudent decisions are taken in the approval of capital schemes with “unfunded” borrowing, to prioritise those that provide the best value for money;
- An updated business cases format for CPP to capture in more detail whether individual schemes are self-funded with a focus on how borrowing costs will be covered; and
- An updated financial modelling tool, supporting business case approval to provide additional detail around timing of project delivery, benefits realisation and borrowing cost implications for individual schemes.

6.11 In addition to the above, Infrastructure and Property SCGs have set up Project Management Offices (PMOs) to further develop project management capacity and improve timely production of robust business cases for pipeline projects and accelerate the conversion of approved business cases to project delivery. The PMOs will also be key in benefit realisation and post completion reviews and will work collaboratively with the Benefits Board.

6.12 The above measures have strengthened governance in the Capital Programme at all levels, with regular updates taken to CPP. Further work is required to embed new processes and to develop further measures to continue to address findings of previous governance reviews.

6.13 The changes in structure, governance and processes from the prior year regarding capital budget setting, monitoring and delivery have been embedded as business as usual. These

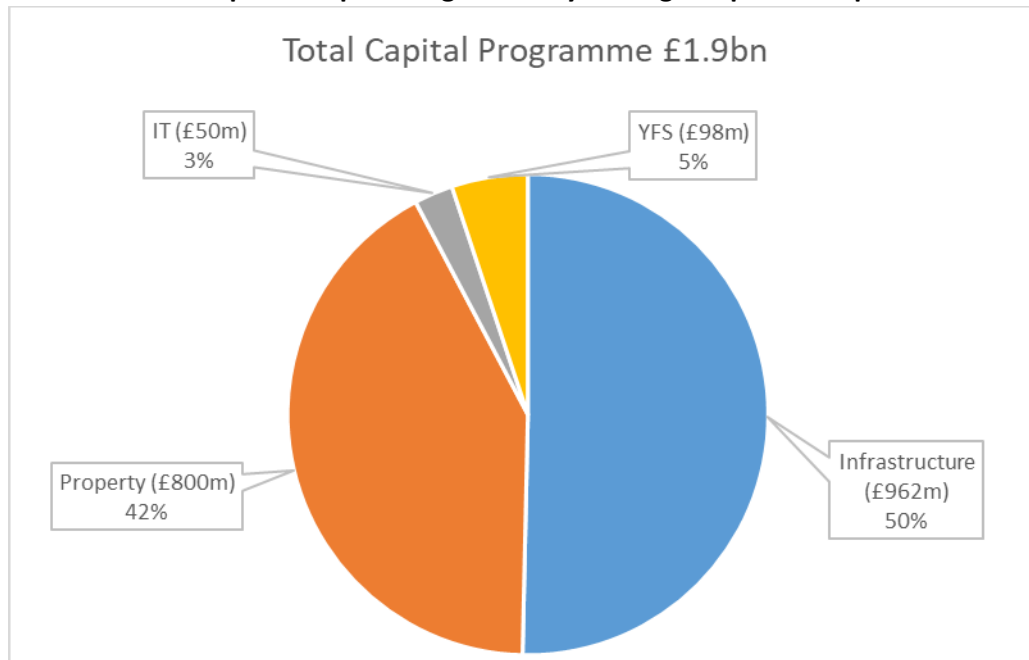
modifications have led to cultural change and new processes as the Council seeks to continually improve governance and financial management.

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- 6.14 For commercial capital investments, the Strategic Investment Board (SIB) monitors the Council's investment properties and subsidiary companies to ensure satisfactory performance and effective risk management. The financial returns delivered by trading and investment help to ensure that we continue to deliver quality services to our residents.
  - 6.15 SIB provides effective oversight, ensuring alignment with the strategic objectives and values of the Council. SIB safeguards the Council's interests and takes decisions in matters that require the approval of the Council as owner or as a shareholder of a company. We are currently undertaking a health-check of governance and oversight of the Council's subsidiary companies, drawing on lessons from elsewhere. Initial findings are that governance and oversight is good, although improvements will be made to further safeguard the Council.
  - 6.16 The Capital Programme is split between approved budget and capital pipeline. The pipeline allows the Council to reflect on ambitious spending plans providing a vision of the future to assess against emerging priorities and estimate potential impacts on the revenue budget, in particular borrowing costs. Pipeline schemes act as a placeholder for schemes in early stage of development which are moved into the approved budget only when their benefits and deliverability are adequately demonstrated to CPP and Cabinet.
  - 6.17 Over the Summer, spending plans have been iterated and the SCGs have come forward with a refreshed set of proposals, which have been adapted to reflect priorities and available financial and operational resources. Each month CPP scrutinises the latest iteration with particular focus on deliverability (both in the programme itself and against the pipeline), benefits and funding assumptions, with particular focus on overall borrowing levels and borrowing costs. The latest iteration of the Capital Programme is set out in the sections below.

#### **Capital Programme – MTFS Budget and Pipeline Summary**

- 6.18 The Capital Programme is set out in more detail in **Annex C**. SCGs and CPP have reviewed budget allocations over the MTFS and challenged delivery plans, expenditure profiles and benefits of schemes. The Final Budget Report presents the outcome of this work.
- 6.19 The Capital Programme over the five-year MTFS is £1.9bn, unchanged from the £1.9bn in the MTFS approved by Council in February 2021, the composition by SCG is shown below in Table 7.
- 6.20 The revised Capital Programme is split between a budget of £1,031m, pipeline of £878m including a £98m allocation for Your Fund Surrey (YFS) (the latter assuming that £2m of YFS grants are made in 2021/22). A breakdown of the Capital Programme is provided below. A detailed project breakdown is provided in **Annex C**.

**Table 7: MTFS Proposed Capital Programme by Strategic Capital Group:**



	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	MTFS Total (£m)
<b>Property</b>						
Budget	81.4	106.7	88.3	84.1	65.1	425.6
Pipeline	27.2	107.1	112.7	87.9	39.6	374.5
<b>Total</b>	<b>108.6</b>	<b>213.8</b>	<b>201.0</b>	<b>172.0</b>	<b>104.7</b>	<b>800.1</b>
<b>Infrastructure</b>						
Budget	125.1	136.5	90.6	108.9	121.1	582.1
Pipeline	37.2	86.0	103.0	94.2	59.1	379.4
<b>Total</b>	<b>162.3</b>	<b>222.5</b>	<b>193.5</b>	<b>203.1</b>	<b>180.1</b>	<b>961.6</b>
<b>IT</b>						
Budget	5.7	5.0	7.9	2.4	2.4	23.4
Pipeline	6.6	10.9	3.0	3.0	3.0	26.5
<b>Total</b>	<b>12.2</b>	<b>15.9</b>	<b>10.9</b>	<b>5.4</b>	<b>5.4</b>	<b>49.9</b>
<b>Your Fund Surrey</b>						
Budget	18.0	20.0	20.0	20.0	20.0	98.0
<b>Total</b>	<b>301.0</b>	<b>472.3</b>	<b>425.4</b>	<b>400.6</b>	<b>310.3</b>	<b>1,909.6</b>

	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	MTFS Total (£m)
<b>Financing</b>						
Grant / Contribution	118.9	157.4	126.7	130.5	83.2	616.7
Receipts	0.0	0.0	0.0	0.0	0.0	0.0
Revenue	6.2	6.9	6.4	5.9	5.9	31.3
Funded Borrowing	34.8	79.3	81.3	71.6	52.0	319.0
Unfunded Borrowing	141.0	228.7	211.1	192.5	169.2	942.5
<b>Total</b>	<b>301.0</b>	<b>472.3</b>	<b>425.4</b>	<b>400.6</b>	<b>310.3</b>	<b>1,909.6</b>

6.21 As the Capital Programme has increased in size from £1.4bn three years ago to £1.9bn for the last two years, planned borrowing has increased considerably. The Council has carried out detailed modelling on the impact of the MTFS on borrowing costs and borrowing limits. This

modelling has led to a limit of new borrowing on schemes that have “unfunded borrowing”, where efficiencies are already factored into the revenue budgets in the MTFS and therefore borrowing costs will be paid for centrally.

- 6.22 The borrowing limit has been established from 2026/27 onwards, after the delivery of the current Capital Programme and maintains the revenue cost of borrowing at the level approved in the previous Medium-Term Financial Strategy. The indicative limit for 2026/27 is £40m of new borrowing, excluding self-funded schemes.
- 6.23 Self-funded schemes do not count towards the limit on borrowing as they pay for their own borrowing costs through efficiencies or income generated within the operating model. These schemes will be scrutinised in detail at business case stage and be assessed during implementation and completion to provide assurance that benefits are realised and borrowing costs covered. When there is deviation, a governance framework exists to escalate accordingly and take action.
- 6.24 Borrowing for the Capital Programme is an essential tool to enable the Council to meet its objectives in the medium to long term. Many schemes that have unfunded borrowing receive considerable match funding and are critical to improving infrastructure in the county, enabling the continuation of providing statutory services, improving services and tackling emerging priorities such as climate change.
- 6.25 Capital spending plans will lead to an increase in borrowing costs over the MTFS period from £47m in 2022/23 (funding existing borrowing) to £83m by 2026/27.

**MTFS Capital Budget 2022/23 to 2026/27**

- 6.26 A total of **£1,031m of schemes are included in the proposed approved capital budget over the MTFS (excluding pipeline)**. Business cases for these well-developed schemes have been prepared and subjected to appropriate testing and scrutiny before being approved. The schemes will be monitored during the year for cost control, deliverability and to ensure budget estimates remain realistic over the period of the Capital Programme. Table 8 below shows a breakdown of budget schemes into the three SCGs over the MTFS period:

**Table 8: MTFS Draft Capital Budget by Strategic Capital Group (excluding pipeline):**

Strategic Capital Group	MTFS Budget (£m)
Infrastructure	582
Property	426
IT	23
<b>Total Budget</b>	<b>1,031</b>

- 6.27 These schemes deliver priorities across the county, including investment in schools, the transport network, flood alleviation, making the most efficient use of the corporate estate and providing support to vulnerable residents. The top 10 schemes in the Capital Programme (excluding pipeline) make up 79% of the total estimated budget:



# TOP 10 BUDGET SCHEMES (OVER 5 YEAR MTFS)

## Infrastructure

**£200m**  
**Highway Maintenance**  
 Improvements to roads and footways



**£100m**  
**Surrey Flood Alleviation**  
 River Thames Scheme



**£51m**  
**Bridge/Structures Maintenance**  
 Improvements and safety maintenance



**£44m**  
**A320 North of Woking and Junction 11 of M25**  
 Road and junction improvements



**£27m**  
**Ultra Low Emission Vehicles (Buses)**  
 Investment in low emission buses across Surrey



## Property

**£139m**  
**Schools Basic Need**  
 Increasing school places and building schools



**£82m**  
**Schools Maintenance**  
 Maintaining existing school buildings



**£64m**  
**SEND Strategy (Phases 1-3)**  
 Increasing provision for special education needs and disability in schools



**£56m**  
**Property Maintenance**  
 Maintenance of community facilities, buildings and offices



**£34m**  
**Looked After Children Schemes**  
 Increasing capacity and quality of residential homes for children



Fig 7 - Capital Budget - Top 10 Schemes

## Your Fund Surrey (YFS)

- 6.28 'Your Fund Surrey' is a capital fund announced by the Council in its 2020/21 Budget which will run from 2021/22 to 2026/27 and allocate £100m over the period. The MTFS assumes that £2m will be awarded during 2021/22 leaving £98m for the remainder of the MTFS. The overall total will remain at £100m. The fund aims to bring community-led place-making or place-improving projects to life at a scale to make a significant impact and deliver a real legacy in communities. YFS is a key part of the Capital Programme, enabling the Council to achieve the priority objective of empowering communities to be able to tackle local issues and support one another.
- 6.29 The scheme is fully operational, awarding the first funds in October 2021 following considerable interest from communities in Surrey for a diverse breadth of projects. Successful projects which gain funding will be monitored to ensure delivery against agreed outcomes.
- 6.30 Decision making and governance includes scalable measures that reflect the scope of the bids to ensure a streamlined process. The YFS Panel will provide recommendations to a two-tier delegated authority to approve bids and transfer appropriate amounts to the approved capital budget for successful applicants. The Your Fund Surrey Advisory Panel will advise on and inform final officer recommendations to the appropriate decision maker on the proposed funding awards to be made. All financial decisions will then be taken within the County Council's formal decision-making process. The proposed delegated authority is as follows:
- Projects up to £100,000 – delegated to the Executive Director with direct responsibility for the delivery of Your Fund Surrey;
  - Projects between £100,000 and £500,000 – delegated to the lead Cabinet Member;
  - Projects over £500,000 – decision taken by Cabinet.

## 2022/23 Capital Budget (excluding pipeline)

- 6.31 £212m is included in the capital Budget for 2022/23 as set out in the table, below. This will need to be thoroughly tested for deliverability prior to the final budget being approved but is consistent with the scale of forecast delivery for 2021/22:

**Table 9: 2022/23 Proposed Capital Budget by Strategic Capital Group:**

Strategic Capital Group	MTFS Budget (£m)
Infrastructure	125
Property	81
IT	6
<b>Total Budget</b>	<b>212</b>

- 6.32 Successful delivery of the 2022/23 budget is a key part of ensuring the Capital Programme overall remains on course. The focus of the 2022/23 budget will be on the schemes that comprise the majority of forecast spend. The top 10 schemes account for c.£143m, or 67% of the 2022/23 budget:

**Infrastructure**

- £40m - Highway Maintenance – improvements to roads and footways across the County
- £16m - A320 North of Woking and Junction 11 of M25 – Homes England grant funded road and junction improvements
- £10m - Bridge/Structures Maintenance –improvements and safety maintenance of specialist infrastructure
- £6m - Ultra Low Emission Vehicles - Bus Companies
- £5m - Street Lighting LED Conversion – County wide LED replacement street lighting programme contributing to carbon reduction

**Property**

- £27m - Schools Basic Need – increasing school places and building schools across the County
- £17m - SEND Strategy (Phases 1-3) – increasing sufficiency of provision for special education needs and disability in schools across Surrey
- £9m - Recurring Capital Maintenance Schools –County wide schools maintenance programme
- £8m - Recurring Capital Maintenance Corporate (non-schools) – County wide maintenance of service buildings, community facilities and offices
- £5m – Looked After Children (LAC) Schemes - capital investment across our residential estate to increase capacity in Surrey

**MTFS Pipeline Schemes 2022/23 to 2026/27**

6.33 **Pipeline schemes** include proposals developed to a stage where they can be earmarked against a flexible funding allocation built into the wider Capital Programme. The pipeline allows projects to be approved during the year subject to business case approval . The SCGs have come forward with an ambitious set of proposals to support key strategic priorities and safeguard the future for Surrey residents. The table below shows a breakdown of pipeline schemes into the SCGs over the MTFS:

**Table 10: MTFS Proposed Capital Pipeline by Strategic Capital Group:**

Strategic Capital Group	MTFS Budget (£m)
Infrastructure	379
Property	375
IT	27
Your Fund Surrey	98
<b>Total Pipeline</b>	<b>878</b>

6.34 The pipeline is key to the Council achieving its long-term objectives especially with regard to meeting climate change targets and to create a greener future for residents. Converting the pipeline into robust business cases that can be scrutinised for funding, deliverability and benefits through the existing governance framework is a priority for SCGs and CPP. The setup of the new PMOs in Property and Infrastructure is a direct response to increase pipeline conversion and deliver priorities.

6.35 The Council is committed to continue working with partners to unlock opportunities across the County, including large scale infrastructure projects to significantly improve transport

links, unlock housing development for District and Borough partners and to regenerate towns and local economies. The top 10 pipeline schemes based on estimated spend over the MTF5 period are shown below:

## TOP 10 PIPELINE SCHEMES (OVER 5 YEAR MTF5)

### Infrastructure

**£132m**  
**Farnham Infrastructure Schemes**



**£105m**  
**Surrey Infrastructure Plan**  
Other large infrastructure projects



**£21m**  
**Materials Recovery Facility**  
Increasing the recycling capacity and efficiency in Surrey



**£65m**  
**Greener Futures (part of £273m longer term)**  
Reducing carbon emissions to help tackle the climate emergency



**£23m**  
**Pupil Referral Unit (PRU) Schemes**  
Investment in more and better pupil support



### Property

**£80m**  
**Extra Care Housing**  
Building affordable accommodation to help elderly people live independently for longer



**£46m**  
**Independent Living**  
Building new accommodation for people with a Learning Disability or Autism

**£60m**  
**SEND Phase 4**  
A further phase of increasing sufficiency of provision for special education needs and disability in schools across Surrey



**£34m**  
**Libraries Transformation**  
Investment in libraries across Surrey

**£28m**  
**Corporate Assets**  
Investing in our buildings to use them better including creating community hubs



Fig 8 - Capital Pipeline Top 10 Schemes

6.36 Of the total pipeline allocation in the MTF5, c.£273m or 31% is proposed for schemes that contribute to reducing carbon emissions, tackle climate change and enable a greener future

for residents. A further £197m is included in the capital budget, bringing the total to c.£470m. The Council has brought in expertise to better understand and report on carbon impacts of the Capital Programme and to set established processes for assessing capital plans and capturing necessary information for business case scrutiny and benefits realisation.

- 6.37 All pipeline proposals are subject to ongoing development, scrutiny and challenge to ensure feasibility and deliverability before being approved to budget and confirmed into the Capital Programme.
- 6.38 Successful delivery of the MTFs as a whole includes the considered conversion of 2022/23 pipeline schemes, subject to the proper governance and approvals process. The below schemes make up 76% of the 2022/23 pipeline proposal and will be key for SCGs to convert:
- £21m - Infrastructure Schemes
  - £11m - Greener Futures
  - £8m - Priority School Building Programme and SEND Phase 4
  - £8m - Agile Asset Strategy and Libraries
  - £5m - Adult Social Care Accommodation Schemes
  - £3m - Digital Infrastructure (Economic Growth)
- 6.39 The nature of the pipeline is to be a flexible portfolio of schemes that contribute to the Council's strategic objectives. As a result, SCGs may update the pipeline accordingly to adapt to changing circumstances, emerging priorities and financial constraints.

## 7. FINANCIAL PERFORMANCE 2021/22

- 7.1 The Month 8 Finance Update report is reported to the same Cabinet on 25th January. Headline performance is set out below.
- 7.2 **Revenue:** As at November 2021 (M8) Directorates are projecting a full year £8.0m deficit. The 2021/22 budget includes General contingencies of £20m and a contingency for Covid-19 costs of £11.2m, and so a balanced outturn overall is anticipated. However, it is still the expectation that Directorates make efforts to manage the overspend within their budget envelopes to maintain overall budget resilience and reduce the pressure on 2022/23 and future years.
- 7.3 The Directorate position is considerably more challenging than at the same point last year, leading to a significant roll-over of pressures into the 2022/23 budget. Within the £8.0m deficit, the main variances are in Adult Social Care and Children, Families and Lifelong Learning:
- **Adult Social Care:** A £3.2m forecast overspend (including £3m one-off use of Contain Outbreak Management Fund Grant): The average cost of care packages has increased substantially compared to pre-pandemic levels, due to increased needs and in part the impact of the discharge to assess system from hospitals.
  - **Children, Families and Lifelong Learning:** A £7.0m forecast overspend, mainly due to placement and staffing pressures within Children's Social Care.
- 7.4 There are also increased pressures on the **DSG High Needs** Block where an £8.8m forecast overspend, due to cost containment measures currently being insufficient to hold the

contribution to the deficit offsetting reserve to the planned £23.8m, has been met by a release from the £9m contingency held for DSG HNB.

**Capital:** The Council approved a capital budget for 2021/22 of £184.9m in February 2021. During the year, this was reset to £202m to reflect subsequent Cabinet approvals and a reprofiling of schemes based on Quarter 1 forecasts. The forecast at M8 is for full year spend of £184.9m. The reduced forecast mainly relates to an in-depth review of the Property programme, identifying risks in delivering planned projects in the financial year, coupled with changes to the expected profile of spend in projects in Infrastructure and IT. To establish a stable and deliverable baseline for assessment at full year outturn, the budget for the year will be reset based on M9 forecasts.

- 7.5 The 2021/22 expected outturn for both revenue and capital give us confidence that the underlying budget, overall, is realistic and deliverable however there are a number of challenges in Directorates (particularly in Adult Social Care and Children, Families and Lifelong Learning) which significantly escalate the efficiency requirement in 2022/23. Where Directorate variances are forecast to have an ongoing effect, these are built into the starting point for 2022/23 and included in the gap.

## 8. MEDIUM TERM FINANCIAL OUTLOOK AND STRATEGY 2022/23 TO 2026/27

### Funding Context for the Medium-Term

- 8.1 Over the medium-term, the gap between expected Directorate spending pressures and projected funding grows significantly. By 2026/27, the Council will need to close a gap of c.£151m.

This is driven by:

- Growth pressures: including demand and inflation: c£226m;
- Increased borrowing costs of the capital programme: £45m;
- Plus, expected reduction in funding: £13m;
- Less efficiencies identified to date: c£133m.

- 8.2 Although our immediate priority has understandably been to close the gap and set a balanced budget for 2022/23; our medium-term focus means that transformation and service delivery plans are developing now (through our 'Twin Track' process), which already go a significant way to improving our medium-term financial outlook. These future plans will iterate as funding projections gain more certainty.

**Table 11: MTFS Gap to 2026/27**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Brought forward budget	1,004.7	1,042.0	1,057.3	1,073.5	1,106.6	
Directorate Pressures	75.4	39.5	37.7	38.0	35.5	<b>226.0</b>
Increased borrowing costs of Capital Programme	8.5	7.2	8.8	10.9	9.4	<b>44.8</b>
Identified Efficiencies	(46.6)	(31.4)	(30.3)	(15.8)	(9.1)	<b>(133.1)</b>
<b>Total Budget Requirement (after other measures)</b>	<b>1,042.0</b>	<b>1,057.3</b>	<b>1,073.5</b>	<b>1,106.6</b>	<b>1,142.4</b>	
Change in net budget requirement	37.3	15.4	16.2	33.0	35.9	<b>137.7</b>
<b>Opening funding</b>	<b>1,004.7</b>	<b>1,042.0</b>	<b>1,023.0</b>	<b>1,014.2</b>	<b>1,002.8</b>	
Funding (reduction) / increase	37.3	(19.0)	(9.6)	(12.2)	(9.3)	<b>(12.8)</b>
<b>Funding for Year</b>	<b>1,042.0</b>	<b>1,023.0</b>	<b>1,014.2</b>	<b>1,002.8</b>	<b>994.4</b>	
<b>Overall Reductions still to find</b>	<b>0.0</b>	<b>34.3</b>	<b>59.3</b>	<b>103.7</b>	<b>148.0</b>	
<b>Year on Year - Reductions still to find (at 1.99%)</b>	<b>0.0</b>	<b>34.3</b>	<b>25.8</b>	<b>45.2</b>	<b>45.2</b>	<b>150.5</b>

### Council Tax

- 8.3 The neutral Medium-Term scenario, considered to be most likely, is that Core Council Tax continues to increase within a referendum limit of 1.99% beyond 2022/23, with future decisions needed on the level of Adult Social Care Precept.
- 8.4 For the final budget, Council Tax base recovered to slightly above pre-Covid19 levels in 2022/23, an increase of 1.8%; from 2021/22, thereafter 0.5%, 0.75%, 0.75%, 1% is expected. The increases from 2023/24 onwards are in line with annual increases pre-Covid-19.
- 8.5 It is important to note that the Council's main funding source is Council Tax. On average, this funds 80% of net revenue expenditure. The impact of the actions taken to reduce the spread of Covid-19 and the subsequent financial impacts make this area particularly hard to predict with certainty.

### Local Government Reform (Fair Funding Review, Review of Relative Needs and Resources, Business Rates Reset and Social Care Reform)

- 8.6 The review of Local Government funding distribution, the Review of Relative Needs and Resources or Fair Funding Review (FFR), and a review of the Business Rates Retention system has been delayed again. The Local Government Finance Settlement indicated that they will take effect for 2023/24, although this has already been pushed back a number of times.
- 8.7 Confirmation over the timing of the reform is crucial to planning, not least because we anticipate the results will reduce our overall funding in the medium-term. We assume transitional arrangements will be put in place, so the pace of reduction is phased/more manageable. Under normal circumstances officers would review technical working group papers as a highly effective means of keeping informed about the potential direction of reform. However, working groups which were previously developing the new system have been suspended and so the ability to gather any new and robust intelligence has been somewhat reduced. In addition, previous formulas and workings from FFR relied heavily on 2011/12 data including on populations, which will be critically out of date if it is used without being updated.

8.8 Health and Social Care reform has moved on considerably with the announcement of the Health and Social Care Levy in September 2021. We will incur additional costs from the reform proposals in two ways:

- Firstly the implementation of a cap of £86,000, which is the maximum that individuals will pay towards their care (excluding accommodation costs). The capital limits will also increase from £23,250 to £100,000. The net effect is that Councils will need to fund a greater share of the care costs that are currently paid for by self-funders; and
- Secondly in the form of market equalisation on care costs. Self-funders in future will be able to “ask their local authority to arrange their care for them so that they can find better value care.” At the moment self-funders usually pay higher rates than their local authority and so there could be market equalisation of costs, whereby care costs in general rise to meet this.

8.9 The Government have set out £5.4bn Social Care funding over the next 3 years, of which £500m will be allocated for workforce reform. However, this level of funding falls well below what is anticipated is needed across the sector. Although the Council has been allocated £2.7m in 2022/23 to meet the initial costs, it is not clear that this is sufficient. The overall allocation method has also yet to be confirmed.

### **Business Rates**

8.10 As set out in paragraph 8.6, the timing of Business Rates reform remains uncertain. Once implemented the Council is likely to see an initial increase to Business Rate retention and a decrease to grant income as grants (such as Public Health) will be ‘rolled-in’ to the Business Rates formula, along with the Business Rates Multiplier and Social Care grants. The level of Business Rates retained has a direct relationship with funding reform and as such we expect this funding to reduce over the remainder of the MTFS as transitional arrangements unwind.

8.11 Despite the lack of fundamental Business Rates reform, the Government did undertake a consultation in the Summer of 2021 on a package of reforms to support the delivery of a three-yearly valuations cycle. Revaluations have previously been implemented in 1995, 2000, 2005, 2010 and 2017. Legislation had been introduced to bring the next Business Rates revaluation forward by one year from 2022 to 2021 but has now been postponed ‘to ensure businesses have more certainty during this difficult time.’ However, it is anticipated that this will be implemented in 2022 and there will be a move to 3-yearly valuations hence forth.

### **Grant income**

8.12 Looking forward, the economic outlook is somewhat more positive than previously predicted, although has slowed recently. In the Spending Review, the Chancellor confirmed “day to day spending is set to rise by 2.1% per year in real terms”. Because DLUHC did not pass on a 3-year settlement to individual authorities, it remains to be seen how the departmental increases translates into funding for the Council.

8.13 The grants that we do not expect to be subsumed into overall funding reform are:



- New Homes Bonus (NHB) – legacy payments continued for 2022/23 and a new tranche of allocations were announced. The Government is still considering options for the future of NHB and so medium-term uncertainty remains;
- Services Grant – this was announced as a one-off for 2022/23 and so we expect it to be discontinued in 2023/24. The quantum of funding may be used to implement transitional arrangements for authorities who lose funding through funding reform;
- Dedicated Schools Grant, expected to continue over the MTF5; and
- Private Finance Initiative – continues over the duration of the MTF5 however the element relating to Waste ends in 2023/24 at which point only Street Lighting credits remain.

## 9. DEDICATED SCHOOLS GRANT

- 9.1 The Council is required by law formally to approve the Total Schools Budget, which comprises: Dedicated Schools Grant funding and post 16 grant funding. This budget is used to fund schools' delegated and devolved expenditure and other maintained schools' expenditure, nursery education provided by state schools and private providers plus expenditure on a range of school support services specified in legislation. The Total Schools Budget as presented here is shown both before and after subtracting funding allocated to individual academy schools which is deducted from the Council's Dedicated Schools Grant and paid directly to the academies by the government but is based on the funding formula and number of funded SEN places agreed by the Council.
- 9.2 The Total Schools Budget is a significant element of the proposed total budget for the CFLC Directorate. Table 12 outlines the proposed Total Schools Budget for 2022/23 of £1,053.7m, including a planned overspend of £27.2m and £6.3m Education and Skills Funding Agency sixth form grant for school sixth forms. From this, £478.5m is paid directly by DfE to academies, leaving a net schools budget of £575.2m which is included within the Council's overall budget.

**Table 12 - Analysis of Total Schools Budget for 2022/23**

	Schools' and nurseries delegated budgets £m	Centrally managed budgets £m	Total £m
Gross DSG allocated to Surrey in 2022/23	852.6	167.6	1,020.2
ESFA sixth form grant	6.3		6.3
Planned overspend		27.2	27.2
<b>Total Schools Budget including funding allocated directly to academies</b>	<b>858.9</b>	<b>194.8</b>	<b>1,053.7</b>
less paid directly by DfE to academies and colleges (est)	(478.5)		(478.5)
<b>Net Schools Budget</b>	<b>380.4</b>	<b>194.8</b>	<b>575.2</b>

- 9.3 For this purpose centrally managed services include the costs of:
- Placements for pupils with special educational needs in non-maintained special schools and independent schools;
  - Funding of state maintained special schools and SEN centres, other than place funding already agreed;
  - 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. Funding for private nursery providers counts as delegated.
- 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 2022/23 school funding formula on 30 November 2021. The funding rates for schools for 2022/23 will be subject to amendment by the Cabinet Member and Director of Education, Lifelong learning and Culture, to ensure affordability when all funding data for schools is known. A proposal to transfer funding from schools to high needs block, considered by Cabinet on 30 November, was not agreed by Schools Forum and thus cannot now be taken forward in 2022/23.
- 9.5 Schools will also receive pupil premium funding, based on the number of:
- Pupils receiving free school meals at some time in the past six years;
  - Looked after children;
  - Children adopted from care; and
  - Pupils from service families (or who qualified as service children within the last six years, or in receipt of a war pension).
- 9.6 In 2022/23 Surrey mainstream schools and academies will also receive a new schools supplementary grant estimated at £22m which will be allocated directly to individual schools based on a formula set by DfE. In 2021/22 Schools also received a range of other grants for example to support infant free school meals and physical education and sport in primary schools. These grants had yet to be confirmed for 2022/23 at the end of December 2021.

### **High Needs Block (HNB)**

- 9.7 The HNB is an element of DSG used to support children with additional needs. Since changes in legislation around Local Authorities responsibilities were made in 2014, the rate of increase in demand has significantly outstripped increases in funding causing significant financial pressures in this area. The current position is set out in section 4.55.
- 9.8 During 2020/21 further legislative changes prevented deficits within the DSG HNB to be funded directly from the General Fund. However, the deficit must still be held as a negative reserve on the Council's balance sheet. This therefore needs to be considered alongside the Council's longer-term financial stability.
- 9.9 In order to best mitigate this liability, since 2019/20 the Council has been making a contribution from the General Fund to a separate off-setting reserve which matches the deficit on the HNB and ensures stability in the balance sheet. The planned £27.2m overspend in 2022/23 will be matched by a contribution of £27.2m to the reserve from the General Fund.

- 9.10 The Council is continuing its transformation programme to reduce the financial pressure in this area but also is lobbying in conjunction with other authorities across the country that greater funding is required in this area.

## 10. ENGAGEMENT AND CONSULTATION

### Resident engagement and consultation

- 10.1 Through September and October, the Council commissioned Lake Market Research to carry out research into Surrey residents' priorities for our budget. The aims of the exercise were to:
- Raise awareness with residents of the context we are working in, including local budget pressures, their views on the need to transform services and new approaches to service delivery;
  - Identify residents' informed spending preferences; and
  - Test spontaneous and informed attitudes towards service changes and residents' roles in supporting change – what would be acceptable, and what wouldn't be acceptable.
- 10.2 A mixture of research methods was used as part of this approach to engage with residents:
- Two qualitative online workshops with 73 residents using deliberative techniques to understand 'informed' views on specific issues. Residents were broadly representative by age, sex, ethnicity, disability, working status and geographical location;
  - A quantitative survey amongst 1,087 residents across Surrey who are statistically representative of the Surrey adult population (aged 16 and over). Online and telephone surveying was adopted to ensure representation amongst the residents interviewed by age, gender, ethnicity, rural / non-rural geography and socio-economic group; and
  - A final deliberative online workshop with 35 residents were invited back from the first workshops for a second time to explore attitudes towards resident involvement and ways in which the Council could continue to engage moving forward.
- 10.3 When presented with information about the Council's financial context, residents expressed their surprise at the size of the savings required, and found it challenging to comprehend what the impact would be on residents if all departments were required to find savings.
- 10.4 The services residents most wanted to protect from funding reductions was older people social care for those aged 65 and over; followed by waste services, children's social care, education services, fire and rescue and social support services (such as services to support unpaid carers).
- 10.5 When residents were asked directly if they would agree with a 2% increase in Council Tax, over half (54%) thought it should not be increased and the £80 million required savings, on top of the £200 million already required over the medium-term, should come from somewhere else. However, when asked if they would support an increase to protect the most vulnerable, 67% of respondents agreed with an increase under those circumstances.
- 10.6 When asked if they would support an increase in the Adult Social Care Levy to spend more on the care of the most vulnerable adults and older people, 57% said they would support this if the Council decided to take up the option. Support is higher amongst residents aged 65 and over and residents with a disability.

- 10.7 Other themes emerging from the research were:
- Residents wanted the Council to prioritise making efficiencies through better use of land and assets and by supporting local communities to be more involved in delivery;
  - Residents strongly supported investment in early intervention and prevention;
  - They expect services to join up more effectively throughout planning and delivery to strengthen the chances of improved outcomes;
  - They want the Council to put residents most at risk of being left behind in Surrey at the heart of decision-making, such as people who are digitally excluded;
  - Residents are demanding a greater role in decision-making and delivery in their localities, accompanied with more community engagement;
  - They also want more practical guidance from authorities on changes they could make in their lives to make a difference to their local places and communities;
  - They want the Council to lobby central government for further support to enable the county to achieve net zero by 2050.
- 10.8 For further information, Annex H includes coverage of the key findings from the research programme, including more detail on residents' views on budget setting priorities and principles and insight on specific areas the Council could explore as new approaches to service delivery for the following areas: public health, adult social care, foster care, public bus network, greener measures, customer services, engagement / working together with residents, local economic development, dry recycling and libraries and registration services.
- 10.9 To ensure all stakeholders had an opportunity to share their views on the draft budget proposals, we ran a consultation exercise with residents and other stakeholders on the draft budget between 30 November 2021 and 7 January 2022. We asked stakeholders how they thought the budget proposals would benefit them and the county, what concerns they had, if any, and the impact the proposals would have.
- 10.10 The consultation was run as an online survey, with alternative formats, such as hard copy and screen-reader compatible versions, made available for people who needed to use them. We invited residents, partners, businesses, elected representatives and Surrey County Council staff to respond to the exercise. The survey was promoted through the Surrey Matters newsletter, which reaches 176,000 residents, as well as through social media posts across Facebook, Instagram and Twitter, which led to 2,600 click throughs to the survey webpage. Elected Members and partner organisations were also encouraged to contribute their views.
- 10.11 98 stakeholders responded to the consultation, with 90% of them being Surrey residents. Because of the self-selecting nature of the exercise, the results can only be interpreted as indicative of residents' views rather than representative of the views of the wider population.
- 10.12 Reception of the draft budget was mixed among stakeholders. Support was expressed for additional funding for adult social care, spending on environmental initiatives and mental health. However, there were also concerns about a council tax rise coming in conjunction with other cost of living increases.

## Other stakeholder engagement

- 10.13 Over the Summer and early Autumn, we have also engaged Members to get their views to shape this Draft Budget including the Member Budget Task Group an all-Member briefing and early engagement with Select Committees during week commencing 18 October.
- 10.14 We have also been speaking to our staff about the current budget context and other strategic challenges. For example, the Leader and Chief Executive have been discussing this in their staff roadshows in October and have encouraged officers to share ideas and collaborate to help close the budget gap.
- 10.15 We are also talking to partners to share our financial context and explore opportunities for collaboration to improve outcomes and achieve efficiencies. For example, we are holding discussions with Surrey Heartlands CCG to explore opportunities for joint working on issues such as developing a shared approach to early intervention and prevention.

## 11. EQUALITY, DIVERSITY AND INCLUSION

- 11.1 A high level Equality Impact Assessment (EIA) of the revenue efficiencies proposals and increase to council tax and adult social care precept has been undertaken and set out in Annex I. Full EIAs relating to specific efficiency proposals are signposted to on the Council's website through this document, reflecting their advanced stage of development. Further EIAs will be undertaken where appropriate before individual efficiency proposals are implemented. Members must read the full EIAs and take their findings into consideration when determining these proposals.
- 11.2 In this report, Members are being asked to agree the package of efficiency proposals to include in the final budget to enable closure of the 2022/23 budget gap, and at this stage are not being asked to agree to implementation of specific efficiency proposals before details, including EIAs, are finalised and presented for a final decision and scrutiny by the relevant Members and senior officers.
- 11.3 In considering the proposals in this report, 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 (Public Sector Equality Duty).
- 11.4 The protected characteristics as set out in the Equality Act 2010 are:
- Age
  - Disability
  - Gender reassignment
  - Pregnancy/maternity
  - Race
  - Religion or belief

- Sex
- Sexual orientation
- Marriage and civil partnerships

11.5 Having due regard does not necessarily require the achievement of all the aims set out in section 149 of the Equality Act. 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 alternative 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 A review of the available EIAs, as well as potential impacts identified by officers as efficiencies are developed, shows groups with the potential to be affected by multiple changes by efficiencies in the 2022/23 budget are:

- Children and young people, including those with special educational needs and disabilities, and their families
- Older adults and their carers
- Adults of all ages with physical, mental and learning disabilities and their carers
- Women who work for the Council, particularly those who work in areas where they make up most of the workforce.

11.7 Mitigation strategies are in place to minimise the impact of efficiency projects on these groups. We will also ensure the effects of decisions and policies linked to this budget will be monitored as they are formulated and implemented.

## Annex A: Pressures and Efficiencies

### SUMMARY

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
<b>a) Brought forward budget</b>	<b>1,004.7</b>	<b>1,042.0</b>	<b>1,057.3</b>	<b>1,073.5</b>	<b>1,106.6</b>	

#### Pressures

Directorate	Net Pressure					Total £m
	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Adult Social Care	44.4	22.3	20.2	20.4	20.8	128.1
Public Service Reform and Public Health	0.4	0.4	0.1	0.1	0.1	1.1
Children, Families and Lifelong Learning	18.4	8.6	9.6	9.5	6.3	52.3
CFL - DSG High Needs Block	3.4	0.0	0.0	0.0	0.0	3.4
Environment, Transport and Infrastructure	7.4	3.5	3.2	3.2	3.6	21.0
Community Protection Group	2.4	1.1	1.0	1.1	1.1	6.7
Customer and Communities	0.8	0.6	0.6	0.6	0.7	3.3
Prosperity, Partnerships and Growth	0.2	0.0	0.0	0.0	0.0	0.4
Communications, Public Affairs and Engagement	0.2	0.0	0.0	0.0	0.0	0.4
People and Change	0.2	0.2	0.2	0.2	0.2	1.0
Resources	4.9	2.8	2.7	2.8	2.7	15.9
Central Income and Expenditure	1.1	7.2	8.8	10.9	9.4	37.4
<b>b) Total Pressures</b>	<b>83.9</b>	<b>46.7</b>	<b>46.5</b>	<b>48.9</b>	<b>44.9</b>	<b>270.8</b>

#### Efficiencies

Directorate	Efficiency					Total £m
	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Adult Social Care	19.4	13.7	11.5	2.6	1.3	48.5
Public Service Reform and Public Health	0.4	0.0	0.0	0.0	0.0	0.4
Children, Families and Lifelong Learning	13.8	4.5	4.4	4.2	0.0	26.9
CFL - DSG High Needs Block	0.0	9.7	12.6	7.4	7.8	37.4
Environment, Transport and Infrastructure	6.5	0.9	0.2	0.1	0.0	7.7
Community Protection Group	0.2	0.1	0.0	0.0	0.0	0.4
Customer and Communities	0.8	0.0	0.0	0.0	0.0	0.8
Prosperity, Partnerships and Growth	0.0	0.0	0.0	0.0	0.0	0.0
Communications, Public Affairs and Engagement	0.0	0.0	0.0	0.0	0.0	0.0
People and Change	0.2	0.1	0.0	0.0	0.0	0.4
Resources	3.7	2.3	1.5	1.5	0.0	9.0
Central Income and Expenditure	1.7	0.0	0.0	0.0	0.0	1.7
<b>c) Total Efficiencies</b>	<b>46.6</b>	<b>31.4</b>	<b>30.3</b>	<b>15.8</b>	<b>9.1</b>	<b>133.2</b>

<b>Indicative Budget Requirement (a + b - c)</b>	<b>1,042.0</b>	<b>1,057.3</b>	<b>1,073.5</b>	<b>1,106.6</b>	<b>1,142.4</b>	
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\*Columns and rows may not sum throughout the annex due to the impact of minor rounding discrepancies

## ADULT SOCIAL CARE

### ADULT SOCIAL CARE

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	377.2	402.1	410.7	419.4	437.2	

#### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
2021/22 care package carry forward pressure	This pressure represents the extent to which full year care package commitments are higher than the 2021/22 budget prior to the impact of efficiencies planned to reduce commitments in the remainder of 2021/22. Pressures are driven primarily by the impact of the pandemic including increased levels of need and the hospital Discharge to Assess system introduced during the pandemic. These factors have significantly increased the average costs of care across all client groups, and there has also been a rise in the number of people requiring support following a reduction during the pandemic. The pandemic has also hindered the ability to deliver some of the 2021/22 budgeted efficiencies.	18.1	0.0	0.0	0.0	0.0	18.1
Pay inflation and other staffing pressures	Budgeted pay inflation for Adult Social Care staff, including the impact of the higher National Insurance contributions due to government's planned Health & Social Care Levy, plus a number of other smaller changes to ASC's staffing budgets.	4.0	1.7	1.8	1.9	1.9	11.3
Price inflation (care packages & contracts)	The budgeted cost of price inflation planned to be paid to care providers across all of the care packages and contracts that Adult Social Care funds. This factors in confirmed and estimated changes to the National Living Wage and general inflation. Price inflation accounts for over 50% of ASC's total budgeted pressures.	17.8	11.7	12.1	12.8	13.4	67.9
Care package demand	The estimated cost of young people transitioning each year from Children's, Families and Learning services to Adult Social Care, plus estimated demand based on demographic growth for Older People, Physical & Sensory Disabilities 25+, Learning Disabilities & Autism 25+ and Mental Health. Additional demand above general demographic growth has been included in 2022/23 for Mental Health services as it is assumed there will continue to be higher than normal demand following the pandemic.	5.7	7.0	6.1	5.5	5.2	29.6
Community equipment demand	Adult Social Care's share of the modelled cost of increased provision of Community Equipment over the life of the MTFS. No pressure is showing in 2022/23 as growth in service provision next year is expected to be mitigated by cost efficiencies secured through the successful tendering for the new Community Equipment Store contract due to go live in April 2022.	0.0	0.1	0.1	0.2	0.3	0.7
Discharge to Assess from 2022/23	In 2020/21 and 2021/22 the first 6 weeks of care, reduced to 4 weeks from July 2021, for everyone discharged onto the Discharge to Assess pathway have been funded nationally by NHS England. National funding ends on 31st March 2022 and so health and social partners in Surrey need to decide what will replace the current Discharge to Assess system. A pressure of £1m is currently budgeted as a potential contribution by Adult Social Care to funding the cost of a revised Discharge to Assess model.	1.0	0.0	0.0	0.0	0.0	1.0
Liberty Protection Safeguards	Legislation is due to be introduced which would replace the current Deprivation of Liberty Safeguards regulations. If introduced this would increase the burden on local authorities to conduct assessments. It is currently unclear when the government will formally enact the new regulations and there is a chance they may not do so. The current total MTFS pressure represents 20% of the estimated worst case pressure, pending confirmation of when and whether the new regulations will be implemented.	1.7	1.7	0.0	0.0	0.0	3.5
Assumed increase to ASC Better Care Fund income	This is made up of two elements. Firstly, a £1.5m confirmed increase in Adult Social Care's 2021/22 BCF funding above what was budgeted for 2021/22. Secondly, a £2.4m estimated increase in Adult Social Care's 2022/23 BCF funding based on prior year trends and the growth announced in NHS funding. Confirmation from government of any changes to the Better Care Fund in 2022/23 is still awaited.	(3.9)	0.0	0.0	0.0	0.0	(3.9)
<b>Total Pressures</b>		<b>44.4</b>	<b>22.3</b>	<b>20.2</b>	<b>20.4</b>	<b>20.8</b>	<b>128.1</b>



**Efficiencies**

Efficiency	Description	Efficiency					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Remodel Learning Disabilities & Autism day support services	Move towards a more personalised approach to supporting people during the day, including reducing reliance on institutionalised building based services. This will involve the implementation of the Surrey Choices Changing Days programme which includes a greater level of engagement with existing community services.	2.3	2.5	0.5	0.0	0.0	5.3
Strategic shift from Learning Disability / Autism residential care to independent living	Where appropriate support people to move from institutionalised residential care to supported independent living services in the community. This will be facilitated through delivering SCC's ambition to drive the development of 500 new supported independent living units, including in some cases on Council owned land.	0.7	0.8	0.5	0.1	0.0	2.2
Create affordable Extra Care Housing county-wide offer for Older People	Develop new affordable Extra Care Housing schemes on SCC owned land and secure nomination rights for ASC funded clients. SCC has an ambition to create 725 new affordable Extra Care Housing units by 2030.	0.0	0.0	0.6	0.7	0.0	1.4
Enhance strength based practice and ensure appropriate Section 117 Aftercare funding for Mental Health care services	Implement a home first pathway for Mental Health services, reducing the number of people required to live in residential care services and reducing length of stay in supported living services. Ensure care packages for people with Section 117 Aftercare needs are funded appropriately between ASC and the NHS.	1.4	0.2	0.2	0.0	0.0	1.7
Older People strength based reviews	Conduct annual reviews of the care packages people receive to ensure they are strength based and appropriate to support people's wellbeing and promote their independence.	1.0	0.5	0.0	0.0	0.0	1.6
Physical & Sensory Disability strength based reviews	Conduct targeted and annual reviews of the care packages people receive to ensure they are strength based and appropriate to support people's wellbeing and promote their independence.	1.1	0.5	0.0	0.0	0.0	1.6
Learning Disability & Autism strength based reviews excluding day care	Conduct targeted and annual reviews of the care packages people receive to ensure they are strength based and appropriate to support people's wellbeing and promote their independence. Day care is excluded because there is a separate efficiency for remodelling Learning Disability day care services.	0.8	0.7	0.4	0.1	0.0	2.0
Use of Technology Enabled Care at the front door	Utilise Technology Enabled Care services to enhance support and reduce costs of care for new ASC clients, mitigating budgeted demand pressures.	0.5	0.5	0.5	0.5	0.5	2.5
Consistent practice for supporting people at home including use of Technology Enabled Care	In line with Surrey's home first principle, ensure practice for commissioning care to support people at home is consistent across the county, whilst also recognising that it is not always possible to meet people's needs most appropriately and affordably at home. This will include utilising Technology Enabled Care to improve service delivery and reduce costs of care.	1.8	0.9	0.5	0.0	0.0	3.3
Improved purchasing of Older People nursing/residential placements	Purchase 90% of Older People nursing & residential care placements at SCC's affordable guide prices through effective management of the new framework due to go live in April 2022.	1.9	1.2	0.7	0.5	0.5	4.7
Maximise usage of block contract residential beds	Increase and maintain average occupancy of the Older People residential care beds that SCC purchases on a block basis to 95%.	1.1	0.0	0.0	0.0	0.0	1.1
Improved purchasing of Home Based Care packages	Purchase care as cost effectively as possible across the county through utilising the new APL Home Based Care framework that went live in October 2021 and the integration of sourcing home care packages into the Joint Brokerage Team.	1.2	1.8	1.4	0.6	0.2	5.2
Improved purchasing of Learning Disability & Autism 65+ residential care	Ensure residential care for people with a Learning Disability or Autism aged 65 or over is purchased as cost effectively as possible, recognising that people's need change as they move into older age.	0.4	0.8	0.4	0.0	0.0	1.6
Review of Older People in-house services	Consider how SCC's in-house provided Older People residential care services can be delivered at best value, based on whichever of the options for the future of each care home is decided upon by SCC's Cabinet after the consultation about the in-house care homes has been completed. The consultation closes on 5th January 2021.	0.9	3.4	5.8	0.0	0.0	10.1
Review of Learning Disability in-house services	Consider how SCC's in-house provided Learning Disability services can be delivered at best value, including a shift from residential care to supported independent living where appropriate.	0.7	0.0	0.0	0.0	0.0	0.7
Resolution of Continuing Health Care disputes	Work with Surrey's Clinical Commissioning Groups to resolve disputes over people's eligibility for Continuing Health Care (CHC) funding. Transfer the responsibility for funding care for people agreed as fully eligible for CHC to NHS CHC funding and ensure the agreed level of funding is received from the NHS for people who are determined as having a partial health care need.	2.5	0.0	0.0	0.0	0.0	2.5
Agree and implement new Continuing Health Care joint funding policy	Work with Surrey's Clinical Commissioning Groups to agree and implement a new policy framework for appropriately funding care for people who have a mix of social care and health needs.	1.0	0.0	0.0	0.0	0.0	1.0
<b>Total Efficiencies</b>		<b>19.4</b>	<b>13.7</b>	<b>11.5</b>	<b>2.6</b>	<b>1.3</b>	<b>48.5</b>

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	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	34.3	34.3	34.7	34.8	34.9	

#### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Staffing Pressures including pay Inflation	Estimated pay inflation for Public Service Reform and Public Health staff, including the impact of the increased National Insurance contributions to fund the Health & Social Care Levy	0.3	0.1	0.1	0.1	0.1	0.7
End of grant funding for Family Safeguarding service	Current grant funding for this service ends in December 2022. Alternative funding options are being explored which could reduce this pressure.	0.1	0.3	0.0	0.0	0.0	0.4
Reduction in partner contributions for High Impact Complex Drinkers service	£60k reduction in contributions from partners is currently budgeted based on funding agreed to date. Public Health plans to maintain current provision for this service so the reduction in contributions would be a pressure in 2022/23.	0.1	0.0	0.0	0.0	0.0	0.1
<b>Total Pressures</b>		<b>0.4</b>	<b>0.4</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>1.1</b>

#### Efficiencies

Efficiency	Description	Efficiency					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Small adjustments to deployment of PH funding and service delivery to mitigate pressures	Management action to manage service delivery within available budget resources	0.4	0.0	0.0	0.0	0.0	0.4
<b>Total Efficiencies</b>		<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>

<b>Indicative Budget Requirement</b>	<b>34.3</b>	<b>34.7</b>	<b>34.8</b>	<b>34.9</b>	<b>35.0</b>	
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## CHILDREN, FAMILIES AND LIFELONG LEARNING

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m	
<b>Brought forward budget</b>	<b>219.7</b>	<b>224.3</b>	<b>228.4</b>	<b>233.6</b>	<b>238.8</b>		
<b>Pressures</b>							
	<b>Net Pressure</b>						
Pressure	Description	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Looked After Children Demand/inflation	Increased numbers of Looked After Children and associated inflation	5.8	4.4	5.3	4.8	3.5	23.8
Contract inflation	Expected inflationary increase in contract costs	3.9	2.0	2.1	2.2	0.3	10.5
Staffing	Expected inflationary increase in salary costs	8.2	2.3	2.4	2.5	2.6	17.8
Other		0.5	(0.2)	(0.2)	0.0	0.0	0.2
<b>Total Pressures</b>		<b>18.4</b>	<b>8.6</b>	<b>9.6</b>	<b>9.5</b>	<b>6.3</b>	<b>52.3</b>
<b>Efficiencies</b>							
	<b>Efficiency</b>						
Efficiency	Description	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Looked After Children Demand/inflation - Reunification Project	Reuniting children with their families where appropriate to do so	0.2	0.2	0.0	0.0	0.0	0.4
Looked After Children Demand/inflation - Impact of new practice models on Looked After Children numbers	No Wrong Door and Family safeguarding impact on Looked After Children numbers	2.6	2.7	2.7	2.7	0.0	10.8
Looked After Children Demand/inflation - New Childrens Home Structure impact on complex placements	Cost differential of providing specialist placements in-house compared to external residential	0.9	0.0	0.0	0.0	0.0	0.9
Looked After Children Demand/inflation - Increase number of block contracts to 350 spaces	Reduced unit costs of commissioning bed spaces via block contract	1.0	0.0	0.0	0.0	0.0	1.0
Looked After Children Demand/inflation -Align provision to statutory responsibilities	Stop covering additional cost for 18-25 year olds, with no prior SCC contact, placed by D&Bs in SCC beds when the previous agreement comes to an end.	0.3	0.0	0.0	0.0	0.0	0.3
Looked After Children Demand/inflation - Increase in-house fostering capacity	Lower unit cost of placing in in-house fostering provision	0.3	0.0	0.0	0.0	0.0	0.3
EYES/LIFT - Controcc	Financial efficiencies from the introduction of new Childrens IT and payment system	0.3	0.2	0.2	0.0	0.0	0.6
Home to School Transport - Transport	Containment of projected inflation through improved route planning and procurement	1.4	1.4	1.5	1.5	0.0	5.8
Staffing - Q & P staffing savings	Deferred from 21/22 MTFS	0.2	0.0	0.0	0.0	0.0	0.2
Staffing - Impact of retention policy as per PPDC report	Reduced agency cost from increase in permanent staffing numbers	0.7	0.0	0.0	0.0	0.0	0.7
Staffing - Standard 30 day (plus BH) leave for agency workers	Reduced agency cost from reduction in days worked, to align with permanent staffing patterns	0.7	0.0	0.0	0.0	0.0	0.7
Staffing - Reduction in annual retention payment based on take up	Reduction in overall allocation set aside for retention payments based on current take up	0.2	0.0	0.0	0.0	0.0	0.2
Staffing - Join memorandum of understanding on agency rates to reduce spend on agency staff	Reduction in agency costs through joining agreement to limit rates of pay in line with neighbours	0.9	0.0	0.0	0.0	0.0	0.9
Not in Education, Employment or Training	Review the support for NEET services which are currently above the statutory requirement. Ensure focus remains on specialist work (15% reduction)	0.1	0.0	0.0	0.0	0.0	0.1
Transport	Development of in-house provision in conjunction with community transport	0.0	0.0	0.0	0.0	0.0	0.0
Social Care Transport	Move from current spot purchasing approach to more centralised commissioning approach	0.1	0.0	0.0	0.0	0.0	0.1
Grant reductions	Review of grant allocations	0.2	0.0	0.0	0.0	0.0	0.2
Grant income - Assume continuation of transforming families grant	Applying grant as a one-off mitigation	0.5	0.0	0.0	0.0	0.0	0.5
Staffing - Vanguard bid	Staffing re-alignment if Vanguard bid is successful. Staffing proposals will be considered against the potential impacts on the service improvement programme.	1.1	0.0	0.0	0.0	0.0	1.1
Education and Lifelong Learning reductions	Review of ELL operational budgets and in-year underspends to reduce spend	0.3	0.0	0.0	0.0	0.0	0.3
Staffing - Additional FR proposals based on Option 3 to restructure staffing	Merging teams, increasing spans of control and reducing leadership capacity. Staffing proposals will be considered against the potential impacts on the service improvement programme.	0.9	0.0	0.0	0.0	0.0	0.9
Unaccompanied Asylum Seeking Children (UASC)	Negotiation with the Home Office around funding for UASC infrastructure costs not covered by current grant funding	1.1	0.0	0.0	0.0	0.0	1.1
<b>Total Efficiencies</b>		<b>13.8</b>	<b>4.5</b>	<b>4.4</b>	<b>4.2</b>	<b>0.0</b>	<b>26.9</b>
<b>Indicative Budget Requirement</b>		<b>224.3</b>	<b>228.4</b>	<b>233.6</b>	<b>238.8</b>	<b>245.1</b>	

## DSG HIGH NEEDS BLOCK

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	23.8	27.2	17.5	4.8	(2.5)	

### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
DSG - SEND - High Needs Block pressure - High Needs Block pressure	Estimated growth in ECHPs aligned to available places. Also includes inflationary increases on placement costs.	25.8	15.0	14.2	12.9	11.9	79.8
<b>Total Pressures</b>		<b>25.8</b>	<b>15.0</b>	<b>14.2</b>	<b>12.9</b>	<b>11.9</b>	<b>79.8</b>

### Efficiencies

Efficiency	Description	Efficiency					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
SEND - High Needs Block efficiencies - HNB Cost Containment	Reduction in cost between independent and maintained provision for all new spaces created in Surrey schools through phases 1-3 of the capital programme. Increasing the proportion of children who can be supported in mainstream provision and the use of employment pathways for over 16s. For provision remaining in independent settings strategies will be to reduce unit costs through more effective commissioning of the placements including relevant contributions from other partners.	8.5	7.9	8.9	1.6	0.0	26.9
SEND - High Needs Block efficiencies - HNB Additional Grant	Estimated 8% year on year grant increase for the High Needs Block	13.4	14.5	15.6	16.9	16.3	76.7
SEND - High Needs Block efficiencies - Scope for going further on SEND programme - Phase 4	Reduction in cost between independent and maintained provision for all new spaces created in Surrey schools through phase 4 of the capital programme.	0.5	2.3	2.3	1.8	3.4	10.3
<b>Total Efficiencies</b>		<b>22.4</b>	<b>24.7</b>	<b>26.8</b>	<b>20.3</b>	<b>19.7</b>	<b>113.9</b>

<b>Indicative Budget Requirement</b>	<b>27.2</b>	<b>17.5</b>	<b>4.8</b>	<b>(2.5)</b>	<b>(10.3)</b>	
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## ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
<b>Brought forward budget</b>	<b>140.3</b>	<b>141.2</b>	<b>143.8</b>	<b>146.8</b>	<b>149.9</b>	

### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Waste - volumes	The 2021/22 MTFS reflected increased volumes, e.g. due to home-working, which are assumed to reduce over the period.	0.0	0.0	(0.4)	(0.4)	0.0	(0.7)
Waste - contract reprocurement	Reprocurement costs, to the extent they are not expected to be met from other sources including Transformation Funding.	0.0	0.0	0.1	(0.1)	0.0	0.0
Waste - Reprofiled waste efficiency	Food and dry mixed recycling efficiencies originally included in the 2021/22 MTFS have been impacted by Covid-19 and will be achieved over a longer period.	0.1	0.0	0.0	0.0	0.0	0.1
H&T - Bus services	The 2021/22 MTFS reflected a potential pressure on contracted bus services of £1.7m due to reduced bus passengers. In 2022/23, following cessation of Government support, that pressure is expected to increase to £2.1m.	0.4	0.0	0.0	0.0	0.0	0.4
H&T - Staff changes to service delivery	Dedicated contract management function and additional resource for implementing future highway technology and innovations.	0.2	0.0	0.0	0.0	0.0	0.2
H&T - Severe weather and ecological threats	Increased mitigation for the impact of severe weather and ecological threats on the highway, including roads, footways & trees	0.2	0.0	0.0	0.0	0.0	0.2
H&T - Active Travel	Maintaining new active travel infrastructure to heightened design standards	0.0	0.0	0.1	0.1	0.0	0.2
Countryside - "Leader" project	Additional staff resource for funding, project development and partnership development activity	0.1	0.0	0.0	0.0	0.0	0.1
Countryside - PROW	Enhancing maintenance of public rights of way	0.3	0.0	0.0	0.0	0.0	0.3
Countryside - staffing	Staff to manage and develop the countryside estate, and part funding of Local Nature Partnership Director to deliver Land Use Management/Tree Strategy and support the drive towards One Surrey Countryside.	0.1	0.0	0.0	0.0	0.0	0.1
Climate Change	Team budget including tree & land use.	0.1	0.0	0.0	0.0	0.0	0.1
Environment - staffing	Additional resources to support delivery of Greener Futures and Rethinking Waste	0.4	0.0	(0.1)	0.0	0.0	0.3
Planning enforcement	Additional staff to enhance planning enforcement activity	0.1	0.0	0.0	0.0	0.0	0.1
All - Non-Pay Inflation	Expected inflationary increase in contract and related costs	4.3	2.9	3.0	3.1	3.1	16.3
All - Pay Inflation	Expected inflationary increase in salary costs	0.5	0.5	0.5	0.6	0.6	2.7
All - Creating ETI	Restructuring ETI to deliver agreed priorities	0.6	0.0	0.0	0.0	0.0	0.6
All - National insurance	Expected impact of increase in Employers National Insurance Contributions	0.2	0.0	0.0	0.0	0.0	0.2
<b>Total Pressures</b>		<b>7.4</b>	<b>3.5</b>	<b>3.2</b>	<b>3.2</b>	<b>3.6</b>	<b>21.0</b>

## Efficiencies

Efficiency	Description	Efficiency					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Countryside - various	Events on the countryside estate, income from property investment, and development of the Basingstoke Canal Centre campsite are offset by fall-out of one-off efficiencies in 2021/22	(0.0)	0.1	0.0	0.0	0.0	0.1
Environment - Waste volumes and prices	Dry Mixed Recyclable prices have improved and are providing a cost benefit, after allowing for increased waste volumes	2.0	0.0	0.0	0.0	0.0	2.0
H&T - Commercialisation & innovation	Reducing costs through innovation, automation, attracting new funding and moving some services toward cost recovery.	0.2	0.0	0.0	0.0	0.0	0.3
H&T - Parking - expanding on street parking charging	Continuing to expand on street parking charging through parking reviews etc.	0.1	0.1	0.1	0.1	0.0	0.5
H&T - Income & recharges	Including highways searches and recharge of staff costs, e.g. to capital projects	0.2	0.0	0.0	0.0	0.0	0.2
H&T - One off funding	Unapplied grant funding and prior year income	1.0	(1.0)	0.0	0.0	0.0	0.0
H&T - Street lighting LED conversion	Energy savings as street lights are converted to LED	1.1	0.3	0.0	0.0	0.0	1.4
H&T - Bus lane enforcement	Expansion of current bus lane enforcement measures improve reliability of public transport services	0.2	0.1	0.0	0.0	0.0	0.3
H&T - Lane rental income	Anticipated lane rental surplus, to support highway activities in line with legislation	0.3	0.0	0.0	0.0	0.0	0.3
H&T - Moving Traffic offences	Estimated contribution to highway costs	0.2	0.2	0.0	0.0	0.0	0.4
H&T - Staff/resource efficiencies	Efficiencies from bringing inspections of highway structures in-house (previously provided through a contract)	0.2	0.0	0.0	0.0	0.0	0.2
H&T - Highway maintenance	Review scope for efficiencies and cost reductions within the new term maintenance contract.	0.5	0.0	0.0	0.0	0.0	0.5
H&T - Parking surplus	Review treatment of the countywide parking surplus.	0.3	0.0	0.0	0.0	0.0	0.3
Planning - income	Income from Planning Performance Agreements and charges for discretionary services	0.0	0.0	0.0	0.0	0.0	0.1
Waste - Growth in reuse shop income	Continue to expand reuse shop offer at Community Recycling Centres	0.0	0.1	0.0	0.0	0.0	0.1
Waste - Reduce contamination of recycling	Improve quality of recycling, e.g. through resident engagement or changes to collection regimes.	0.2	0.0	0.0	0.0	0.0	0.2
Waste - Rethinking waste	Review of waste operating model, including infrastructure, in light of national strategy changes	0.0	1.0	0.0	0.0	0.0	1.0
<b>Total Efficiencies</b>		<b>6.5</b>	<b>0.9</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>7.7</b>
<b>Indicative Budget Requirement</b>		<b>141.2</b>	<b>143.8</b>	<b>146.8</b>	<b>149.9</b>	<b>153.4</b>	

## COMMUNITY PROTECTION GROUP

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	37.7	39.9	40.9	41.9	42.9	

### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Coroner - funding	Agreed phased reduction in funding from Surrey Police	0.1	0.1	0.0	0.0	0.0	0.3
Coroner - mortuary facilities	Establishment of temporary mortuary facilities pending development of a permanent facility	0.4	0.0	0.0	0.0	0.0	0.4
Trading Standards - Income	Income has reduced, including the impact of Covid-19, and expected to recover over the MTFS period.	0.1	(0.0)	(0.0)	(0.0)	(0.0)	0.0
Fire - Pension admin costs	Costs to administer pensions following external transfer of function from Pension service	0.1	0.0	0.0	0.0	0.0	0.1
All - additional resourcing	Communications and business management support	0.1	0.0	0.0	0.0	0.0	0.1
All - Non Pay inflation	Expected inflationary increase in costs	0.2	0.1	0.1	0.1	0.1	0.6
All - Pay inflation	Expected inflationary increase in salary costs	1.1	0.9	0.9	1.0	1.0	4.9
All - National insurance	Expected impact of increase in Employers National Insurance Contributions	0.3	0.0	0.0	0.0	0.0	0.3
<b>Total Pressures</b>		<b>2.4</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>	<b>6.7</b>

### Efficiencies

Efficiency	Description	Efficiency					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
General Efficiencies	Including, in 2022/23, reductions to non-partnership Trading Standards spend, income generation and seeking sponsorship and external funding.	0.2	0.1	0.0	0.0	0.0	0.4
<b>Total Efficiencies</b>		<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>

<b>Indicative Budget Requirement</b>	<b>39.9</b>	<b>40.9</b>	<b>41.9</b>	<b>42.9</b>	<b>44.0</b>
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## CUSTOMER AND COMMUNITIES

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	11.2	11.2	11.8	12.4	13.1	

### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Non-pay inflation	Expected inflationary increase in contract costs	0.1	0.1	0.1	0.1	0.1	0.5
Pay Inflation	Expected inflationary increase in salary costs	0.5	0.5	0.5	0.5	0.6	2.6
Additional NI contribution	Expected impact of increase in Employers National Insurance Contributions	0.1	0.0	0.0	0.0	0.0	0.1
Impact of the non achievement efficiencies in 20/21	Non-achievement of vacancy factor efficiency within the libraries service	0.1	0.0	0.0	0.0	0.0	0.0
<b>Total Pressures</b>		<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>3.1</b>

### Efficiencies

Efficiency	Description	Efficiency					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Existing MTFS efficiencies – Libraries service restructure	Full-year effect of libraries service re-structure	0.2	0.0	0.0	0.0	0.0	0.2
Cultural Services Efficiencies	A number of planned activities to drive out efficiencies, including a comprehensive review of the Heritage Service, extending the teaching weeks per year of Surrey Arts, review of the charging model for Registrations and a review of supplier contracts within the Libraries Service.	0.4	0.0	0.0	0.0	0.0	0.4
Planned end to grant contribution to Watts Gallery	Cease historic grant contribution	0.1	0.0	0.0	0.0	0.0	0.1
Community Partnerships	Re-set of staffing and non-staffing budgets to support new ways of working	0.1	0.0	0.0	0.0	0.0	0.1
<b>Total Efficiencies</b>		<b>0.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>

<b>Indicative Budget Requirement</b>	<b>11.2</b>	<b>11.8</b>	<b>12.4</b>	<b>13.1</b>	<b>13.7</b>	
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## PROSPERITY, PARTNERSHIPS AND GROWTH

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	1.3	1.5	1.6	1.6	1.7	

### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Strengthen Economic Development team	Required to develop and embed a Growth Plan to drive business engagement, economic place agenda, attract new business, skills, strengthen partnerships and understand infrastructure needs	0.2	0.0	0.0	0.0	0.0	0.2
Pay Inflation	Expected inflationary increase in salary costs	0.0	0.0	0.0	0.0	0.0	0.1
Non-Pay Inflation	Expected inflationary increase in contract costs	0.0	0.0	0.0	0.0	0.0	0.1
Additional NI contributions	Expected impact of increase in Employers National Insurance Contributions	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Pressures</b>		<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>

<b>Indicative Budget Requirement</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	
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## COMMUNICATIONS, PUBLIC AFFAIRS AND ENGAGEMENT

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	1.7	1.9	1.9	2.0	2.0	

### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Communication & Engagement support to CPG	Requirement for permanent solution to providing comms and engagement support to CPG (previous funding from one-off sources)	0.2	0.0	0.0	0.0	0.0	0.2
Pay Inflation	Expected inflationary increase in salary costs	0.0	0.0	0.0	0.0	0.0	0.2
Non-pay Inflation	Expected inflationary increase in contract costs	0.0	0.0	0.0	0.0	0.0	0.1
Additional NI contributions	Expected impact of increase in Employers National Insurance Contributions	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Pressures</b>		<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>
<b>Indicative Budget Requirement</b>		<b>1.9</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>	

## PEOPLE AND CHANGE

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	6.6	6.6	6.7	6.8	7.0	

### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Pay Inflation	Expected inflationary increase in salary costs	0.1	0.1	0.1	0.1	0.1	0.4
Non-Pay Inflation	Expected inflationary increase in contract costs	0.1	0.1	0.1	0.1	0.1	0.5
Additional NI contributions	Expected impact of increase in Employers National Insurance Contributions	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Pressures</b>		<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>

### Efficiencies

Description		Efficiency					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Efficiencies linked to the implementation of a new ERP system	Improved processes will lead to a reduction in FTE	0.1	0.1	0.0	0.0	0.0	0.2
Additional income generation activities	Traded HR services with Schools	0.1	0.0	0.0	0.0	0.0	0.2
<b>Total Efficiencies</b>		<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>
<b>Indicative Budget Requirement</b>		<b>6.6</b>	<b>6.7</b>	<b>6.8</b>	<b>7.0</b>	<b>7.1</b>	

## RESOURCES

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	69.0	70.2	70.7	71.9	73.2	

### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
IT&D - Loss of Income from Data Centre	Loss of income from Data Centre contract as key clients migrate to SaaS solutions.	0.0	0.1	0.0	0.0	0.0	0.1
IT&D - Ongoing costs of Technical Advocates	New posts established to help embed new digital and agile ways of working	0.0	0.2	0.0	0.0	0.0	0.2
IT&D - Microsoft Contract price increase	Contract due to be renegotiated via Crown Commercial Services - indicative level of contract increase and inclusion of Business Analytics tool.	0.5	0.0	0.0	0.0	0.0	0.5
Resources Leadership	Increased capacity in relation to change management and business support	0.2	0.0	0.0	0.0	0.0	0.2
Twelve15 - Loss of income	Loss of contracts with schools for provision of school meals	0.5	0.0	0.0	0.0	0.0	0.5
Strategy Team	Additional capacity to support Council-wide strategy and enhance ability to support people, place and organisational portfolios	0.1	0.0	0.0	0.0	0.0	0.1
Leadership Office	Changes to staffing structure of Leadership Office	0.1	0.0	0.0	0.0	0.0	0.1
Legal Services	Ongoing demand linked to case volumes require additional capacity/increased external fees	0.1	0.0	0.0	0.0	0.0	0.1
Pay Inflation - Resources	Expected inflationary increase in salary costs	0.8	0.8	0.9	0.9	0.7	4.1
Non-Pay Inflation	Expected inflationary increase in contract costs	2.3	1.8	1.8	1.9	2.0	9.7
Additional NI contributions	Expected impact of increase in Employers National Insurance Contributions	0.3	0.0	0.0	0.0	0.0	0.3
<b>Total Pressures</b>		<b>4.9</b>	<b>2.8</b>	<b>2.7</b>	<b>2.8</b>	<b>2.7</b>	<b>15.9</b>

### Efficiencies

Efficiency	Description	Efficiency					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
IT&D - efficiencies linked to the implementation of a new ERP system	DBI programme implementation results in reduced running costs of new system	0.2	0.2	0.0	0.0	0.0	0.4
Orbis service efficiencies	Efficiencies realised from a comprehensive review of the partner contribution rates, the disaggregation of business operations service, alongside the implementation of the new ERP system enabling more streamlined processes	1.0	1.0	0.0	0.0	0.0	2.0
Land & Property efficiencies	Variety of measures including asset rationalisation, improved supply chain management and a review of income generation	1.5	1.0	1.5	1.5	0.0	5.5
IT&D - reduced running costs	Reduction in ongoing licencing costs as a result of Hyperconvergence systems purchase	0.1	0.0	0.0	0.0	0.0	0.1
Twelve15 - Transformation Programme efficiencies	Efficiencies relating to staffing restructure and measures to increase customer base/income generation	0.2	0.1	0.0	0.0	0.0	0.3
Strategy Team	Healthwatch contract savings	0.0	0.0	0.0	0.0	0.0	0.0
Cross Directorate Efficiencies	Review of Business Support	0.2	0.0	0.0	0.0	0.0	0.2
Twelve15 - Actions to return income to pre-COVID levels	Actions to return income to pre-COVID levels	0.5	0.0	0.0	0.0	0.0	0.5
<b>Total Efficiencies</b>		<b>3.7</b>	<b>2.3</b>	<b>1.5</b>	<b>1.5</b>	<b>0.0</b>	<b>9.0</b>

<b>Indicative Budget Requirement</b>	<b>70.2</b>	<b>70.7</b>	<b>71.9</b>	<b>73.2</b>	<b>75.9</b>	
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## CENTRAL INCOME AND EXPENDITURE

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	82.1	81.5	88.7	97.5	108.4	

### Pressures

Pressure	Description	Net Pressure					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Mental Health Investment	Additional investment on Mental Health, along with £1.5m included in Directorate budget envelopes	6.5					6.5
Capital Programme financing costs	Additional Minimum Revenue Provision and Interest required to finance the borrowing contained within the £1.9bn Capital Programme.	8.5	7.2	8.8	10.9	9.4	44.8
Removal of DSG High Needs Block Contingency	Removal of the 2021/22 contingency to cover the risk on cost containment in the DSG High Needs Block. Risks in containing DSG costs in 2022/23 will be met from the overall contingency.	(9.0)					(9.0)
Removal of 2021/22 Covid-19 Contingency	The 2021/22 budget included a £4.9m contingency for Covid-19 costs, the balance of Government emergency funding. Covid-19 risks will be met from the Covid-19 reserve or overall contingency in 2022/23.	(4.9)					(4.9)
<b>Total Pressures</b>		<b>1.1</b>	<b>7.2</b>	<b>8.8</b>	<b>10.9</b>	<b>9.4</b>	<b>37.4</b>

### Efficiencies

Efficiency	Description	Efficiency					Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
Track 2 Acceleration	The acceleration of £1.7m of Track 2 efficiency opportunities, held in Central Income and Expenditure until the business cases are developed to the point that they can be allocated to Directorate budget envelopes	1.7					1.7
<b>Total Efficiencies</b>		<b>1.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.7</b>

<b>Indicative Budget Requirement</b>	<b>81.5</b>	<b>88.7</b>	<b>97.5</b>	<b>108.4</b>	<b>117.8</b>	
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# Our Council

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Directorate	Lead	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
377.2	Adult Social Care	Simon White	91.9	452.0	543.9	(129.0)	(12.7)	402.1
32.6	Public Service Reform and Public Health	Rachel Crossley	4.8	29.9	34.8	(0.4)	0.0	34.3
219.9	Children, Families and Lifelong Learning	Rachael Wardell	122.1	755.2	877.4	(18.5)	(634.4)	224.4
23.8	CFL - DSG High Needs Block	Rachael Wardell	0.0	27.2	27.2	0.0	0.0	27.2
139.4	Environment, Transport and Infrastructure	Katie Stewart	29.0	132.0	161.0	(17.0)	(2.8)	141.3
37.3	Community Protection Group	Steve Owen-Hughes	41.5	6.3	47.8	(4.9)	(3.0)	39.9
11.0	Customer and Communities	Marie Snelling	18.3	3.5	21.8	(9.2)	(1.6)	11.2
1.3	Prosperity, Partnerships and Growth	Michael Coughlin	1.1	0.4	1.6	0.0	0.0	1.6
1.7	Communications, Public Affairs and Engagement	Andrea Newman	1.6	0.3	1.9	0.0	0.0	1.9
6.6	People and Change	Paula Leach	4.2	2.5	6.7	(0.1)	0.0	6.7
70.4	Resources	Leigh Whitehouse	41.2	68.3	109.5	(38.7)	(0.6)	70.2
82.7	Central Income & Expenditure	Leigh Whitehouse	0.0	103.4	103.4	(21.9)	0.0	81.5
<b>1,003.6</b>	<b>Total - Our Council</b>		<b>355.7</b>	<b>1,581.1</b>	<b>1,936.9</b>	<b>(239.8)</b>	<b>(655.1)</b>	<b>1,042.0</b>
	<b>Central funding:</b>							
(768.7)	Council tax					(831.3)		(831.3)
(87.6)	Business Rates					(41.2)	(63.1)	(104.3)
(147.3)	Central Government Grants						(106.4)	(106.4)
<b>(0.0)</b>	<b>Total - Our Council</b>		<b>355.7</b>	<b>1,581.1</b>	<b>1,936.9</b>	<b>(1,112.3)</b>	<b>(824.6)</b>	<b>0.0</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book  £m	Directorate	2021/22 Virements and Other Adjustments  £m	Base Budget  £m	Pay and Price Inflation  £m	Pressures  £m	Efficiencies  £m	22/23 Budget  £m
377.2	Adult Social Care	0.0	377.2	21.8	22.6	(19.4)	402.1
32.6	Public Service Reform and Public Health	1.7	34.3	0.3	0.2	(0.4)	34.3
219.9	Children, Families and Lifelong Learning	(0.1)	219.7	1.9	16.5	(13.8)	224.4
23.8	CFL - DSG High Needs Block	0.0	23.8	0.0	3.4	0.0	27.2
139.4	Environment, Transport and Infrastructure	1.0	140.4	4.7	2.6	(6.5)	141.3
37.3	Community Protection Group	0.4	37.7	1.3	1.1	(0.2)	39.9
11.0	Customer and Communities	0.2	11.2	0.6	0.1	(0.8)	11.2
1.3	Prosperity, Partnerships and Growth	0.0	1.3	0.0	0.2	0.0	1.6
1.7	Communications, Public Affairs and Engagement	0.0	1.7	0.1	0.2	0.0	1.9
6.6	People and Change	0.0	6.6	0.2	0.0	(0.2)	6.7
70.4	Resources	(1.4)	69.0	3.3	1.6	(3.7)	70.2
82.7	Central Income & Expenditure	(0.6)	82.1	0.0	1.1	(1.7)	81.5
<b>1,003.6</b>	<b>Total - Our Council</b>	<b>1.3</b>	<b>1,004.8</b>	<b>34.1</b>	<b>49.6</b>	<b>(46.6)</b>	<b>1,042.0</b>

# Adult Social Care

Executive Director: Simon White

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
377.2	Adult Social Care	91.9	452.0	543.9	(129.0)	(12.7)	402.1
<b>377.2</b>	<b>Total - Adult Social Care</b>	<b>91.9</b>	<b>452.0</b>	<b>543.9</b>	<b>(129.0)</b>	<b>(12.7)</b>	<b>402.1</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
377.2	Adult Social Care	0.0	377.2	21.8	22.6	(19.4)	402.1
<b>377.2</b>	<b>Total - Adult Social Care</b>	<b>0.0</b>	<b>377.2</b>	<b>21.8</b>	<b>22.6</b>	<b>(19.4)</b>	<b>402.1</b>

# Public Service Reform & Public Health

Executive Director: Rachel Crossley

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
32.6	Public Health	4.8	29.9	34.8	(0.4)	0.0	34.3
<b>32.6</b>	<b>Total - Public Service Reform &amp; Public Health</b>	<b>4.8</b>	<b>29.9</b>	<b>34.8</b>	<b>(0.4)</b>	<b>0.0</b>	<b>34.3</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
32.6	Public Health	1.7	34.3	0.3	0.2	(0.4)	34.3
<b>32.6</b>	<b>Total - Public Service Reform &amp; Public Health</b>	<b>1.7</b>	<b>34.3</b>	<b>0.3</b>	<b>0.2</b>	<b>(0.4)</b>	<b>34.3</b>



# Children, Families and Lifelong Learning

## 2022/23 Subjective Budget

Executive Director: Rachael Wardell

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
41.0	Family Resilience	21.0	14.0	35.0	(0.4)	(2.5)	32.0
22.5	Education and Lifelong Learning	41.1	158.0	199.1	(12.6)	(163.2)	23.4
8.4	Quality & Performance	8.8	1.5	10.4	(0.9)	(1.5)	8.0
96.7	Corporate Parenting	37.2	83.6	120.8	(2.8)	(11.1)	106.8
50.8	Commissioning	12.9	117.7	130.6	(2.0)	(75.9)	52.7
0.5	Exec Directorator central budget	1.0	0.2	1.3	0.2	0.0	1.4
<b>219.9</b>	<b>Total - Children, Families and Lifelong Learning</b>	<b>122.1</b>	<b>375.0</b>	<b>497.2</b>	<b>(18.5)</b>	<b>(254.2)</b>	<b>224.4</b>
0.0	Delegated Schools		380.2	380.2		(380.2)	0.0
<b>219.9</b>	<b>Total - Children, Families and Lifelong Learning</b>	<b>122.1</b>	<b>755.2</b>	<b>877.4</b>	<b>(18.5)</b>	<b>(634.4)</b>	<b>224.4</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
41.0	Family Resilience	(8.2)	32.8	0.0	2.4	(3.2)	32.0
22.5	Education and Lifelong Learning	0.0	22.5	0.0	1.2	(0.4)	23.4
8.4	Quality & Performance	0.0	8.4	0.0	0.1	(0.5)	8.0
96.7	Corporate Parenting	7.0	103.7	1.0	9.9	(7.8)	106.8
50.8	Commissioning	1.1	51.9	0.7	1.7	(1.6)	52.7
0.5	Exec Director central budget	0.0	0.5	0.1	1.2	(0.5)	1.4
219.9	Total - Children, Learning, Families and Culture	(0.1)	219.7	1.9	16.5	(13.8)	224.4
0.0	Delegated Schools	0.0	0.0		0.0		0.0
<b>219.9</b>	<b>Total - Children, Families and Lifelong Learning</b>	<b>(0.1)</b>	<b>219.7</b>	<b>1.9</b>	<b>16.5</b>	<b>(13.8)</b>	<b>224.4</b>

# CFL - DSG High Needs Block

Executive Director: Rachael Wardell

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
23.8	DSG High Needs Block Offset Contribution		27.2	27.2			27.2
<b>23.8</b>	<b>Total - CFL - DSG High Needs Block</b>	<b>0.0</b>	<b>27.2</b>	<b>27.2</b>	<b>0.0</b>	<b>0.0</b>	<b>27.2</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
23.8	Family Resilience	0.0	23.8		25.8	(22.4)	27.2
<b>23.8</b>	<b>Total - CFL - DSG High Needs Block</b>	<b>0.0</b>	<b>23.8</b>	<b>0.0</b>	<b>25.8</b>	<b>(22.4)</b>	<b>27.2</b>

# Environment, Transport, & Infrastructure

Executive Director: Katie Stewart

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
64.4	Highways & Transport	17.6	59.7	77.3	(12.7)	(2.5)	62.2
71.7	Environment	4.9	72.2	77.1	(2.0)	(0.2)	74.9
2.9	Infrastructure Planning & Major Projects	5.2	0.2	5.4	(2.3)	(0.1)	3.0
0.4	Leadership Office	1.3	(0.1)	1.2	0.0	0.0	1.2
<b>139.4</b>	<b>Total - Environment, Transport, &amp; Infrastructure</b>	<b>29.0</b>	<b>132.0</b>	<b>161.0</b>	<b>(17.0)</b>	<b>(2.8)</b>	<b>141.3</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
64.4	Highways & Transport	(1.0)	63.4	2.2	0.8	(4.3)	62.2
71.7	Environment	2.0	73.7	2.4	1.0	(2.2)	74.9
2.9	Infrastructure Planning & Major Projects	(0.1)	2.8	0.1	0.1	0.0	3.0
0.4	Leadership Office	0.1	0.5	0.0	0.7	0.0	1.2
<b>139.4</b>	<b>Total - Environment, Transport, &amp; Infrastructure</b>	<b>1.0</b>	<b>140.4</b>	<b>4.7</b>	<b>2.6</b>	<b>(6.5)</b>	<b>141.3</b>

# Community Protection Group

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

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
31.7	Fire and Rescue	35.1	3.7	38.8	(2.7)	(3.0)	33.1
3.1	Coroner	1.7	2.1	3.8	(0.1)	0.0	3.7
1.8	Trading Standards	3.5	0.4	3.9	(1.9)	0.0	2.0
0.5	Emergency Management	0.5	0.0	0.5	0.0	0.0	0.5
0.1	Health and Safety	0.6	0.1	0.7	(0.2)	0.0	0.5
0.1	Armed Forces and Resilience	0.1	0.0	0.1	0.0	0.0	0.1
<b>37.3</b>	<b>Total - Community Protection Group</b>	<b>41.5</b>	<b>6.3</b>	<b>47.8</b>	<b>(4.9)</b>	<b>(3.0)</b>	<b>39.9</b>

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## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
31.7	Fire and Rescue	(0.1)	31.6	1.1	0.5	(0.1)	33.1
3.1	Coroner	0.0	3.1	0.1	0.5	0.0	3.7
1.8	Trading Standards	0.1	1.9	0.1	0.1	(0.1)	2.0
0.5	Emergency Management	0.0	0.5	0.0	0.0	0.0	0.5
0.1	Health and Safety	0.4	0.5	0.0	0.0	0.0	0.5
0.1	Armed Forces and Resilience	0.0	0.1	0.0	0.0	0.0	0.1
<b>37.3</b>	<b>Total - Community Protection Group</b>	<b>0.4</b>	<b>37.7</b>	<b>1.3</b>	<b>1.1</b>	<b>(0.2)</b>	<b>39.9</b>

# Customer and Communities

Executive Director: Marie Snelling

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
1.5	Community Partnerships	1.0	0.5	1.5			1.5
2.7	Customer Services	2.9	0.1	3.0	(0.2)		2.8
6.7	Cultural Services	14.5	2.9	17.3	(9.1)	(1.6)	6.7
<b>11.0</b>	<b>Total - Customer and Communities</b>	<b>18.3</b>	<b>3.5</b>	<b>21.8</b>	<b>(9.2)</b>	<b>(1.6)</b>	<b>11.2</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
1.5	Community Partnerships	0.0	1.5	0.1		(0.1)	1.5
2.7	Customer Services	0.0	2.7	0.1			2.8
6.7	Cultural Services	0.2	6.9	0.4	0.1	(0.7)	6.7
<b>11.0</b>	<b>Total - Customer and Communities</b>	<b>0.2</b>	<b>11.2</b>	<b>0.6</b>	<b>0.1</b>	<b>(0.8)</b>	<b>11.2</b>

# Prosperity, Partnerships and Growth

Executive Director: Michael Coughlin

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
0.3	PPG Leadership	0.2	0.0	0.3			0.3
1.1	Economic Growth	0.9	0.4	1.3			1.3
<b>1.3</b>	<b>Total - Prosperity, Partnerships and Growth</b>	<b>1.1</b>	<b>0.4</b>	<b>1.6</b>	<b>0.0</b>	<b>0.0</b>	<b>1.6</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
0.3	PPG Leadership	0.0	0.3	0.0			0.3
1.1	Economic Growth	0.0	1.1	0.0	0.2		1.3
<b>1.3</b>	<b>Total - Prosperity, Partnerships and Growth</b>	<b>0.0</b>	<b>1.3</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>1.6</b>

# Comms, Public Affairs and Engagement

Executive Director: Andrea Newman

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
1.7	Comms, Public Affairs and Engagement	1.6	0.3	1.9			1.9
<b>1.7</b>	<b>Total - Comms, Public Affairs and Engagement</b>	<b>1.6</b>	<b>0.3</b>	<b>1.9</b>	<b>0.0</b>	<b>0.0</b>	<b>1.9</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
1.7	Comms, Public Affairs and Engagement	0.0	1.7	0.1	0.2		1.9
<b>1.7</b>	<b>Total - Comms, Public Affairs and Engagement</b>	<b>0.0</b>	<b>1.7</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>1.9</b>

# People and Change

Executive Director: Paula Leach

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
6.6	Human Resources & Organisational Development	4.2	2.5	6.7	(0.1)		6.7
<b>6.6 Total - People and Change</b>		<b>4.2</b>	<b>2.5</b>	<b>6.7</b>	<b>(0.1)</b>	<b>0.0</b>	<b>6.7</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
6.6	Human Resources & Organisational Development	0.0	6.6	0.2		(0.2)	6.7
<b>6.6 Total - People and Change</b>		<b>0.0</b>	<b>6.6</b>	<b>0.2</b>	<b>0.0</b>	<b>(0.2)</b>	<b>6.7</b>



# Resources

Executive Director: Leigh Whitehouse

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
25.0	Land and Property	10.7	23.3	34.0	(10.0)		24.0
10.5	Information Technology & Digital	1.2	10.8	12.0	(0.7)		11.3
(0.3)	Business Operations	0.2	(0.3)	(0.1)			(0.1)
16.9	Joint Orbis		17.1	17.1			17.1
5.6	Finance	7.9	3.8	11.7	(5.8)		5.9
4.7	Legal Services	4.0	1.4	5.4	(0.4)		4.9
3.6	Democratic Services	1.6	2.4	4.0	(0.2)	(0.1)	3.7
2.1	Executive Director Resources (incl Leadership Office)	2.3	(0.1)	2.2	(0.1)		2.1
(1.1)	Twelve15	11.0	8.7	19.7	(21.6)		(1.9)
1.8	Corporate Strategy and Policy	0.8	1.3	2.1		(0.5)	1.6
1.5	Transformation and Strategic Commissioning	1.4	0.0	1.4			1.4
0.2	Performance Management	0.2	0.0	0.2			0.2
<b>70.4</b>	<b>Total - Resources</b>	<b>41.2</b>	<b>68.3</b>	<b>109.5</b>	<b>(38.7)</b>	<b>(0.6)</b>	<b>70.2</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
25.0	Land and Property	(0.9)	24.1	1.4		(1.5)	24.0
10.5	Information Technology & Digital	0.1	10.7	0.4	0.5	(0.3)	11.3
(0.3)	Business Operations	0.2	(0.1)	(0.0)			(0.1)
16.9	Joint Orbis	0.0	16.9	0.7		(0.5)	17.1
5.6	Finance	0.2	5.8	0.1			5.9
4.7	Legal Services	0.0	4.7	0.1	0.1		4.9
3.6	Democratic Services	0.0	3.6	0.1			3.7
2.1	Executive Director Resources (incl Leadership Office)	0.4	2.4	0.1	0.3	(0.7)	2.1
(1.1)	Twelve15	(0.8)	(1.9)	0.2	0.5	(0.7)	(1.9)
1.8	Corporate Strategy and Policy	(0.5)	1.3	0.1	0.2	(0.0)	1.6
1.5	Transformation and Strategic Commissioning	(0.1)	1.3	0.0			1.4
0.2	Performance Management	0.0	0.2	0.0			0.2
<b>70.4</b>	<b>Total - Resources</b>	<b>(1.4)</b>	<b>69.0</b>	<b>3.3</b>	<b>1.6</b>	<b>(3.7)</b>	<b>70.2</b>

\* Orbis Joint Operating Budget includes IT&D, Procurement and Business Operations. Business Operations will be disaggregated from Orbis from 1 April 2022. Work to disaggregate the budget is underway and will be reflected in the budget book

# Central Income & Expenditure

Executive Director: Leigh Whitehouse

## 2022/23 Subjective Budget

2021/22 Budget Book £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	22/23 Budget £m
82.7	Central Income & Expenditure		103.4	103.4	(21.9)		81.5
<b>82.7 Total - Central Income &amp; Expenditure</b>		<b>0.0</b>	<b>103.4</b>	<b>103.4</b>	<b>(21.9)</b>	<b>0.0</b>	<b>81.5</b>

## Budget movements from 2021/22 Budget to 2022/23 Budget

2021/22 Budget Book £m	Service	2021/22 Virements and Other Adjustments £m	2021/22 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	22/23 Budget £m
82.7	Central Income & Expenditure	(0.6)	82.1	0.0	1.1	(1.7)	81.5
<b>82.7 Total - Central Income &amp; Expenditure</b>		<b>(0.6)</b>	<b>82.1</b>	<b>0.0</b>	<b>1.1</b>	<b>(1.7)</b>	<b>81.5</b>

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## Annex C: Capital Programme 2022/23 to 2026/27

Project	Programme / Project	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total Budget £000	Self Funded Borrowing
Highway Maintenance	Programme	40.3	40.0	40.0	40.0	40.0	200.3	N
Bridge/Structures Maintenance	Programme	10.1	10.2	10.2	10.2	10.2	50.8	N
Local Highways Schemes	Programme	3.2	3.0	3.0	3.0	3.0	15.2	N
Street Lighting LED Conversion	Project	5.2	-	-	-	-	5.2	N
Additional Local Highways Schemes	Programme	4.0	4.0	-	-	-	8.0	N
Traffic signals	Programme	2.9	2.9	2.9	2.9	2.9	14.6	N
Flooding & drainage	Programme	1.4	1.7	1.7	1.7	1.7	8.3	N
A308 Modernisation (SIP)	Project	0.2	1.4	3.8	3.8	-	9.1	N
Illuminated Street Furniture	Programme	1.9	1.9	1.9	0.5	0.5	6.7	N
External funding schemes	Programme	1.2	1.2	1.2	1.2	1.2	6.0	N
Ultra Low Emission Vehicles - Bus Companies	Programme	5.6	14.4	3.4	3.4	-	26.8	N
Ultra Low Emission Vehicles - Community Transport - Third Sector	Project	2.7	3.4	-	-	-	6.1	N
Safety Barriers	Programme	1.0	1.0	1.0	1.0	1.0	5.1	N
Drainage Asset Capital Maintenance/Improvements	Programme	1.0	1.0	1.0	1.0	1.0	5.0	N
School road safety schemes	Programme	1.0	1.0	1.0	-	-	3.0	N
Safety Barrier Maintenance	Programme	0.5	0.5	0.5	0.5	0.5	2.5	N
Highway Maintenance - Signs	Programme	0.4	0.4	0.4	0.4	0.4	2.0	N
Other - (Grant Funded Speed Cameras, ANPR at CRCs, Traffic Systems)	Project	0.1	-	-	-	-	0.1	N
Road Safety Schemes	Programme	0.2	0.2	0.2	0.5	0.5	1.6	N
Replacement Vehicles	Programme	0.2	0.2	0.2	0.2	0.2	0.8	N
Surrey Quality Bus Corridor Improvement	Project	0.4	-	-	-	-	0.4	N
Real Time Traffic Monitoring (Traffic Studies)	Project	0.1	-	-	-	-	0.1	N
<b>Highways and Transport</b>		<b>83.6</b>	<b>88.4</b>	<b>72.3</b>	<b>70.2</b>	<b>63.0</b>	<b>377.6</b>	
Surrey Flood Alleviation - River Thames	Project	4.0	8.0	8.0	30.0	50.0	100.0	N
A320 North of Woking and Junction 11 of M25	Project	16.1	27.7	-	-	-	43.8	N
Farnham Infrastructure Programme Town Centre - Quick Wins	Project	1.5	-	-	-	-	1.5	N
EV infrastructure	Project	0.8	-	-	-	-	0.8	N
<b>Infrastructure and Major Projects</b>		<b>22.4</b>	<b>35.7</b>	<b>8.0</b>	<b>30.0</b>	<b>50.0</b>	<b>146.1</b>	

Project	Programme / Project	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total Budget £000	Self Funded Borrowing
Surrey Flood Alleviation - Wider Schemes	Programme	3.5	3.6	6.0	4.9	3.8	21.8	N
Public Rights of Way	Programme	0.7	0.7	0.7	0.7	0.7	3.7	N
Improving Access to the Countryside	Project	0.3	0.0	0.0	0.0	0.0	0.5	N
Basingstoke Canal	Programme	0.2	0.2	0.1	0.1	0.1	0.6	N
Smallfield Safety Scheme (CIL)	Project	0.3	-	-	-	-	0.3	N
Closed landfill sites	Programme	0.1	0.1	0.1	0.1	0.1	0.3	N
Greener Homes LAD contribution	Programme	0.5	-	-	-	-	0.5	N
Active Travel (both EATF & future)	Programme	3.5	-	-	-	-	3.5	N
Treescaping	Project	0.1	0.0	-	-	-	0.1	N
Waste Recycling Initiatives	Programme	0.2	0.2	-	-	-	0.4	N
Woodland Creation (Tree Planting)	Project	0.0	0.0	0.1	-	-	0.1	N
Public Rights of Way - Externally Funded	Project	0.1	0.1	0.1	0.1	0.1	0.3	Y
CRC Improvements (Leatherhead WTS)	Project	0.4	-	-	-	-	0.4	N
Greener Homes LAD Grant Funded scheme	Programme	2.6	-	-	-	-	2.6	Y
Basingstoke Canal - Externally Funded	Project	0.0	0.5	-	-	-	0.6	Y
<b>Environment</b>		<b>12.5</b>	<b>5.4</b>	<b>7.0</b>	<b>5.9</b>	<b>4.8</b>	<b>35.6</b>	
Surrey Fire - Purchase of New Fire Engines & Equipment	Programme	4.6	4.0	2.3	2.3	2.8	15.9	N
Fire Vehicles & Equipment	Programme	1.3	2.6	0.5	-	-	4.4	N
Fire - Making Surrey Safer – Our Plan 2020-2023 (Community Resilience)	Project	0.7	0.5	0.5	0.5	0.5	2.5	N
<b>Surrey Fire &amp; Rescue Service</b>		<b>6.5</b>	<b>7.1</b>	<b>3.2</b>	<b>2.7</b>	<b>3.2</b>	<b>22.8</b>	
<b>INFRASTRUCTURE</b>		<b>125.1</b>	<b>136.5</b>	<b>90.6</b>	<b>108.9</b>	<b>121.1</b>	<b>582.1</b>	
IT&D Hardware (incl accessibility equipment)	Programme	0.8	3.8	5.6	1.2	1.2	12.6	N
Digital Business & Insights Programme - ERP Replacement	Programme	1.6	-	-	-	-	1.6	N
IT&D Infrastructure	Programme	1.0	1.1	2.0	1.0	1.0	6.1	N
Telephones UNICORN network (BT)	Programme	1.5	0.1	0.1	0.1	0.1	2.0	N
Education Management System	Project	0.7	-	-	-	-	0.7	N
Data Centre Replacement	Project	0.0	0.1	0.1	0.1	0.1	0.4	N
<b>IT</b>		<b>5.7</b>	<b>5.0</b>	<b>7.9</b>	<b>2.4</b>	<b>2.4</b>	<b>23.4</b>	

Project	Programme / Project	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total Budget £000	Self Funded Borrowing
Schools Basic Need	Programme	27.0	34.3	26.6	26.3	25.0	139.2	N
Recurring Capital Maintenance Schools	Programme	9.0	17.0	18.0	19.0	19.0	82.0	N
SEND	Programme	16.9	16.7	16.9	14.8	0.2	65.4	Y
Devolved formula capital	Programme	1.1	1.1	1.1	1.1	1.1	5.7	N
Recurring Capital Maintenance Non-Schools	Programme	8.0	12.0	12.0	12.0	12.0	56.0	N
LAC Schemes	Project	4.9	5.0	10.0	8.8	5.6	34.2	Y
Agile Office Strategy	Programme	1.0	3.8	-	-	-	4.7	Y
Wray Park	Project	-	4.8	-	-	-	4.8	N
SOLD - Thames Young Mariners	Project	2.2	3.0	0.9	-	-	6.1	Y
Caterham Hill Library	Project	2.0	3.4	-	-	-	5.4	Y
Agile Office Estate	Project	0.9	-	-	-	-	0.9	N
Winter Maintenance Depot (Salt Barns)	Project	1.6	-	-	-	-	1.6	N
Extra Care Housing	Project	1.0	0.7	0.7	-	-	2.3	Y
Bookham YC	Project	0.5	1.6	-	-	-	2.1	N
Woodhatch Master Planning	Project	1.0	0.7	-	-	-	1.7	N
Independent Living	Project	0.6	-	-	-	-	0.6	Y
Pendell Gypsy Site	Project	0.7	-	-	-	-	0.7	Y
Caterham/Downs Land Remediation	Project	0.2	-	-	-	-	0.2	N
Applewood Respite Care	Project	0.3	-	-	-	-	0.3	N
Gypsy Sites	Project	0.4	-	-	-	-	0.4	N
<b>Land and Property</b>		<b>79.2</b>	<b>103.9</b>	<b>86.2</b>	<b>82.0</b>	<b>63.0</b>	<b>414.3</b>	
Foster carer grants	Programme	0.2	0.5	0.2	0.2	0.2	1.3	N
Adaptions For CWD	Programme	0.3	0.7	0.3	0.3	0.3	2.1	N
<b>Children Services</b>		<b>0.5</b>	<b>1.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>3.4</b>	
Adults Capital Equipment	Programme	1.5	1.5	1.5	1.5	1.5	7.5	N
In house capital improvement scheme	Programme	0.1	0.1	0.1	0.1	0.1	0.5	N
<b>Adult Social Care</b>		<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>8.0</b>	
<b>PROPERTY</b>		<b>81.4</b>	<b>106.7</b>	<b>88.3</b>	<b>84.1</b>	<b>65.1</b>	<b>425.6</b>	
<b>BUDGET</b>		<b>212.1</b>	<b>248.3</b>	<b>186.8</b>	<b>195.5</b>	<b>188.6</b>	<b>1,031.2</b>	
Your Fund Surrey	Programme	18.0	20.0	20.0	20.0	20.0	98.0	N
Pipeline		71.0	204.0	218.7	185.1	101.7	780.4	
<b>TOTAL CAPITAL PROGRAMME</b>		<b>301.0</b>	<b>472.3</b>	<b>425.4</b>	<b>400.6</b>	<b>310.3</b>	<b>1,909.6</b>	

### Capital Programme – Financing 2022/23 to 2026/27

Funding Source		2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total Budget £000
Grant / Contribution		118.9	157.4	126.7	130.5	83.2	616.7
Receipts		-	-	-	-	-	-
Revenue		6.2	6.9	6.4	5.9	5.9	31.3
Funded Borrowing		34.8	79.3	81.3	71.6	52.0	319.0
Unfunded Borrowing		141.0	228.7	211.1	192.5	169.2	942.5
<b>TOTAL FUNDING</b>		<b>301.0</b>	<b>472.3</b>	<b>425.4</b>	<b>400.6</b>	<b>310.3</b>	<b>1,909.6</b>

\*Columns and rows may not sum due to the impact of minor rounding discrepancies

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



## Capital Programme: Outcome Delivery

Strategic Capital Group	Capital Budget	MTFS Total £m	Key Outcomes	Priority Objectives and Contribution to Vision 2030															
				Growing a sustainable economy so everyone can benefit	Tackling health inequality	Enabling a greener future	Empowering Communities	Children & young people are safe & feel safe & confident	Everyone benefits from education, skills & employment that help them to succeed in life	Everyone lives healthy, active & fulfilling lives & makes good choices about their wellbeing	Everyone gets the health & social care support & information they need at the right time & place	Communities are welcoming & supporting especially of those most in need & people feel able to contribute to community life	Residents live in clean, safe & green communities where people & organisations embrace their environmental responsibilities	Journeys across the county are easier, more predictable & safer	Businesses thrive in Surrey	Everyone has a place they can call home with appropriate housing for all	Well connected communities with effective infrastructure that grow sustainably	Transforming as a Council	
Infrastructure	Highway Maintenance	200.3	Improvement in the condition of roads, footways and cycleways	●		●									●			●	
Infrastructure	Bridges and other maintenance	50.8	Improvement in the condition of bridges, structures and other highways infrastructure	●		●									●				
Infrastructure	Ultra Low Emission Vehicles - Bus Companies	26.8	Working with transport providers to introduce ultra low emission vehicles to reduce the carbon footprint of the transport network	●		●							●	●	●			●	
Infrastructure	A320 North of Woking and Junction 11 of M25	43.8	Strategic infrastructure improvement to enable the delivery of new housing and alleviate congestion	●		●								●	●	●	●	●	
Infrastructure	Surrey Flood Alleviation - River Thames and Wider Schemes	100.0	Flood alleviation programme for the River Thames and across the county to safeguard homes and businesses	●		●	●			●			●	●	●	●	●	●	
Property	Schools Basic Need	139.2	Provision of school places to meet rising pupil numbers			●		●	●									●	
Property	Recurring Capital Maintenance of Schools	82.0	Maintenance of schools to enable continued safe provision of education			●		●	●									●	
Property	Special Educational Need and / or Disability Strategy (Phase 1 - 3)	64.4	Provides spaces for children with Special Education Needs and / or Disabilities; part of the CFLC efficiency programme				●	●	●	●	●	●							
Property	Looked after Children (LAC) Schemes	34.2	Capital investment across our residential estate to increase capacity in Surrey		●		●	●	●	●	●	●					●		
Property	Recurring Capital Maintenance Non-Schools	56.0	Maintains Council assets in a cost-effective and safe way	Contributes to the transformation of the Council, the delivery of efficiency in the revenue budget and the delivery of Council priority objectives															●
IT&D	Infrastructure, hardware and Agile Workforce transformation	22.7	Enables the delivery of council services through agile and fit-for-purpose technology	Contributes to the transformation of the Council, the delivery of efficiency in the revenue budget and the delivery of Council priority objectives															●
	Other schemes	211.0																	
<b>Total Capital Budget</b>	<b>Total Capital Budget</b>	<b>1,031.2</b>																	



### Projected Earmarked Reserves and Balances 31 March 2022

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 or business rate income due to the impact of the localisation of Council Tax benefit and other factors influencing the collection of local taxes; 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 unexpected change in interest rates or other borrowing conditions.
- xiii) CFLC Inspection and System Improvements:** This reserve is to fund additional costs in preparation for the OFSTED re-inspection as well as reviewing and renewal of the monitoring and recording case system for children social care services funded from a review of the revenue unapplied grants
- xiv) COVID-19 Emergency Fund:** This is un ringfenced government grant money to support Surrey County Council to fund the loss of income and extra costs associated with the pandemic.
- xv) DSG & 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 event that it has to be resourced by the Council.
- xvi) 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:** The Earmarked Reserves position presented below reflects the estimated closing balance for 2021/22 and hence the total reserves available for the financial year 2022/23. The 2022/23 budget assumes no overall movement in reserves, except where they are held for technical purposes such as the PFI sinking funds.

	Opening Balance 1 April 2021	Forecast Movement	Forecast Balance at 1st April 2022
	£m	£m	£m
Budget Equalisation *	84.4	(15.0)	69.4
Business Rate Appeals	28.6		28.6
Economic Prosperity	11.7		11.7
Revolving Investment & Infrastructure Fund	11.1		11.1
COVID-19 Emergency Fund	6.2	4.9	11.1
Insurance	10.6		10.6
Investment Renewals	5.1		5.1
Capital Investment Reserve	7.4		7.4
Eco Park Sinking Fund	23.1		23.1
Equipment Replacement	3.3		3.3
Streetlighting PFI Fund	1.8		1.8
Transformation Reserve	1.1	15.0	16.1
Interest Rate Reserve	1.6		1.6
CFL Inspection and System Improvements	0.7		0.7
<b>Earmarked Reserves</b>	<b>196.7</b>	<b>4.9</b>	<b>201.6</b>
Schools Balances	50.7		50.7
DSG High Needs Deficit	(83.1)	(32.6)	(115.7)
DSG High Needs Block Offset**	83.1	32.6	115.7
<b>SEND &amp; School Balances</b>	<b>50.7</b>	<b>0.0</b>	<b>50.7</b>
Revenue Grants Carried Forward	35.5		35.5
<b>Total Earmarked Reserves</b>	<b>282.9</b>	<b>4.9</b>	<b>287.8</b>
<b>General Fund Balance</b>	<b>28.0</b>	<b>0.0</b>	<b>28.0</b>
<b>Overall Total</b>	<b>310.9</b>	<b>4.9</b>	<b>315.8</b>

- \* The movement on the Budget Equalisation Reserve (a £15m reduction) consists of a £15m transfer out to the Transformation Reserve. The M8 revenue forecast for 2021/22 is for a £8m deficit, offset by a £20m contingency so the outturn position may allow an additional transfer to reserves
- \*\* Current legislation requires us to account for the DSG deficit as an unusable reserve, so our statement of accounts records this separately and therefore shows a higher reserves balance of £366m. For budgeting purposes, it is more prudent to show the deficit alongside the offset.

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### Council Tax Requirement

1. In January 2022, the District and Borough Councils informed Surrey County Council of the Council Tax base for 2022/23. The tax base provided is presented as the number of Band D equivalent properties. The total tax base for 2022/23 is 510,921.8; an increase of 1.8% from 2021/22. This information was received ahead of the legislative deadline of 31 January 2021 and so is subject to final confirmation.
2. At the same time, the District and Borough Councils provided estimates of the Council Tax Collection Fund balance. As a result of pressures associated with the Covid-19 pandemic, a large deficit was incurred on the 2020/21 Collection Fund. The Government has amended legislation to require authorities to spread the estimated deficit on the 2020/21 Collection Fund over three years from 2021/22 to 2023/24. The overall collection fund position remains to be finalised by the District and Borough Councils; however, the 2022/23 budget is based on an assumed surplus of £2.5m (this being the Council Tax element after the requirement to spread over three years).
3. Each year the Council must decide if its proposed Council Tax increase is excessive. If deemed excessive, a referendum must be held. This decision must be made in accordance with a set of principles determined by the Secretary of State (SoS), referred to as the referendum principle.
4. Since 2016/17, authorities with social care responsibilities have been allowed additional flexibility on their core Council Tax referendum principle so long as the additional money raised is used entirely for adult social care services. This is referred to as the Adult Social Care (ASC) precept.
5. In December 2021 the SoS for Levelling Up, Housing and Communities, The Rt Hon Michael Gove, set a core Council Tax referendum principle of up to 2% and set out flexibilities for authorities to set an ASC precept of 1% on top of the core element. In 2021/22 in recognition that local authorities might not want to take up the ASC precept flexibility in full, some or all of a 3% increase could be deferred for use in 2022/23. Surrey County Council chose to use 0.5% in 2021/22 and defer 2.5% for consideration in 2022/23.
6. 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 core Council Tax by 1.99% and the ASC precept by 3.0%; an overall increase of 4.99%, for 2022/23. The Council Tax precept is the Council Tax requirement divided by the tax base.

**Table 1 – Council Tax Requirement – To be finalised when collection fund is confirmed**

(Income)/Expenditure	£
Gross expenditure	1,936,849,167.85
Other income	894,856,901.40
<b>Budgeted revenue expenditure</b>	<b>1,041,992,266.45</b>
Contributions to/(from) reserves and balances	2,206,362.81
Business rates income	(46,548,202.41)
Business rates top-up	(63,088,453.73)
Business rates collection fund	5,348,645.84
Other Government grants	(106,402,949.99)
Council tax collection fund balance	(2,549,530.14)
Council tax requirement	830,958,138.83

8. The tax base is the number of Band D equivalent properties for precepting purposes. The tax base for 2022/23 is as follows, showing an increase of 1.8% from 2021/22:

**Table 2 – 2022/23 Tax base – To be finalised when collection fund is confirmed**

Billing Authority	No. of Band D equivalent properties		
	2022/23	2020/21 equivalent	Change
Elmbridge	65,569.0	64,518.00	1.6%
Epsom & Ewell	33,251.4	33,149.60	0.3%
Guildford	58,335.9	57,159.40	2.1%
Mole Valley	41,308.0	40,759.00	1.3%
Reigate & Banstead	62,274.7	60,720.00	2.6%
Runnymede	34,524.0	33,404.00	3.4%
Spelthorne	39,983.5	39,016.30	2.5%
Surrey Heath	38,976.2	38,810.60	0.4%
Tandridge	38,692.8	38,454.50	0.6%
Waverley	56,487.3	55,612.80	1.6%
Woking	41,519.0	40,343.00	2.9%
Total	510,921.8	501,947.20	1.8%

9. 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. The Band D Council Tax precept for 2022/23 is calculated as follows:

**Table 3 – Band D precept**

Council Tax Precept	CTR ÷ tax base	Level
Core precept	736,192,359.66 ÷ 510,921.8	= £1,440.91
Adult Social Care precept	94,765,779.17 ÷ 510,921.8	= £185.48*
Council tax precept	830,958,138.83 ÷ 510,921.8	= £1,626.39

\*The amount charged for the ASC precept is the sum of the ASC precept increases since 2016/17.



10. 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	A 2021/22	B 2022/23	C Base to measure increase	D Increase (B-A) ÷ C	Referendum Principle
Core precept	£1,410.07	£1,440.91	£1,549.08	1.99%	up to 2%
ASC precept	£139.01	£185.48	£1,549.08	3.00%	3.5% on top of the core principle
Council tax precept	£1,549.08	£1,626.39	£1,549.08	4.99%	up to 5.5%

11. The proposals result in an overall increase of £77.31 per annum, £1.48 per week, for a Band D dwelling.
12. 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 precept	ASC precept	Overall precept
A	£960.61	£123.65	£1,084.26
B	£1,120.71	£144.26	£1,264.97
C	£1,280.81	£164.87	£1,445.68
D	£1,440.91	£185.48	£1,626.39
E	£1,761.11	£226.70	£1,987.81
F	£2,081.31	£267.92	£2,349.23
G	£2,401.52	£309.13	£2,710.65
H	£2,881.82	£370.96	£3,252.78

13. The payment for each billing authority including any surplus or deficit balances on the Collection Fund will be confirmed when District and Borough Councils provide final confirmation of their collection fund balance.
14. The billing authority payments are to be made in ten equal instalments on dates to be confirmed with the District and Borough Councils.

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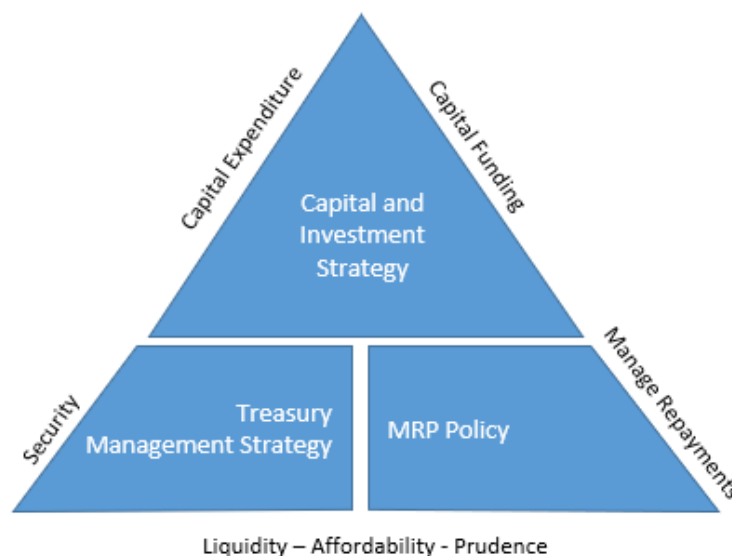
Surrey County Council

## Capital, Investment and Treasury Management Strategy 2022/23

### 1. INTRODUCTION

1.1 The Capital, Investment and Treasury Management Strategy provides an overview of the three main components of capital planning. We have chosen to amalgamate the strategies into a single document because the Capital Programme, our Investment Strategy and our approach to Treasury Management cannot operate independently of one another. They are parts of an overall approach:

- **Capital expenditure and investments:** the Capital Programme; supporting Corporate and Directorate priorities and the Investment Programme; generating income and supporting economic growth;
- **Financing our capital plans, and maintaining liquidity:** the Treasury Management Strategy; setting out how the capital programme will be financed and how cash investments will be managed; and
- **Repaying our debt in a prudent way:** the Minimum Revenue Provision (MRP) Policy, setting out how we use the revenue budget to repay debt.



This report sets out a high-level overview of how capital expenditure, capital financing, investments and treasury management activity contributes to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

- 1.2 The strategy sets out a clear picture of the ambition of the Council regarding capital expenditure and investment plans, within the financial constraints, risk appetite and regulatory framework that the Council operates.
- 1.3 The strategy is presented in the following elements, that set out the Council's approach to capital, investment and treasury management:
- **Capital Overview** - asset management, capital expenditure planning, risk management and long-term sustainability of capital expenditure plans (**Section 2**)

- b. **Investment Overview** – setting out investment plans focusing on the approach to service and commercially led investment (**Section 3**);
- c. **The Treasury Management Strategy Statement (TMSS)** – setting out how we borrow and invest to support our capital financing requirement (**Section 4**)
- d. **The Minimum Revenue Provision (MRP) Policy** – setting out how we repay capital borrowing (**included as the final page of this document, Annex G to the Budget**)

1.4 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.

1.5 Our strategy will:

- Set out how we ensure that capital expenditure contributes to the achievement of corporate priorities and the organisation strategy;
- Explain how the Capital Programme is financed and demonstrate that it is affordable and sustainable;
- Explain the Council’s approach to investments; and
- Set out and fulfil the Council’s regulatory requirements in respect of Borrowing, Treasury Management and Investment.

## 2. CAPITAL OVERVIEW

### Capital Expenditure and Financing:

2.1 The Council incurs two types of capital expenditure:

- the service delivery Capital Programme
- the Capital Investment Programme

2.2 The Council’s capital expenditure and financing plans over the medium-term 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.

2.3 This 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 statutory duty to make an annual revenue provision for the repayment of debt, detailed in the MRP Policy (Annex G to the Budget).

### Capital Expenditure

2.4 Capital expenditure refers to Local Authority spending 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.

- 2.5 In the 2022/23 Budget and 5-year Medium Term Financial Strategy to 2026/27, the Council has a total capital expenditure requirement of £1.95bn as summarised in Table 1. Our capital expenditure can be broken into three categories:
- Approved Capital Budget of £1,031m
  - Capital Pipeline of £878m, schemes that represent the capital ambitions of the Council but are subject to further detailed business cases and Member approval.
  - Capital Investments of £43m, split by investment in existing assets (£16m) and investment in new assets within Surrey (£27m).

**Table 1 - Estimates of Capital Expenditure**

	2020/21 Actual	2021/22 Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budget
	£m	£m	£m	£m	£m	£m	£m	£m
Capital Programme - Budget	242	179	212	248	187	195	189	<b>1,031</b>
Capital Programme - Pipeline	0	3	89	224	239	205	122	<b>878</b>
Sub-total Capital Programme	242	182	301	472	425	401	310	<b>1,910</b>
Capital investment in existing assets	1	0	1	8	8	0	0	<b>16</b>
New growth and service led investments in Surrey	9	3	21	2	2	2	0	<b>27</b>
Sub-total Investment Strategy	10	3	22	10	10	2	0	<b>43</b>
<b>TOTAL</b>	<b>252</b>	<b>185</b>	<b>323</b>	<b>482</b>	<b>435</b>	<b>403</b>	<b>310</b>	<b>1,952</b>

- 2.6 Our medium-term approach to financial planning means we can deliver an ambitious Capital Programme of c£1.9bn over the next 5 years if all pipeline 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.
- 2.7 In developing the capital expenditure estimates, we have ensured that borrowing costs remain in line with the revenue budget envelopes set out in the 2022/23 Budget and MTFS. This has been achieved through a combination of refining the borrowing requirement for pipeline schemes and through identifying a number of schemes that will generate income or efficiencies sufficient to cover their borrowing costs.
- 2.8 Planned capital investment will deliver significant investment in:
- The development of a greener future through the Net Zero 2030 and 2050 carbon reduction schemes and other projects contributing to the carbon and green agenda such as solar farms, electric charging points, low emission buses and vehicles;
  - A reconfirmed commitment to Surrey's sustainable future and that of its residents and businesses, through significant investment in flood alleviation works; a once in a generation opportunity to build flood defences, country parks and green space;
  - Community led projects in our towns and high streets with £100m available over the next 5 years through the Your Fund Surrey scheme;

- Developing Farnham town centre and surrounding infrastructure;
- Creating a number of sites to look after our vulnerable older adults, through building Extra Care and Independent Living accommodation where residents can live independently for longer and integrate into the community;
- Delivering additional local places for children with Special Educational Needs and Disabilities – a key part in containing costs within the revenue budget;
- Providing additional capacity in schools, to provide a rich education with Schools Basic Needs funding;
- Maintaining and developing our road infrastructure to help grow a sustainable economy, deliver safer and greener routes; and
- Accelerating our Property Rationalisation and Agile Corporate Estate Programme.

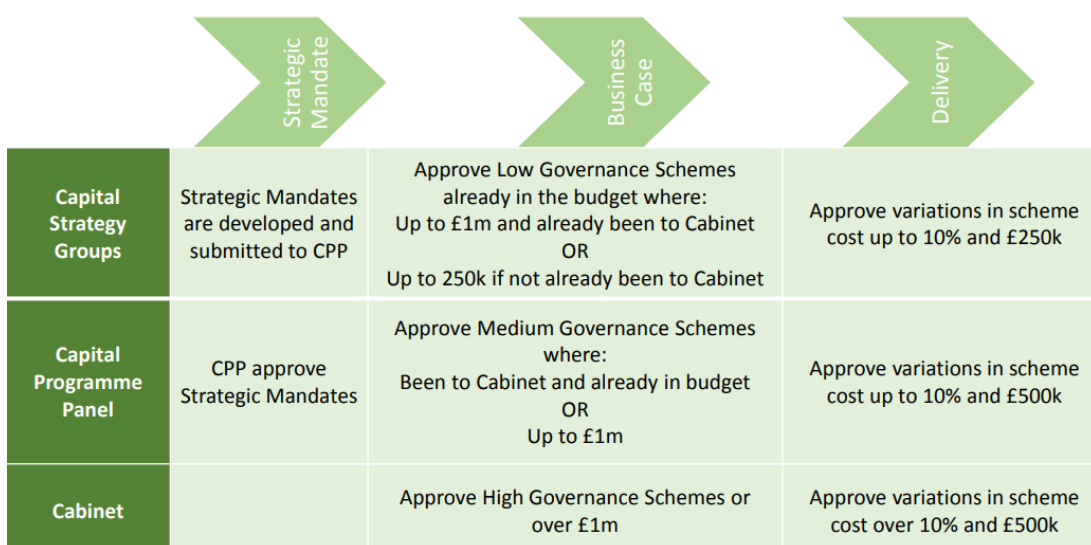
2.9 Capital projects are subject to a rigorous governance process to ensure they are aligned with the Council’s priorities:

- Growing a sustainable economy so everyone can benefit;
- Tackling health inequality;
- Enabling a greener future; and
- Empowering communities.

2.10 Fundamentally, they are approved on the principles of strategic fit, value for money, affordability and deliverability. Projects need to demonstrate value for money and that they are capable of being delivered within expected timescales.

2.11 Strategic Capital Groups (SCGs) for Infrastructure, Property and IT develop projects throughout the budget setting process which are scrutinised and approved by Capital Programme Panel (CPP); a group of senior officers from across the organisation, including the Council’s Deputy S151 officer and senior service representatives. Projects approved by CPP are then included in the budget when approved by Cabinet and Council. Fig 1, below summarises this process.

**Fig 1: Capital Approval Process**



## Capital Funding

2.12 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 Initiatives). The planned financing of the expenditure set out in Table 1 is as follows:

**Table 2 - Capital Financing**

	2020/21 Actual	2021/22 Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total budget
	£m	£m	£m	£m	£m	£m	£m	£m
Grants and Contributions	87	92	119	157	127	131	83	617
Revenue budgets	6	6	6	7	6	6	6	31
Capital receipts	22	75	0	0	0	0	0	0
Borrowing	137	11	198	318	302	266	221	1,304
<b>TOTAL</b>	<b>252</b>	<b>185</b>	<b>323</b>	<b>482</b>	<b>435</b>	<b>403</b>	<b>310</b>	<b>1,952</b>

2.13 Additional borrowing of £198m for 2022/23 consists of £176m to fund the Capital Programme (detailed in the Capital Budget – See Annex C to the 2022/23 Budget and MTFS to 2026/27) and £22m to fund commercial investment expenditure (set out in Table 1).

2.14 This table shows the planned usage of capital receipts for capital expenditure, including the application of amounts received in previous years. Currently, no capital receipts are assumed for financing expenditure from 2022/23 onwards. This will remain the case until we have higher certainty on the timing of receipts from our estate rationalisation plan. This approach is taken to ensure a prudent estimate of borrowing is factored into capital plans and included in the revenue budget for finance costs. We will revisit this assumption regularly as property estate rationalisation plans are finalised and we expect capital receipts to play a part in future financing.

2.15 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).

2.16 Alternatively, proceeds from selling capital assets (known as capital receipts) may currently be used to replace debt finance. No use of receipts is currently assumed to repay existing debt, for the reasons set out in para 2.14.

2.17 Planned MRP is set out in the following table:

**Table 3 - Repayment of Debt Finance through Minimum Revenue Provision**

	2020/21 Actual	2021/22 Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£m	£m	£m	£m	£m	£m	£m
MRP	16	20	26	30	35	40	44

2.18 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.

2.19 The CFR is expected to increase by £167m during 2022/23. Based on the above figures for expenditure and financing, the Council's estimated CFR over the medium-term is as follows:

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

As at 31 <sup>st</sup> March	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Budget	Budget	Budget	Budget	Budget
	£m	£m	£m	£m	£m	£m	£m
Capital Programme	884	878	1,033	1,315	1,576	1,805	1,986
Investment Programme	457	451	463	464	464	457	448
<b>TOTAL CFR</b>	<b>1,341</b>	<b>1,329</b>	<b>1,496</b>	<b>1,779</b>	<b>2,041</b>	<b>2,262</b>	<b>2,433</b>

2.20 Our capital plans lead to a £1.1bn increase in the estimated CFR over the five-year period, from £1.3bn to £2.4bn. The revenue implications of this are set out below in section 2.26 and in the TMSS section 4.

2.21 **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 the sale of assets to fund capital expenditure will support service delivery and provide the income to promote growth and place shaping within Surrey.

2.22 **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. Repayments of capital grants, loans and investments also generate capital receipts. The Council is currently also permitted to spend capital receipts on service transformation projects which has potentially been extended by three years to 2025/26. The Council currently has no plans to use flexible use of capital receipts from 2022/23 onwards.

2.23 The Council plans to receive £72m of capital receipts from 2022/23 onwards:

**Table 5 - Capital Receipts Receivable**

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Budget	Budget	Budget	Budget	Budget
	£m	£m	£m	£m	£m	£m	£m
Asset sales	21	7	35	24	13	-	-



2.24 As set out above, these receipts have not yet been included in the financing of the capital programme to ensure a prudent approach to borrowing but will be revisited regularly as property estate rationalisation plans are finalised.

### Revenue Budget Implications

2.25 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. This is referred to as net financing costs.

2.26 Current projections show that net financing cost will be contained within the central income and expenditure budget projections over the MTFs, rising from £15m net in 2021/22 to £59m net in 2026/27. The gross and net costs of financing our capital plans are set out in the table, below.

**Table 6 – Net Finance Cost Budget**

	2020/21 Actual	2021/22 Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£m	£m	£m	£m	£m	£m	£m
MRP (not including PFI)	16	20	26	30	35	40	44
Interest Cost	18	17	21	24	28	33	38
<b>Gross Finance Cost</b>	<b>34</b>	<b>37</b>	<b>47</b>	<b>54</b>	<b>63</b>	<b>74</b>	<b>83</b>
Investment Income	(22)	(22)	(20)	(22)	(23)	(23)	(23)
<b>Net Finance Cost</b>	<b>13</b>	<b>15</b>	<b>27</b>	<b>32</b>	<b>40</b>	<b>50</b>	<b>59</b>

2.27 The proportion of net finance cost to net revenue budget is a key indicator of direction of travel relative to medium term revenue resources and provides insight into the affordability of finance costs. Full revenue implications of net finance cost are set out in the TMSS (section 4.46 onwards)

2.28 The Council's net finance costs are increasing as a proportion of the net revenue budget, which is expected with an expanding Capital Programme, rising from c.2% in 2021/22 to 6% in 2026/27. This increase is partially contained through schemes enabling delivery of revenue efficiencies or income generation that finance themselves and offset pressure on the central income and expenditure budget. It has been benchmarked against other authorities, as set out in the TMSS (section 4.46).

2.29 The below schemes are included in the Capital Programme on the basis of covering their own financing costs over the MTFs:

#### Approved Budget - £54m total spend over MTFs

- £34m - Looked after Children Schemes
- £5m - Agile Office Estate Strategy (including Quadrant Court)
- £5m - Caterham Hill Library
- £6m - Surrey Outdoor Learning and Development - Thames Young Mariners
- £2m - Extra Care Housing

- £1m - Pendell Gypsy Site
- £1m - Independent Living

**Pipeline – £266m (to be approved after scrutiny of value for money, sustainability and assessment of deliverability)**

- £80m - Extra Care Housing
- £46m - Independent Living
- £40m - Greener Futures - Net Zero 2030 target
- £25m - Greener futures - Net Zero 2050 target
- £21m - Materials Recovery Facility
- £17m - Agile Office Estate Strategy (including Quadrant Court)
- £10m - Unicorn Re-procurement / Replacement
- £6m - Libraries Transformation Phase 1 (Relocation and Redevelopment)
- £5m - Electric Vehicle Infrastructure
- £5m - Registration Services
- £5m - Surrey Outdoor Learning & Development (SOLD)
- £3m - Looked After Children (LAC) Schemes
- £2m - Transformation Scheme - Libraries Open Access
- £1m - Greener futures - Grow Back Greener

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### **Financial Sustainability**

2.30 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred over the MTFS will extend for up to 50 years into the future. The Executive Director of Resources (Section 151 Officer) is satisfied that the proposed Capital Programme is prudent, affordable and sustainable because it remains proportional to the Council's overall revenue budget.

### **Environmental Sustainability**

2.31 Capital expenditure over the next 5-year period includes c.£470m of schemes that will contribute to carbon reduction, action on climate change and enabling a greener future. Of this spend, c.£197m is included for schemes in the approved budget and a further c.£273m for schemes in the pipeline, which are subject to ongoing development, scrutiny and challenge before being approved. The Council will continue to take direct action on environmental sustainability for future generations as part of the Carbon Net Zero targets set for 2030 and 2050. The Council has brought in expertise to better understand and report on carbon impacts of the Capital Programme and to set established processes for assessing capital plans and capturing necessary information for business case scrutiny and benefits realisation.

### 3. INVESTMENT OVERVIEW

- 3.1 In addition to service-led capital expenditure, the Council has invested its money for a further three broad purposes:
- To support local public services by setting up, lending to or buying shares in other organisations (service investments);
  - To earn investment income (known as commercial investments where this is the main purpose); and
  - 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);

#### Service Investments: Loans and Equity

- 3.2 **Overview:** The Council invests money in its subsidiaries and other organisations to support local public services and stimulate local economic growth. Subsidiaries of this nature include:
- Hendeca Group Ltd (formerly S.E. Business Services Ltd) – a Local Authority Trading Company (LATC) wholly owned by the Council for the provision of business services.
  - 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.

- 3.3 **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 prudent, decisions on service loans are made in the context of their value, the stability of the counterparty and an assessment of the risk of default. The current value of service loans is set out as follows:

**Table 7 - Loans for service purposes in £ millions**

Category of borrower	31.3.2021 actual		
	Balance owing	Loss allowance	Net figure in Accounts
	£m	£m	£m
Subsidiaries	3	-	3

- 3.4 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. In the case of our service loans, these allowances are nil.
- 3.5 **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

- 3.6 **Overview:** The Council holds investments in local commercial property; office space, leisure and retail, with the intention of supporting Surrey's economy and generating 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 8 - Property held for investment purposes in £ millions**

Property	Actual	31.3.2021 actual	
	Purchase cost £m	Gains or (losses) £m	Closing Value £m
Office	117	1	118
Retail	6	(3)	3
Leisure	1	0	1
<b>TOTAL</b>	<b>124</b>	<b>(2)</b>	<b>122</b>

- 3.7 **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.
- 3.8 A fair value assessment of the Council's 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. We continue to explore mitigating actions to protect the capital invested, such as alternate uses where appropriate.

### Commercial Investment – Equity Investments and Loans

- 3.9 **Overview:** The Council wholly owns Halsey Garton Property Ltd (HGP) which has a portfolio of national investment properties used to generate a return to the Council. The Council also wholly owns Halsey Garton Residential Ltd (HGR), which holds a portfolio of Surrey-based residential properties. The financial return from both companies takes the form of interest on the outstanding loan and dividend payments (where possible). The total value of our investment in HGP and HGR as at 31<sup>st</sup> March 2021 is set out below.

**Table 9 - Equity and Loans to HGP and HGR in £ millions**

Category of Investment	31.3.2021 actual		
	Balance outstanding	Loss allowance	Net figure in Accounts
	£m	£m	£m
Equity Shares	96	-	96
Loans	240	(1)	239

- 3.10 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.
- 3.11 The Council also holds shares at a £0.5m initial cost 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. The share value has been written out of the Council's balance sheet because the UKMBA set out a material uncertainty in its November 2020 accounts that would cast doubt on the company's ability to continue as a going concern.

#### **Managing the debt used to finance subsidiary loans**

- 3.12 In previous financial years, the Council has borrowed money to lend on to Halsey Garton Property, in order that Halsey Garton Property can invest in property to generate a revenue income for the Council to support service delivery. Alongside the equity shares, these loans are set out in Table 9, above.
- 3.13 The current legislation allows a Council to assume that, come the end of the loan period, a subsidiary would take on new debt or sell assets to allow the Council to repay its own associated debt. Because the intent is to repay all of the debt at the end of the loan, no annual revenue repayment (through MRP) is made. This approach assumes that the capital value of the assets is maintained above the loan value and/or that the subsidiary will be able to refinance its debt. The Council has historically adopted this approach, and not made MRP on the Halsey Garton Loans. In contrast, because the equity shares are not repayable, the Council has always allowed MRP on their entire value.
- 3.14 Recognising a difficult market for investment properties, and recent declines in market value, in 2021/22 the Council adapted its approach to start charging MRP on individual properties where the market value has fallen below the outstanding loan, ensuring that the debt coverage is maintained. This was deemed a prudent approach because, despite individual

properties carrying a market value below the debt, the value of the portfolio overall still exceeds the outstanding loans.

- 3.15 The Government has recently announced a consultation on the arrangements for managing the debt used to finance subsidiary loans such as these. The potential change in stance from Government, which is likely to be introduced in April 2023, would dictate that local authorities should charge MRP on all subsidiary loans, to ensure the money is being set aside to repay debt without relying on the subsidiary selling assets or negotiating new debt.
- 3.16 This Government is consulting on the change to reflect concerns that the value of assets held in subsidiary companies may fall to the extent that they are no longer sufficient to cover the local authority's associated debt or, in extreme cases, a subsidiary could encounter going concern issues and default on debt altogether. By charging MRP on all of the loans, authorities will ensure that they have provided for the debt on their own balance sheet, regardless of the performance of the subsidiary.
- 3.17 The MRP Policy appended to this strategy is based on early adoption of the changes proposed by the consultation, charging MRP on all subsidiary loans from 2022/23 onwards. It is considered prudent to implement the change early, rather than wait for Government to legislate. This will ensure that the Council's debt in relation to the loan to Halsey Garton is serviced over the life of the asset. When the subsidiary repays its loans, any resulting surplus would be recognised as gain (a capital receipt) at the point of repayment. Changing the policy now will satisfy recent commentary from our external auditors, describing our current policy as 'optimistic' and complete a movement towards more prudence in the MRP policy over the last 2 years.

### Security

- 3.18 The value of property owned by Halsey Garton Property Ltd at 31<sup>st</sup> March 2021 was assessed as being £78m lower than cost, representing a 24% reduction, largely due to pressures on the retail environment. This trend has continued over the last two financial years and as a result, our MRP policy will be updated from April 2022 as outlined above.
- 3.19 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. Over the long term, we would expect asset values to recover.

### Risk Assessment and Liquidity

- 3.20 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding property or subsidiary 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.

3.21 **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 in the event of a period of lower returns from its investment portfolio.

### Loan Commitments and Financial Guarantees

3.22 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.

3.23 We do not currently extend financial guarantees to other organisations, however if we chose to be part of a joint bond issue with UKMBA, we would be liable for defaults of other Local Authorities in proportion to the total amount of the bond. It is highly unlikely that another Local Authority would default and so the risk is theoretical rather than a practical reality.

### Proportionality

3.24 The Council's revenue budget includes an element of profit generating investment activity to support services. Table 10 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 between 2% and 2.5% of the Council's net revenue budget over the medium-term. Should we fail to achieve the expected net return, the Council would manage the impact on budget through use of contingency in the current financial year and a re-assessment of financial plans for the remainder of the medium-term.

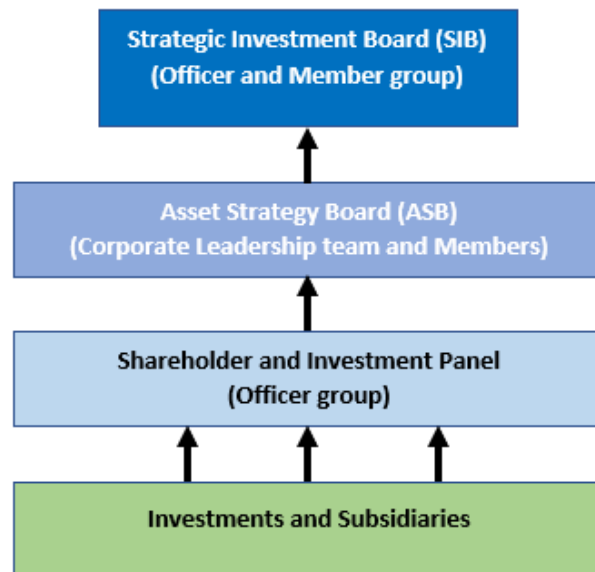
**Table 10 - Proportionality of Investments**

Investments net return	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Budget	Budget	Budget	Budget	Budget
	£m	£m	£m	£m	£m	£m	£m
Service investments	0.2	0.4	0.4	0.4	0.4	0.4	0.4
Commercial investments: Property	6.6	6.6	4.8	6.8	7.6	7.9	7.9
Commercial investments: Shares and Loans	14.7	14.7	14.7	14.8	14.9	15.0	15.0
<b>Total Net Income from Investments</b>	<b>21.5</b>	<b>21.7</b>	<b>19.9</b>	<b>22.0</b>	<b>22.9</b>	<b>23.3</b>	<b>23.3</b>
<b>Proportion to Net Revenue Budget (%)</b>	<b>2.2%</b>	<b>2.2%</b>	<b>2.0%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.4%</b>

## Commercial Governance

3.25 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:

**Fig 2: Commercial Governance**



## Investment Indicators

- 3.26 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.
- 3.27 **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 11 - Total investment exposure in £millions**

Total investment exposure	31.03.2021	31.03.2022	31.03.2023
	Actual	Forecast	Forecast
	£m	£m	£m
Treasury management investments	59	50	50
Service investments: Loans	3	3	3
Commercial and Economic Growth investments: Property	131	121	121
Commercial investments: Loans	240	241	241
Commercial investments: Shares	96	97	97
<b>TOTAL INVESTMENTS</b>	<b>529</b>	<b>512</b>	<b>512</b>

- 3.28 **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 12 - Investments funded by borrowing in £millions**

Total investment exposure	31.03.2021	31.03.2022	31.03.2023
	Actual	Forecast	Forecast
	£m	£m	£m
Commercial and Economic Growth investments: Property	131	121	121
Commercial investments: Loans	240	241	241
Commercial investments: Shares	96	97	97
<b>TOTAL INVESTMENTS</b>	<b>467</b>	<b>459</b>	<b>459</b>

- 3.29 **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 complexity of the Local Government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

**Table 13 - Investment rate of return (net of all costs)**

Investments net rate of return	2020/21	2021/22	2022/23	2021/22
	Actual	Forecast	Forecast	Forecast
	£m	£m	£m	%
Service investments	0.2	0.4	0.4	13%
Commercial investments: Property	6.6	6.6	4.8	4%
Commercial investments: Shares and Loans	14.7	14.7	14.7	4%
<b>ALL INVESTMENTS</b>	<b>21.5</b>	<b>21.7</b>	<b>19.9</b>	<b>4%</b>

## 4. Treasury Management Strategy Statement 2022/23

### Introduction

- 4.1 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.
- 4.2 In addition, the Department for Levelling Up, Housing and Communities (DLUHC) issued revised Statutory Guidance on Local Government Investment in February 2018.
- 4.3 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 is set out in Annex 1 and a number of Treasury limits and indicators are set out below.
- 4.4 Treasury management is the management of the Council's cash flows, borrowing, 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.
- 4.5 The Council tends to be cash rich in the short-term as revenue income (e.g. Council Tax, Business Rates and Government Grants) is typically received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. 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.
- 4.6 Managing the cost of the Council's borrowing is at the heart of the TMS and we work proactively with our Treasury Management advisor, Arlingclose on a continual basis, to ensure that our approach represents the best balance between minimising cost and managing the risk of interest rate changes. Regular meetings with Arlingclose coincide with Bank of England Monetary Policy Committee meetings, however our strategy is under constant review throughout the year, and we can call on Arlingclose's expertise whenever required.
- 4.7 The Treasury Management Strategy is supported by four TMS annexes:
1. Prudential indicators – a Code requirement which supports our approach to borrowing, managing risk and highlighting our capital financing requirement.
  2. Detailed external context – a detailed summary from Arlingclose of the current and future economic climate, risks and opportunities along with detailed interest rate forecasts.
  3. Investment & Debt Portfolio Position as at 31 March 2021 – to highlight the range of debt and investments from the prior year audited accounts.
  4. Glossary of Terms

## External Context

- 4.8 **Economic background:** The ongoing impact on the UK from Covid-19, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's treasury management strategy for 2022/23, specifically in terms of the impact they have on interest rates.
- 4.9 The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.
- 4.10 Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.
- 4.11 UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% year-on-year from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.
- 4.12 In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.
- 4.13 Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.
- 4.14 **Credit outlook:** Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions

for bad loans. However, the relatively recent removal of Covid-19-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

- 4.15 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.
- 4.16 Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Council's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Council's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.
- 4.17 **Interest rate forecast:** The Council's treasury management advisor, Arlingclose, is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.
- 4.18 Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.
- 4.19 Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 4.20 A more detailed economic and interest rate forecast provided by Arlingclose is attached in the TMS Annex 2.
- 4.21 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 0.05%, and that new borrowing will be sourced at an average rate of 1.5%. In practice, the Council uses a combination of short-term borrowing with an average rate assumption of 0.5% and long-term borrowing at 1.9%, meaning there is built in prudence in the budget for finance costs. The Council also holds a reserve of £1.6m specifically to meet interest rate fluctuations over the medium-term.

#### Local Context:

- 4.22 On 31 March 2021 the Council held £729m borrowing (£444m of long-term borrowing and £285m short-term borrowing) and £59m of cash investments. By 30<sup>th</sup> November 2021, this dropped to £622m borrowing (£442m of long-term borrowing, £180m of short-term borrowing, with £58m of investments).

- 4.23 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.
- 4.24 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 14 - Balance sheet summary and forecast**

	31.3.21 Actual £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
General Fund CFR	1,341	1,329	1,496	1,779	2,041	2,262	2,433
Less: PFI and lease liabilities	(95)	(91)	(87)	(82)	(77)	(73)	(68)
<b>Net CFR (underlying need to borrow)</b>	<b>1,246</b>	<b>1,238</b>	<b>1,409</b>	<b>1,697</b>	<b>1,963</b>	<b>2,189</b>	<b>2,366</b>
Less: External borrowing (long term)	(444)	(438)	(424)	(420)	(415)	(411)	(408)
Internal borrowing (based on projection of level of reserves, balances and working capital)	(521)	(523)	(522)	(521)	(519)	(535)	(552)
<b>Projected additional external borrowing requirement</b>	<b>281</b>	<b>277</b>	<b>463</b>	<b>756</b>	<b>1,029</b>	<b>1,244</b>	<b>1,406</b>

- 4.25 The Council has an increasing CFR over the period to 31 March 2027, 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.
- 4.26 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 14 shows that the Council expects to comply with this recommendation across the medium-term.
- 4.27 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 the same forecasts as table 14 above, but that cash and investment balances are kept to a minimum level of £50m at each year-end to maintain sufficient liquidity but minimise credit risk.

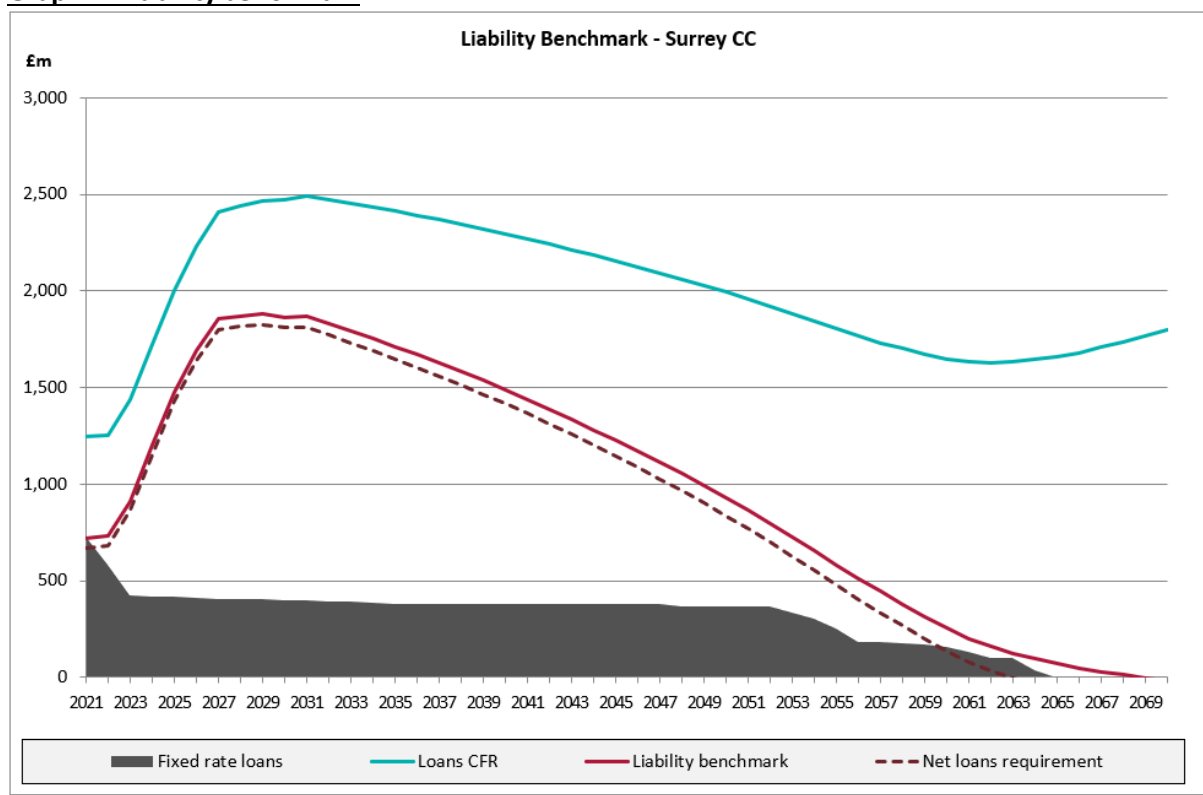
Table 15 – Liability Benchmark

Position at 31 March	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual £m	Projected £m	← ----- Estimated ----- → £m				
Loans CFR	1,246	1,238	1,409	1,697	1,963	2,189	2,366
External borrowing	(729)	(586)	(424)	(420)	(415)	(411)	(408)
Internal (over) borrowing	517	652	985	1,277	1,548	1,779	1,958
Balance sheet resources	(576)	(573)	(572)	(572)	(572)	(589)	(607)
Net investments / (new borrowing)	59	(79)	(413)	(705)	(976)	(1,190)	(1,351)
Treasury investments	59	50	50	50	50	51	53
New borrowing	0	129	463	755	1,026	1,241	1,404
Net loans requirement	670	665	837	1,125	1,391	1,600	1,759
Liquidity allowance	50	50	50	50	50	51	53
<b>Liability benchmark</b>	<b>720</b>	<b>715</b>	<b>887</b>	<b>1,175</b>	<b>1,441</b>	<b>1,652</b>	<b>1,812</b>

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4.28 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



4.29 The long-term liability benchmark assumes:

- Capital expenditure funded by borrowing as per the 2021-27 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 attached 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 thereafter; and
- The benchmark is based on our assumptions on capital expenditure and the external loans requirement may not ultimately reduce to zero as future capital expenditure is approved.

4.30 Overall, the liability benchmark shows that we are currently borrowing exactly what we need, because the amount of external debt (grey shaded area) matches the liability benchmark (red line). As we progress over the medium term, the gap between total external debt and the liability benchmark grows, meaning that we need to borrow more money to meet our financing requirement. We aim to avoid a scenario where our external debt exceeds our liability benchmark, as it indicates that we are borrowing more than we need – i.e. borrowing to invest, carrying with it an increased risk of investment returns.

4.31 The difference between the CFR (underlying need to borrow – represented by the blue line) 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.

4.32 As shown, the Council's current debt portfolio is long dated and there are no significant repayments until the 2050s. An alternate strategy would be to increase our long-term fixed rate borrowing now. The liability benchmark illustrates that if we were to do so, it would be for a reasonably modest amount over a period of up to 30 years (to avoid a significant amount of fixed-rate debt exceeding our liability benchmark).

### **Borrowing Strategy**

4.33 **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. To achieve this, the key aim is to maximise internal borrowing and use short-term borrowing to manage cashflow shortfalls, striking a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher.

4.34 **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.

- 4.35 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.
- 4.36 The level and mix of internal, short-term, and long-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 2022/23, with a view to keeping future interest costs low.
- 4.37 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.
- 4.38 The Council is projected to have £585.9m of borrowing as at the end of March 2022, a decrease of £143m from 31 March 2021, with long term borrowing reducing by £4.4m. The decrease in short-term borrowing requirement is largely due to significant capital grant receipts in 2021/22 (including £91m Schools Basic Need).
- 4.39 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's Public Works Loan Board (PWLB);
  - 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; and
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable Local Authority bond issues.
- 4.40 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.
- 4.41 HM Treasury have recently closed a consultation on changes to the terms and conditions of their lending through PWLB. The revised approach to lending has resulted in a significant reduction in interest rates (currently 1.99% for a 40-year loan), however Local Authorities will no longer be able to access PWLB lending if they pursue 'debt-for-yield' (commercial investment) acquisitions. The Council's Treasury Management Strategy assumes that capital plans will remain compliant with new PWLB terms and conditions and that we will therefore retain access to the lending facility.



4.42 **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.

4.43 **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. Our current strategy generally favours PWLB borrowing for long term debt due to ease of access to borrowing and certainty of low rates, however this is periodically reviewed with Arlingclose and when a decision for increased long-term borrowing is made all options will be scrutinised.

4.44 **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. Arlingclose have advised against the early repayment of long-term debt with regards to PWLB loans from analysis of early repayment penalties against finance cost savings.

### **Borrowing Costs**

4.45 Gross borrowing costs include interest payable and the statutory charge on the general fund for MRP. The borrowing costs associated with the 2022/23 to 2026/27 Capital Programme increase from £37m in 2021/22 to £83m by 2026/27.

4.46 Paragraph 1.18 of Annex 1 shows the ratio of gross borrowing costs against the net revenue stream (the amount funded from council tax, business rates and general government grants). Gross borrowing costs as a proportion of net revenue stream increases over the MTFS period from 3.9% in 2021/22 to 8.5% in 2026/27.

4.47 Net borrowing costs are calculated after offsetting interest and investment income and over the same period, net borrowing costs grow from £15m in 2021/22 to £59m in 2026/27.

4.48 Paragraph 1.19 of Annex 1 shows net borrowing costs against the net revenue stream increasing from 1.6% to 6.1% in 2026/27.

- 4.49 Offsetting the increase in borrowing costs; many of the capital schemes are crucial to delivering revenue efficiencies, cost containment or income generation. After accounting for interest, investment and rental income to be generated by pipeline projects, net borrowing costs are projected to be contained within the budget envelope for the MTFS period.
- 4.50 The Council's projected borrowing costs can be compared to similar authorities, where like-for-like information is published. The projected borrowing costs for SCC will remain close to the benchmarked average of 7% by the end of the MTFS period.
- 4.51 The Council will continue to benchmark borrowing costs as a percentage to the net revenue budget as indicator of the prudence and sustainability of the Capital Programme.

### Treasury Investment Strategy

- 4.52 The Council holds invested funds representing income received in advance of expenditure plus reserves. For the first half of 2021/22, the Council held average balances of £58m, compared with £67m for the equivalent period in 2020/21. The average return for the first half of 2021/22 was 0.2%. Cash balances are expected to remain low during 2021/22 and over the MTFS.
- 4.53 **Objectives:** The CIPFA Code requires the Council to invest its treasury 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.
- 4.54 **Negative interest rates:** Earlier in the pandemic, Covid-19 increased the risk that the Bank of England would set its Bank Rate at or below zero. This now looks less likely, however the eventuality should be considered. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security would be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 4.55 **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 2022/23. 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.

- 4.56 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.
- 4.57 **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.
- 4.58 **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.

4.59 **Table 16 - Approved investment counterparties and limits**

Credit rating	Banks unsecured	Banks secured	Government*
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	n/a
Pooled Funds	£25m per fund		

\* UK Local Authorities

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

- 4.60 **Minimum credit rating:** Treasury 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.

- 4.61 **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.
- 4.62 **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.
- 4.63 **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.
- 4.64 **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 or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 4.65 **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.
- 4.66 **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-

- 4.67 **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.
- 4.68 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.
- 4.69 **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.
- 4.70 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.
- 4.71 **Investment limits:** The Council's revenue reserves and balances available to cover investment losses are forecast to be approximately £94m on 31<sup>st</sup> March 2022, consisting of the Budget Equalisation Reserve, the Revolving Investment and Infrastructure Fund and the Interest Rate Reserve. In practice, a default is highly unlikely. 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 17 – Investment Limits

	Cash limit
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 (including Money Market Funds)	£25m per manager
Money Market Funds (Total)	Unlimited
Unsecured investments with Building Societies	£10m in total

- 4.72 **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

- 4.73 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 4.74 **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%

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.

- 4.75 **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	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£40m	£20m	£10m

### Other Items

- 4.76 There are a number of additional items that the Council is obliged by CIPFA and DLUHC to include in its treasury management strategy.
- 4.77 **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).
- 4.78 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.
- 4.79 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.
- 4.80 **Markets in Financial Instruments Directive:** The Council has opted in 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.
- 4.81 **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.
- 4.82 **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.

### Knowledge and Skills

- 4.83 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.
- 4.84 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 advisors through Arlingclose (who commenced a new four-year contract from 1<sup>st</sup> January 2022) and seeks external legal and property related advice and due diligence as required. The Council's investment Strategy is supported by guidance from our advisors, Montagu Evans. The Council's Treasury Management and borrowing strategies are supported by guidance from our advisors, Arlingclose. Both are on hand to guide key decisions and provide proactive advice in response to emerging market trends.
- 4.85 Those charged with governance (Members of the Audit and Governance Committee and the Resources and Performance 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.
- 4.86 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.
- 4.87 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.

### Financial Implications

- 4.88 The budget for cash investment income in 2022/23 is £25,000, based on an average investment portfolio of £50m at an interest rate of 0.05%. The budget for debt interest paid in 2022/23 is £21m, which is based on a mix of short-term borrowing and the existing long-term fixed rate debt portfolio.
- 4.89 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.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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

## TMS Annex 1

**Prudential Indicators 2022/23**

- 1.1 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.
- 1.2 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**

- 1.3 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.

<b>Table 1 - Actual and estimated capital expenditure</b>							
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Projected	← ----- Estimated ----- →				
	£m	£m	£m	£m	£m	£m	£m
Capital programme expenditure	242	182	301	472	425	401	310
Approved investment strategy spend	10	3	22	10	10	2	0
Financed By:							
- Government grants and third party contributions	87	92	119	157	127	131	83
- Capital Receipts	22	75	0	0	0	0	0
- Revenue and reserves	6	6	6	7	6	6	6
<b>Net financing need for the year*</b>	<b>137</b>	<b>11</b>	<b>198</b>	<b>317</b>	<b>301</b>	<b>267</b>	<b>221</b>

\*Capital expenditure to be met by borrowing

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

- 1.4 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).

- 1.5 The MRP is a statutory annual revenue charge which reduces the borrowing need in a similar way to paying principal off a household mortgage.
- 1.6 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.
- 1.7 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.
- 1.8 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.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Projected	← -----	----- Estimated -----	-----	-----	-----
	£m	£m	£m	£m	£m	£m	£m
Opening CFR	1,240	1,341	1,329	1,496	1,779	2,041	2,262
Movements:							
- Minimum revenue provision	(16)	(20)	(26)	(30)	(35)	(40)	(44)
- Application of capital receipts to repay opening CFR	0	0	0	0	0	0	0
- PFI & finance leases	(20)	(4)	(4)	(5)	(5)	(5)	(5)
- Net financing need	137	11	198	317	301	267	221
	101	13	167	283	262	221	171
Closing CFR	<b>1,341</b>	<b>1,329</b>	<b>1,496</b>	<b>1,779</b>	<b>2,041</b>	<b>2,262</b>	<b>2,433</b>

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

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

- 1.9 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.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Projected	← -----	Estimated	-----	→	
	£m	£m	£m	£m	£m	£m	£m
Gross Borrowing	725	715	887	1,176	1,444	1,654	1,814
CFR	1,341	1,329	1,496	1,779	2,041	2,262	2,433

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

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

1.11 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 (i.e. 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.

1.12 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.

1.13 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.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Agreed	Agreed	← -----	Estimated	-----	→	
	£m	£m	£m	£m	£m	£m	£m
Borrowing	1,087	1,115	1,307	1,606	1,874	2,084	2,244
Other long term liabilities	95	91	87	82	77	73	68
<b>Total</b>	<b>1,182</b>	<b>1,206</b>	<b>1,394</b>	<b>1,688</b>	<b>1,952</b>	<b>2,157</b>	<b>2,311</b>
Estimated external debt	725	715	887	1,176	1,444	1,654	1,814

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

1.14 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.

- 1.15 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.
- 1.16 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.
- 1.17 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 MTFS period to reflect an increasing underlying need to borrow linked to the Capital Programme .

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Agreed	Agreed	← ----- Estimated ----- →				
	£m	£m	£m	£m	£m	£m	£m
Borrowing	1,587	1,615	1,807	2,106	2,374	2,584	2,314
Other long term liabilities	95	91	87	82	77	73	68
<b>Total</b>	<b>1,682</b>	<b>1,706</b>	<b>1,894</b>	<b>2,188</b>	<b>2,452</b>	<b>2,657</b>	<b>2,381</b>
Estimated external debt	725	715	887	1,176	1,444	1,654	1,814

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

- 1.18 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.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Projected	← ----- Estimated ----- →				
Ratio of Gross Financing Costs to Net Revenue Stream	3.18%	3.90%	4.50%	5.30%	6.24%	7.42%	8.45%

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

- 1.19 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 net financing costs (net of investment income).

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Projected	← ----- Estimated ----- →				
Ratio of Net Financing Costs to Net Revenue Stream	1.35%	1.59%	2.56%	3.12%	3.94%	5.05%	6.07%

- 1.20 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 reserve.

## TMS Annex 2

### Arlingclose Economic & Interest Rate Forecast

#### External Context

- 2.1 **Economic background:** The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's treasury management strategy for 2022/23.
- 2.2 The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.
- 2.3 Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.
- 2.4 UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.
- 2.5 In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.
- 2.6 Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.
- 2.7 GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong,

with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

- 2.8 The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.
- 2.9 **Credit outlook:** Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.
- 2.10 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.
- 2.11 Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Council's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Council's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.
- 2.12 **Interest rate forecast:** The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.
- 2.13 Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.
- 2.14 Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.



### 2.15 Underlying assumptions:

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

### Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>3-month money market rate</b>													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
<b>5yr gilt yield</b>													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
<b>10yr gilt yield</b>													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
<b>20yr gilt yield</b>													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
<b>50yr gilt yield</b>													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

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

## TMS Annex 3

## Investment &amp; Debt Portfolio Position as at 30 November 2021

	Actual Portfolio £m	Interest Rate %
<b>External borrowing:</b>		
Public Works Loan Board	422	3.86
Market	10	5.00
Local Authorities (Incl. Surrey Police)	180	0.09
Other	10	0.00
<b>Total external borrowing</b>	<b>622</b>	
<b>Other long-term liabilities:</b>		
Private Finance Initiative	95	
<b>Total other long-term liabilities</b>	<b>95</b>	
<b>Total gross external debt</b>	<b>717</b>	
<b>Treasury investments:</b>		
Banks & building societies (unsecured)	-	
Government (incl. Local Authorities)	-	
Money Market Funds	58	0.02
<b>Total treasury investments</b>	<b>58</b>	
<b>Net debt</b>	<b>659</b>	

**TMS Annex 4**

**Glossary of Terms**

**CFR – Capital Financing Requirement**

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

**CPI – Consumer Price Index**

**DLUHC – Department for Levelling Up, Housing and Communities**

**DMO – Debt Management Office**

**ECB – European Central Bank**

**GDP – Gross Domestic Product**

**LB – Liability Benchmark**

**MMF – Money Market Fund**

**MPC – Monetary Policy Committee**

**MRP – Minimum Revenue Provision**

**PWLB – Public Works Loan Board**

**TMSS – Treasury Management Strategy Statement**

## Annual Minimum Revenue Provision (MRP) Policy Statement 2022/23

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 Department for Levelling Up, Housing and Communities (DLUHC). 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, e.g. subsidiaries of Surrey County Council, MRP will now (i.e. from 2022/23) be charged as with any other asset. This is a change in policy from prior years to reflect External Audit recommendations and a pending Government Consultation to make MRP more prudent in response to fluctuating values for assets held within a subsidiary.
  - 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 property 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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# SURREY COUNTY COUNCIL BUDGET ENGAGEMENT RESEARCH EXECUTIVE SUMMARY

PREPARED BY LAKE MARKET RESEARCH



*"This report complies to ISO 20252 and any other relevant codes of conduct."*



## BACKGROUND

Surrey County Council is responsible for delivering a wide range of complex and varied services for over 1.1 million residents across the county. This means deciding how to prioritise and allocate available funds for the huge variety of services they provide. The budget setting process involves complex, and sometimes difficult decisions, which reflect national and local priorities, as well as the needs, wants and aspirations of residents. The Covid-19 pandemic, combined with reductions in local government funding, mean services and budget are under considerable pressure, with a need to find at least £200 million in efficiencies over the medium-term.

The current transformation programme will continue to deliver key service improvements and will accelerate work to deliver the Council's [four priority objectives](#). However, to further develop and deliver ambitions and delivery plans, the Council is building a new, cross-organisational approach to address the projected budget gap from 2023/24 onwards. This means a shift in focus for the medium-term towards driving deeper, more fundamental changes and reforms to public services required to deliver the Community Vision for Surrey in 2030.

Surrey County Council commissioned us to deliver research, which sought to understand residents' views on setting budgets, which services they would prioritise to protect in terms of funding and how specific services should be delivered. Some of these changes explored how residents might need to change their behaviours to improve outcomes and likely acceptability of different options the Council are considering to improve services while seeking to close the budget gap.

The findings from this research will inform the Council's decision-making process for their budget for 2022/23 and medium-term financial strategy.

## APPROACH

### RESEARCH DESIGN AND METHODOLOGY

A three-phase approach to capture a robust measure of opinion and sentiment explored through discussion:

1. Two qualitative workshops with residents in September 2021 aimed at raising awareness of the budget challenges facing Surrey County Council and to have in-depth discussions on service scenarios for how the Council could improve outcomes while also making efficiencies to close its budget gap. These used deliberative techniques to understand 'informed' views on specific issues, following a scene setting presentation from Surrey County Council. 73 residents took part and sessions were held virtually over Zoom.
2. A quantitative survey amongst 1,087 residents across the county, reflective of the Surrey adult population (16 & over) to provide a statistically representative sample. A dual methodology of online and telephone surveying was adopted to ensure representation. Topics covered by the survey included perceptions of the Council and its impact, the most important priorities facing Surrey as a county, views on increasing council tax and approaches to delivering efficiencies and improved outcomes.



3. A final deliberative workshop with a smaller group invited back for a second time to explore attitudes towards resident involvement and ways in which the Council could continue to engage residents in decision making. 35 residents took part in this component of the programme and the session was held virtually via Zoom.

The content and design of all research materials (the discussion guide for the qualitative workshops and the questionnaire for the quantitative survey) was developed in partnership with Surrey County Council.

## SERVICE PRIORITIES & BUDGET SETTING

Through the survey, residents were asked which service areas they would prioritise protecting funding for and approaches the Council should take in setting its budget:

- 51% of residents felt the top issue facing the county currently was support for the local health system, including hospitals. This was closely followed by the cost of living in the county (44%), transport and roads (33%), housing (31%) and traffic congestion (28%).
- When asked which services they would most like to protect from funding reductions, 51% said they wanted to protect social care for older people aged 65 and over. This was followed by waste services e.g. disposal and recycling centres (40%), children's social care (37%), education services (37%) and fire and rescue (37%). Residents believe social care funding protection is important for all age groups from children to older adults.
- When residents were asked directly if they would agree with a 2% increase in council tax, over half (54%) thought it should not be increased and the £80 million required savings, on top of the £200 million already required over the medium-term, should come from somewhere else. However, when asked if they would support an increase to protect the most vulnerable, 67% of respondents agreed with an increase under those circumstances.
- When asked if they would support up to 2.5% increase in the Adult Social Care Levy to spend more on the care of the most vulnerable adults and older people, 57% said they would support this if the Council decided to take up the option.
- Residents were asked about the extent to which they would support different approaches to making efficiencies, including ideas for generating income, service prioritisation and alternative approaches to service delivery. The ideas with the greatest support were:
  - Prioritise spending to protect services for the most vulnerable and those in need (83%)
  - Use council land and building to generate income (82%)
  - Encourage local people and communities to deliver certain services, e.g, some highway maintenance responsibilities (81%)
  - Make more efficient use of council assets such as land and property, e.g. disposal of obsolete buildings (80%)
  - Streamlining services to be more efficient to deliver the same outcomes (74%)
  - Lobbying central government for changes to legislation regarding the use and raising of revenue (65%)

Raising fees and charges received comparatively lower support (48%).

## SERVICE DELIVERY

For this exercise, residents were also asked for their views on potential approaches in specific service areas to improve outcomes and deliver more efficient services. These areas were selected due to their connections with some of the Council's most important strategic work programmes. These were framed as options for activities the Council could pursue, and not to be interpreted as official Council policy.

The following scenarios were covered: public health, adult social care, foster care, public bus network, greener measures, customer services, engagement / working together with residents, local economic development, dry recycling and libraries and registration services.

### Public Health:

Scenario: Seeking views on investing in more preventative health services, "self-help" mechanisms and preferences for accessing support to improve health and wellbeing.

#### Key messages

- Residents from all demographic backgrounds felt mental health and wellbeing should be the key focus area. However, factors such as weight, substance misuse and smoking are interlinked with mental health and investment in preventative health services is considered critical.
- 84% of residents supported increasing public health support for those most vulnerable whilst providing better resources for those able to self-care and look after their own health.
- 68% of residents preferred to access health and wellbeing support through a service that looks at a person's full physical and mental health needs and offers support across any conditions they have.
- The concept of 'self-help' was well received in the qualitative sessions, but there were concerns the concept may exclude the people that need help the most and may not be able to access it.

#### Recommendations for the Council

- Invest in tackling digital exclusion and providing support for those unable to access it.
- Invest in working towards a 'triage' type approach to diagnose support needed initially, and then clearly signpost residents to the correct pathway of treatment, that is perhaps self-service based, across all resident profiles.

### Adult Social Care

Scenario: Seeking views on managing demand for services through self-service, independent living, and recovery & rehabilitation.

#### Key messages

- Support for helping people to help themselves, but a need for clear self-help pathways and early assistance with identification of issues
- Broad support for emphasising a preventative approach to health and wellbeing.
- Support for keeping people in their homes as long as possible, but this needs to be optimum solution for the individual and not the 'easiest' solution for authorities.
- Serious concerns over digital exclusion, the vulnerable and those unable to access help and support.

## Recommendations for the Council

- Possibility of prioritising funding for early identification of issues (early triage type arrangements suggested).
- Provide clear pathways of support and invest to provide services for elderly, vulnerable and those not capable of helping themselves, ensuring most vulnerable are not excluded.
- Invest in provision of clear pathways of care options that need to be provided for those staying in their own home or making the transition from a healthcare setting to another setting.

## Foster Care

Scenario: Testing current approaches to increasing supply of foster carers, including overcoming barriers to becoming a foster carer.

### Key messages

- Information, accessibility & promotion of information on how to apply and what's involved is considered to be lacking currently.
- The physical space available in people's homes is considered a key barrier to fostering, together with funding concerns.
- No clear sense of the process and support available is promoted.
- Lack of awareness of how critical the need is for foster carers.
- Too much narrative 'out there' on bad experiences with application process.

### Recommendations for the Council:

- Improve narrative promoted on foster care journey.
- Widely promote local support groups where foster carers can meet and share experiences and talk to those considering going on the journey.
- Real life success stories would help raise the profile enormously together with investing in hard hitting adverts showing the need for foster carers along with clear information pathways & support laid out.

## Public bus network

Scenario: Gauging priorities for Surrey's bus network, and testing views for Demand Responsive Transport (on-demand bus services)

### Key messages

- As expected, road conditions and the need for improvement were considered urgent priorities going forward.
- Additional cycle lanes were mentioned repeatedly as well as more separation of cycle lanes and traffic.
- Most important priorities for the bus network going forward are considered to be lower fares, accessing healthcare (particularly for the elderly), improving reliability of the network as well as school transport.
- The idea of Driver Responsive Transport was well received, but queries were raised regarding digital accessibility, cost, reliability, and availability in given areas.

## Recommendations for the Council

- Improved investment in road conditions and addressing historic pothole issues.
- Consider investment in greener methods of transport, particularly cycling and the provision of cycle lanes.
- Prioritise lower bus fares (perhaps looking at greater subsidising), improved bus service reliability (more cohesive approach with roadworks etc to improve network), providing more buses/routes for the elderly and those without transport to access healthcare (hospitals, GP hubs etc).
- Continue with provision of school transport to keep traffic off the road and keep traffic moving.

## Greener Measures

Scenario: Options for how the Council can support residents switch away from reliance on gas or oil boilers to more sustainable options, such as air source heat pumps

### Key messages

- Residents on board with the Council's green agenda but see it as a UK wide issue and not just an issue for Surrey to solve.
- They were 'pro' lobbying the government and were largely against the introduction of heat pumps being installed due to the costs involved to the Council.
- Lobbying of the government should ideally go hand in hand with looking for different technologies that are cost effective.

### Recommendations for the Council

- Invest in efforts to lobby central Government for a UK wide approach to support households to switch from gas and oil boilers to alternative heating systems.
- Invest in time and effort to seek other cost effective solutions for householders such as hydrogen conversion of gas boilers / upgrading thermal efficiency of properties etc.

## Customer Services

Scenario: Asking for views on shifting to more digital and message-based online services, including how residents could be encouraged to switch to these channels.

### Key messages

- Perception that telephone is considered the best approach for urgent matters.
- Online considered useful and is used, but not that popular because of a perceived lack of action and timely response to the query submitted and people are not kept informed.
- Different methods for contacting the council suggested - a council 'app,' online live chats, intelligent online forms that triage people to where they need to go.
- Residents would like a clear response with timescales for any contact made online and not simply an automated response to acknowledge receipt.
- Some felt the definition of what is considered 'urgent' is the wrong term to use; what is urgent to some, isn't considered urgent to others. As such all issues should be treated the same.

### Recommendations for the Council

- Clear response mechanism with timelines given to those using online facilities.
- Investigate use of apps, online live chats and easy reporting options such intelligent forms for signposting residents to where they need to go.

- Ensure residents feel they are ‘heard’ – they receive clear tailored response to all queries and clear timeline of action.
- Reinvigorate website to make it more accessible and intelligent; use it as a full consultation tool. Have video’s ‘how do I?’ etc to help.
- Live stream feed to alert residents to key issues to prevent calls made to report key issues.

## Engagement / working together with residents

Scenario: how we can support residents to increase their influence and say on local issues, and their role in shaping future communities.

### Key messages

- In the qualitative sessions, many claimed they do not know how to get involved on local issues with Surrey County Council.
- General sense of not feeling informed about matters – county wide or at a local level.
- General perception in the qualitative sessions that any local issues or concerns wouldn’t be listened to, and their views do not matter.
- For some, there is a strong sense of mistrust about local authorities. Some respondents felt the County Council was ‘distant’ and ‘too far removed’ from residents as individuals. Many felt there was a lack of two-way interaction. There is a desire for Surrey County Council, Parish and District Councils to continue to strengthen their partnership working.
- Significant proportion would like to get more involved in decisions affecting their local area, predominantly in the form of surveys, local events and informal neighbourhood resident groups.

### Recommendations for the Council

- Continue to deliver ‘hearts and minds’ campaigns to raise profile of Surrey County Council’s drive to inform and involve residents.
- Make Surrey County Council more ‘accessible’ to residents and look at ways to engage at a local level that build trust and tap into local level relationships
- Consider filtration of area specific activities and plans, using a local lens, and work to engage through different types of engagement – informal meetings, local events, online forums and zoom workshops for Q&As.

## Local economic development

Scenario: how we could re-imagine town centres and the role residents play in place-based partnership working.

### Key messages

- Some felt the sense of close community and unity had been lost over lockdown because of the pandemic. Effort is needed to return to that in the form of community events, festivals, markets etc that can help to unite and bond communities.
- Councils at all levels should work together to engage residents to ensure they have a shared understanding of issues facing localities.

- General conclusions are that consultation needs to occur at a local level where the consultation is directly relevant to residents individually and this will ensure ‘ownership’ of issues. This needs to be across the spectrum of ages to engage all groups.
- Areas of importance to focus on to reinvigorate local economies were considered to be culture & leisure provision, employment & job opportunities, business investment / opportunities, investment in road infrastructure & public transport, health & wellbeing, green spaces, digital access and neighbourhood safety.

Recommendations for the Council

- County, district and borough and parish councils work together to promote need for involvement at a local level and to get involved.
- Look to create local working consultation groups for economic regeneration and development projects with residents who want to be involved.
- Look to help regenerate high streets with new businesses and reviewing rates to encourage new business into local communities.
- Work to provide more community events that help build and unite communities with a drive from the council to consult and engage.

**Dry recycling**

Scenario: approaches for reducing contamination of dry mixed recycling.

Key messages

- 86% of residents supported increasing the materials accepted at sites outside of Recycling Centres. 72% also supported local advertising to promote the importance of recycling and the cost of recycling bins that are contaminated/misused.
- Lower levels of support for issuing fines to residents whose recycling bins are contaminated / misused (51%).
- Greater support among younger adults, aged 25 – 44, for issuing vouchers to residents to encourage regular recycling and employing neighbourhood champions to help advise residents on what can be recycled.

Recommendations for the Council:

- Explore possibility of additional materials being accepted outside of Recycling Centres.
- Adopt local advertising to promote the importance of recycling and the impact of contamination / misuse.
- Explore incidence of contamination / misuse and age profiles at a local level to determine whether vouchers or neighbourhood champions would most benefit.

**Libraries & Registration services**

Scenario: Views on increasing impact of volunteer-led libraries and increasing income from weddings provided by Registration services.

Key messages

- 74% of survey respondents supported the idea of local communities putting on events / activities to support the ten community libraries run by volunteers across Surrey.
- Lower levels of support (46%) for increasing fees for wedding registrations to generate income to improve services.

#### Recommendations for the Council

- Explore ways to facilitate events / activities for residents to support community libraries; financial, enabling use of venues / physical space, advertising.
- Explore support for specific fee levels for wedding registrations so residents can express their support more accurately.



## Surrey County Council Budget 2022/23 – Equality Impact Assessment

1. This report sets out the potential equality impacts on residents and Surrey County Council staff arising from setting a sustainable budget for the financial year 2022/23, that is intended to improve services for residents and secure greater value for money through greater efficiency. It also includes actions proposed to maximise any positive impacts of budget decisions and minimise any adverse ones.
2. Where a decision to change or reduce a specific service or part thereof has been made or is proposed to be made, the relevant Equality Impact Assessments (EIAs) have been or, where detailed proposals are still being formulated, will be produced and made available for either individual lead Cabinet Members, Cabinet collectively and/or Council to review.
3. This paper must therefore be read in conjunction with the ‘Background Papers’ relating to EIAs listed in the budget report, as well as the 2022/23 Final Budget and Medium-Term Financial Strategy 2022/23 – 2026/27 and the Cabinet report of 25 January 2022.
4. The information in this report is intended to ensure that Members are able to pay due regard to the equality implications of the proposed budget for 2022/23.

### Summary

5. In December 2020, Council adopted a refreshed Organisation Strategy 2021-2026 that set out a single guiding principle for everything we do – tackling inequality to focus on ensuring no-one is left behind. With regard to our budget, this means every pound spent by the council needs to be used as efficiently as possible, so we can concentrate our resources on supporting some of Surrey’s most vulnerable residents.
6. Given the scale and complexity of change required to deliver better outcomes while balancing our budget, the council’s efficiency proposals for 2022/23 have been analysed to understand positive and negative impacts on residents from protected groups, particularly where they may be impacted by multiple efficiency proposals. The following groups have been identified:
  - Adults of all ages with physical and learning disabilities and their carers
  - Children and young people, including those with special educational needs and disabilities, and their families
  - Older adults and their carers
  - Women, particularly those who work in areas where they make up the majority of the frontline workforce
7. Certain efficiency proposals will lead to more positive outcomes for some of Surrey’s residents. For example, improved practice to support looked after children will support them and their families to live better lives, as well as improving the efficiency of services. Changes in practice in Adult Social Care will also lead to better outcomes, such as reshaping our learning disability services and encouraging more community-based care options, helping to support people to move from residential to supported independent living.

8. Some efficiency proposals are in a formative stage, and as proposals are finalised, the specific equality impacts will be considered by the relevant Cabinet Member and Executive Director before any final decisions are made.

## **Our Duties**

9. This analysis ensure Cabinet complies 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:
  - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
10. 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.
11. Members of the Cabinet must read each individual EIA (listed in paragraph 14) in full and take their findings into consideration when determining whether to agree the 2022/23 efficiency proposals. Having 'due regard' requires Members to understand the consequences of the decision for those with relevant protected characteristics and consider these alongside other relevant factors when making decisions. In addition, consideration of equality is an ongoing process and needs to take into account evidence from consultation and engagement activity and other data sources where appropriate.
12. '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, which are set out in the [Community Vision for Surrey in 2030](#) and the Organisation Strategy 2021-2026;
  - c. the [demographic pressures](#) facing the council's services including 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 2022/23 – Individual Equality Impact Assessments**

13. Officers have reviewed all efficiencies proposed for 2022/23 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 have been made available for review. Other proposals not included in this report where it is later realised there are equalities impacts, will require the completion of an EIA and the necessary approval before formal decisions are taken by the relevant

Cabinet Member and Executive Director.

14. There are four EIAs that have been made available to assist Cabinet and Council to give due regard to the proposals outlined in the budget. These have been reviewed by Cabinet to inform decision-making previously. EIAs available for review are:
- [Adult Social Care Transformation Efficiencies EIA](#) (approved by Cabinet Member for Adults and Health 11 January 2022)
  - [Libraries and Cultural Services Transformation EIA](#) (approved by Cabinet Member for Communities on 20 May 2021)
  - Twelve15 Restructure EIA (Approved by Head of Service 17 September 2021 – for further information, the service [should be contacted directly](#).)
  - [Single View of a Child Programme – replacement of existing case management infrastructure EIA](#) (approved by Programme Board 29 November 2021)
15. Some efficiencies within the 2022/23 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.
16. The following section assesses the proposed efficiencies for 2022/23 in a cross-cutting way and considers the cumulative impact of some of these changes on particular groups with protected characteristics.

#### **Surrey County Council Efficiency Proposals 2022/23 – Cumulative Impact**

17. Analysis of the EIAs, as well as potential impacts identified by officers as efficiencies are in development, shows that the groups with the potential to be affected by multiple changes by efficiencies in the 2022/23 budget are:
- Children and young people, including those with special educational needs and disabilities, and their families
  - Older adults and their carers
  - Adults of all ages with physical, mental and learning disabilities and their carers
  - Women, particularly those who work in areas where they make up most of the workforce

#### **Older adults and their carers, and adults of all ages with physical, mental and learning disabilities and their carers**

##### Adult Social Care

18. There are many positive changes to Adult Social Care (ASC) services for older and disabled adults of all ages in Surrey. They will be encouraged and supported to build upon their strengths by exploring what care and support family, friends and their local communities can provide to meet their needs. We will extend therapy led reablement to all client groups in a community setting, continue to reshape our learning disability services to offer more creative community-based options and to support people to move from residential to supported independent living. We will continue to improve mental health and care in Surrey and roll out technology enabled care to enable people to remain independent at home with the reassurance they and their family need etc.

19. Carers will also benefit, with access to information, advice and support at times which are convenient for them through our digital information and advice offer. Carers may also benefit from the reassurance offered by Technology Enabled Care, with the person they care for being supported by a monitoring and responder service.

<b>Potential negative equality impacts for older adults, adults with disabilities and their carers</b>
Some decisions on placements for older and disabled people needing residential and nursing care that are offered at a distance may lead to concerns for their family and support network. There may be concern about how care provided by family, friends and community networks can be quality assured and any safeguarding issues addressed.
There is likely to be increased demand for services provided by the voluntary, community and faith sector (VCFS) organisations we work with putting them under further pressure, potentially risking their sustainability and creating gaps in services for some of Surrey's most vulnerable residents.
There is a risk of reduced access to information, advice and services for digitally excluded residents who don't have access to equipment or are unable to receive support remotely.
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.

### Libraries

20. As we move to more of a co-designed approach to our library services with residents, and develop more modern libraries, there will be many benefits for Surrey residents. For example, for residents with disabilities the expansion of digital activities is likely to bring positive benefits for people who have mobility issues and are less able to travel to and access physical spaces.
21. A restructuring of staff is also currently underway in the Libraries service, with an EIA set to be updated based on the outcomes of the consultation.

<b>Potential negative equality impacts for older adults, adults with disabilities and their carers</b>
Older people would be more likely to be excluded from digital engagement processes due to higher levels of digital exclusion among this resident group. This is because of lower levels of internet access or digital skills in this cohort.
Relocating library provision may affect service accessibility (in terms of public transport or vehicular access) and result in some users not being able to travel as easily to access services or incurring increased travel costs.
People with disabilities affecting mobility may face increased problems due to potentially significant changes to travel arrangements.
The introduction of new digital software and related processes may affect the experiences of residents with visual impairments.
Potential equality impacts of the restructure include the impacts on staff from older age groups who could be disproportionately affected by this restructuring. With 54% of the workforce being over 50, it is likely those within this age bracket would see most significant changes.

## Heritage Service

22. It is anticipated that the Heritage Service will have a significant staffing restructure. The details of this are yet to be announced and the subsequent EIA will be completed in due course. If the restructure involved an overall reduction in staffing numbers, equalities impacts would need to consider the proportionate distribution of redundancies across protected characteristics.

<b>Potential negative equality impacts for older adults, adults with disabilities and their carers</b>
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The potential equality impacts that have been identified at this stage include that staff with disabilities may face detrimental changes to working conditions in the event changes to working style or structure are adopted.
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## **Children and young people, including those with special educational needs and disabilities (SEND), and families**

### Children's Social Care

23. The introduction of Liquidlogic's Early Years Management Education System (EYES) will support a link to be made with Liquidlogic Children's Services (LCS) and Early Help Module (EHM), which will enable Children's Services to have a single view of the child. This means children, young people, and their families only have to tell their story to services once, increasing their chances of getting the right support from the right services at the right time.
24. The arrangements for Looked After Children (LAC) as part of the wider Family Resilience Programme continue to ensure that all children with protected characteristics receive the right help at the right time as part of the continuing drive to improve services for children, young people and their families. We are strengthening our in-house foster care provision using practice approaches that enhance our support to foster carers and children, and so further improve stability and outcomes for our children in care.
25. These changes have positive equalities implications for the most vulnerable young people by focusing on minimising distress through supporting children to remain in their families and for those already in our care, to achieve their reunification with their family where it is appropriate to do so.
26. As part of this transformation work, we are proposing to further specialise the use of our children's homes. This includes restructuring staffing establishment in the homes to ensure there are enough suitably skilled staff to meet children's needs, including strengthening job descriptions and career progression opportunities. This change will likely have positive equalities impact by ensuring those with specific needs are able to receive the care that they need.
27. Any equality impacts of these changes to staff will be made clear and mitigated within the consultation period of the engagement. As part of the preparatory work for specialising the homes the service will undertake an EIA to consider the impact of the proposals on young people who are/may be affected.

<b>Potential negative equality impacts for children and young people</b>
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A restructure of the services for children and young people not in education, employment or training (NEET) is proposed, reducing what is offered by 15 per cent,
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to bring what we offer back into line with our statutory obligations. The revised service will prioritise statutory cohorts (for example SEND, Children Looked After, those supervised by YOS, etc.) which will result in a reduction in targeted support for those outside of these vulnerable cohorts. The potential negative impacts on equalities will mean that younger people who do not fit these criteria will miss out on support. This will likely have more severe impacts on children from lower income households.

### Libraries

28. Modernising buildings in Libraries and Culture and providing more flexible, welcoming spaces that can accommodate a range of services and partnerships will deliver better value for money for residents.

#### **Potential negative equality impacts for children and young people**

Reconfiguring entrances and internal spaces may impact on service accessibility and user experience, for example, young children and users with disabilities may have accessibility issues. Mitigations are being put in place to address these potential impacts including seeking specialist, expert advice and support to design accessible spaces.

### **Women, particularly those who work in areas where they make up most of the workforce**

#### Twelve15

29. An efficiency proposal that focuses on restructuring arrangements with Twelve15 will have equality impacts that we need to consider. Twelve15 is a department that provides a number of services for schools and academies, with the largest of these being their catering services. It operates a 'traded' model and relies on the commercial contracts it holds for its revenue streams. A significant reduction in the number of these contracts due to the highly competitive nature of the market has meant that Twelve15's revenue has dropped considerably, and they have thus had to rethink their business model to make their contract acquisition and retention policies more adaptable to market pressures.
30. The focus of this restructure is reducing the overall numbers of staff within the Twelve15 team. As this is an internal change there will be no direct impact to service users/ residents. There are no indications that any age group will be disparately affected, though those over 55 will receive immediate payment of pension benefits - mitigating any potential impact on the socio-economic situation of these staff members.

#### **Potential negative equality impacts for women**

It is acknowledged that there will likely be a disparate impact on the basis of sex. The workforce is 96.26% female, and as part of the restructure, 43/46 of those impacted will be female. Given the natural imbalance within the staff numbers, not just within Twelve15 but across the industry, this is not something that can be mitigated. Nonetheless the impact will disproportionately be felt by female employees.

### Libraries

31. A restructuring of staff is also currently underway in the Libraries service, with an EIA set to be updated based on the outcomes of the consultation.

**Potential negative equality impacts for women**

There is a negative disparate impact between the sexes. The workforce is 87% female, thus any major staff restructuring will likely have a disproportionate impact on female colleagues.

**Council tax and Adult Social Care Precept**

32. Although not an efficiency proposal, the Health & Social Care Levy, which is set by central government and is being funded through a 1.25 percentage points increase in National Insurance, has been assessed for potential equality implications, particularly for lower income households. This increase in tax, coupled with steep rises in the cost of living, will have a disparate impact on residents, depending on their current financial status.

**Potential negative equality impacts**

As of 2019, 10.7% of all households (53,000+) in Surrey were at or below the relative poverty line, with some areas of the county reaching as high as 26% of residents. Residents whose incomes are less stable will be more severely hit by any significant tax increases, whilst those with incomes tied to inflation, such as pensioners, will be better protected from significant cost of living and tax rises.

A rise in taxes and overall increase in the cost of living will have equality implications along socio-economic lines and across some protected characteristics. Families paying high care costs, due to looking after elderly relatives or those with disabilities, will already have higher than average household expenses, so will be more severely affected by slight drops in income. In addition, due to well-known earnings gaps between certain demographics, including women and those from ethnic minority groups, there is a risk that income disparities will widen.

**Mitigations**

33. Services have developed a range of mitigating actions that seek to offset impacts of efficiency proposals on residents and staff with protected characteristics. Further details on specific mitigating activities can be read in the EIAs appended to this report.
34. 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, consultation and engagement 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 deciding what can be done collectively to improve outcomes.
  - b. Investing in preventative activity to help enable better outcomes earlier and avoiding having to resource high-cost intensive activity that leads to greater pressures on our budget.

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- c. Undertaking ongoing evaluation of the impacts of changes to services so we can build further evidence, and update our EIAs, on who is affected by them, to refine and strengthen the mitigations that are in place and to document and respond to unforeseen negative impacts.
  - d. 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.
  - 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 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.
  - g. 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.
  - h. Engaging with the VCFS to help support potential gaps in services that might be created as a result of efficiencies. These charities and voluntary organisations have proven themselves effective in identifying where issues can arise in current service provisions as well as in their ability to deliver early intervention work.
  - i. Working with District and Borough Councils to ensure their Council Tax Support Schemes are able to assist economically vulnerable households to offset any significant financial difficulties that might arise as a result of Council Tax increases.

## **Conclusion**

35. 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 EIA 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.
36. This report has summarised the main themes and potential impacts on residents arising from efficiency proposals for the 2022/23 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.
37. **This report must be read in conjunction with each individual EIA**, as provided in Background Papers to the Cabinet Budget report.





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Standard	Statement		Score	Improvement areas
1 The responsibilities of the CFO and leadership team	A	The leadership team is able to demonstrate that the services provided by the authority provide value for money <i>'Putting place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.'</i>	4	Clear and consistent understanding of VFM, including mechanisms to promote VFM Minor improvement recommendations from Grant Thornton's Value for Money Review which will remain qualified until the OFSTED rating of Children Services is reviewed
	B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government	5	n/a
2 Governance and financial management style	C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	5	n/a
	D	The authority applies the CIPFA/SOLACE (Society of Local Authority Chief Executives) Delivering Good Governance in Local Government: Framework (2016)	4.5	Tightening of the robustness of the assurance process to support the AGS
	E	The financial management style of the authority supports financial sustainability	4	Continuing to improve financial literacy and accountability across the organisation
3 Long to medium term financial management	F	The authority has carried out a credible and transparent financial resilience assessment	5	n/a
	G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	4.5	Further developing a robust approach to financial scenario planning, including modelling of the impact of the Fair Funding Review
	H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	4.5	Review of MRP based on External Auditors comments (included in the 2022/23 MRP Policy)
	I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	4	Full roll-out of the twin track approach will enhance our approach in this area
4 The annual budget	J	The authority complies with its statutory obligations in respect of the budget setting process	5	n/a
	K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	5	n/a
5 Stakeholder engagement	L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	5	n/a

and business plans	M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	4	Ensure that recently developed option appraisal methodology and guidance are rolled out and adopted across the organisation.
6 Monitoring financial performance	N	The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	4	Reporting the performance of the authority's significant delivery partnerships such contract monitoring data. Enhanced approach to performance reporting implemented to Corporate Leadership Team, including insights from similar organisations.
	O	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	5	n/a
	P	The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom	5	n/a
	Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	5	n/a

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Leadership	Accountability	Transparency	Standards	Assurance	Sustainability
A	D	L	H	C	E
B	P	M	J	F	G
O	Q		K	N	I

**Key to principles:**

Organisational **leadership** - demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.

**Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.

Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.

Adherence to professional **standards** is promoted by the leadership team and is evidenced.

Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.

The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

**SURREY COUNTY COUNCIL****CABINET****DATE: 25 JANUARY 2022****REPORT OF CABINET MEMBER: MARISA HEATH, CABINET MEMBER FOR ENVIRONMENT****LEAD OFFICER: KATIE STEWART- EXECUTIVE DIRECTOR, ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE****SUBJECT: CHANGES TO SURREY'S COMMUNITY RECYCLING CENTRE POLICIES****ORGANISATION STRATEGY PRIORITY AREA: ENABLING A GREENER FUTURE****Purpose of the Report:**

To seek approval for a number of changes to the Community Recycling Centre (CRC) operating policy in advance of the main waste disposal re-procurement that align to our strategic priorities and are designed to increase operational efficiency, simplify policy for residents, and respond to customer feedback.

**Recommendations:**

It is recommended that Cabinet approve:

1. Allowing users of pickups, trailers or vans registered on the SCC permit scheme to bring chargeable construction waste to the nine CRCs that currently accept it.
2. Restricting the use of all Surrey CRCs to Surrey residents only, requiring proof of identify to gain entry, to ensure Surrey are only paying for waste we have a legal duty to dispose of.
3. Temporary COVID measures allowing residual waste to be accepted at the four 'Recycling Only' CRCs be made permanent.

**Reason for Recommendations:**

There is currently an anomaly in the CRC operating policy that allows a resident with a car to bring in chargeable construction or DIY waste to CRC sites but does not allow residents who have a permit for a van, pickup, or trailer to bring in the same waste.

Construction and DIY wastes are not considered household waste. Residents are allowed to bring certain construction and DIY waste into nine CRCs by car and dispose of it for a charge. The original rationale for not allowing vans, pickups, and trailers to be used was to reduce the risk of trade waste abuse through limiting capacity of vehicles permitted.

Changing the policy to allow users of permitted vans, trailers, and pick-ups to bring chargeable construction and DIY waste to the nine CRCs that operate the chargeable waste scheme will make the policy simpler for residents and more consistent. Trade waste will still be banned from CRCs

Secondly, most waste disposal authorities that border Surrey have now introduced resident only policies at their CRC sites preventing Surrey residents from using them. To ensure that that SCC are only paying for waste they have a legal duty to dispose of it is recommended that a Surrey resident only policy is also implemented at Surrey CRCs.

Finally, during the Covid pandemic residual waste containers were reintroduced at the four 'recycling only' Surrey CRCs as a means of reducing congestion at other CRCs caused by social distancing measures. Tonnages of residual waste across Surrey have not increased because of this measure, therefore it is recommended that SCC retains these temporary arrangements mainly as a means of reducing car travel undertaken by residents who currently have to travel longer distances to CRC sites that do accept residual waste.

## **Executive Summary:**

### **Context**

1. Surrey County Council are currently part way through the 'Rethinking Waste' transformation programme. The Rethinking Waste programme will set the future strategic direction for the waste disposal service through the waste disposal service re-procurement due September 2024. The programme seeks to move the county to a circular economy model, minimising the waste created and maximising the value of the waste that is created through an increase in the reuse and recycling of such waste, and to ultimately drive toward a more environmentally and financially sustainable model for managing waste and resources.
2. The Programme, working closely with district partners and the market, will also make recommendations to respond to some potentially significant changes arising from the emerging national Resources and Waste Strategy.
3. However, in advance of the re-procurement, and as a result of customer feedback, the impact of COVID and some external changes to policy made by neighbouring waste disposal authorities that has impacts for SCC, several changes to CRC operating policy are being recommended for earlier implementation. These changes will improve the CRC service for residents, whilst also promoting the objectives of the Rethinking Waste Programme. The table below provides further information on the fit with waste service strategic priorities.

### **The proposed policy changes**

#### **Van, pickup and trailer permit scheme terms and conditions**

4. The current SCC van permit policy prohibits any construction waste being brought into our CRCs in a van, pickup, or trailer. However, our chargeable waste scheme allows car drivers to bring in rubble, soil, plasterboard, and other inert material on payment of a charge. Customer feedback has highlighted that some customers find this policy restrictive and for ease would like to be able to also bring this material in by van, pickup, or trailer. It is therefore proposed to remove this restriction.
5. The existing charging scheme recovers the costs of receiving these materials at a CRC and infrastructure and staff are already in place making this change to allow vans, pickups, and trailers to bring chargeable construction waste to CRCs cost neutral for the council.

6. The restrictions on tradespersons would remain in force and anyone driving a van or pulling a trailer which is suspected of carrying trade waste would be prevented from entering using current measures and tests. This is because the CRC planning consents currently restricts use of the sites to householders and many sites do not have capacity to accept trade waste. Suez, SCC's waste contractor already provides a trade waste service at Epsom, Guildford, and Leatherhead waste transfer stations.

### **Surrey resident-only CRCs**

7. Currently five CRCs already have a 'Surrey residents only' policy in response to neighbouring councils who have adopted 'resident only' policies or have implemented booking systems that restrict entry to residents only. These include Hampshire, Berkshire, West Sussex, and Kent. Neighbouring London boroughs have also operated resident-only policies for some time.
8. A survey in 2017 identified that 13% of the users of Camberley and Farnham CRCs came from Hampshire or Berkshire therefore because of the policy we would expect the CRCs to become less busy and that we would have reduced costs and less material to deal with.
9. A Surrey Resident scheme already operates effectively at the Shepperton, Epsom, Warlingham, Caterham and Camberley CRCs. At these sites, proof of residency such as driving licence or utility bill is requested at a resident's first visit of the year to a CRC, at which point a windscreen sticker is provided as proof of residency for the remainder of that year. Site staff will allow a vehicle displaying the windscreen sticker entry to the site without having to do a repeat of the residency checks for subsequent visits, thereby reducing the queuing that might otherwise result to a minimum and reducing inconvenience for the resident. This existing resident scheme can be extended to all CRC sites across Surrey without any substantive additional staff or infrastructure costs.
10. It would be preferable for resident convenience and environmental reasons related to longer distances travelled by car for residents to be able to visit the CRC site nearest to their homes, irrespective of administrative boundaries. However, SCC officers have been unable to broker cost sharing mechanisms with neighbouring authorities to enable this, with the exception of West Sussex CC who allow the continued use of their East Grinstead site for residents from the South East of Surrey in return for a payment to cover costs. In addition, we have an arrangement with Windsor & Maidenhead Council for their residents to use the Bagshot CRC for a charge and it is proposed that this remains in place.
11. Therefore, to ensure that SCC are only paying for waste for which it is legally obliged to dispose, it is recommended that the council adopt a similar resident-only approach at all CRC sites.

### **Residual waste facilities at 'Recycling Only' CRCs**

12. Residual waste facilities were removed at Bagshot, Cranleigh, Warlingham and Dorking CRCs in May 2019 following a Cabinet decision in January 2019. In March 2021, Cabinet agreed to reintroduce residual waste facilities for a period of up to 12 months to alleviate traffic congestion at other sites during the Covid response resulting from social distancing measures.
13. It should be noted that the reintroduction of residual waste facilities at these four sites has not led to an increase in the overall amount of residual waste generated from the

CRC service. Annexe 1 gives more detail. The four sites between them, handle just 6% of the total amount of waste and recycling collected at our CRCs and therefore any change, if detectable, is likely to be minimal.

14. Social distancing measures have now ceased and therefore a decision needs to be made about the temporary residual waste facilities at the 'recycling only' sites.
15. The permanent reintroduction of residual waste containers will increase the offering at these CRCs without additional costs. Evidence suggests that when the recycling-only sites were introduced, the sites became less frequented, whilst other sites that accepted residual waste became busier. Offering a residual waste facility at all sites will reduce customer journey distances and increase efficiency of operation leading to an increase in customer satisfaction.
16. There is also the potential to reduce distances travelled by car to CRCs by residents of Dorking, Cranleigh, Warlingham and Bagshot. These are all significant population centres and Cranleigh is about to have an additional 1,800 households built at Dunsfold creating additional need.
17. In addition, the opportunity to introduce black bag sorting at these four additional sites as well as the other eleven CRCs. Black bag sorting is a valuable method employed to increase recycling and reduce residual waste by removing by hand obvious recyclables from the black bag.
18. Therefore, on balance of the evidence, it is recommended that there is a permanent reintroduction of residual waste containers at these four sites.

#### **Consultation:**

19. There has been no public consultation, but the majority of the changes are a direct result of customer feedback. In addition, district and borough colleagues will be engaged regarding these changes to ensure smooth implementation.
20. The report will be taken to the January Environment Select Committee

#### **Risk Management and Implications:**

21. There is a risk that by accepting vans and trailers with chargeable construction waste this may lead to other types of construction being brought to the sites in vans and trailers. The van permit terms and conditions will however make it clear that these other types of construction waste are not permitted to be brought to the site, and CRC staff will be present to monitor usage and to enforce the council's policy of refusing drivers of vans and trailers to deposit any construction waste that does not fall within the remit of the charging scheme. As the council holds personal details of all van permit holders, any issues that arise can be followed up after the event by officers.
22. The reintroduction of residual waste containers at the four 'recycling only' sites may encourage residents to bring more residual waste than might otherwise be the case if they were to revert to recycling only sites. However, evidence suggests that this has not been the case since the introduction of the policy change for these sites to accept residual waste from April 2021 and officers will continue to monitor residual waste quantities at all sites accordingly. It should also be borne in mind that in the case of Cranleigh a significant housing development of several thousand houses is likely to



start soon which will distort this pattern and place an additional need for residual waste arrangements in this part of the county.

#### **Financial and Value for Money Implications:**

23. It is not expected that the overall tonnage of residual waste will increase as a result of accepting residual waste at the four small CRCs on a permanent basis and therefore there should be no cost implications for the council. This assessment is based on the fact that we have not seen any overall increase in tonnage since residual waste containers were re-introduced in April 2021.
24. We will allow van and trailer users to deposit chargeable construction waste but the cost of managing this will be covered by the charges we levy and there will be no increase in administration costs.
25. By restricting the use of our sites to Surrey residents only we are likely to see a reduction in overall tonnage and costs

#### **Section 151 Officer Commentary:**

26. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term. The measures recommended are not expected to result in a significant change to costs, although this will continue to be monitored. As such, the Section 151 Officer supports the proposed approach.

#### **Legal Implications – Monitoring Officer:**

27. The Council is a Waste Disposal Authority. Under the Environmental Protection Act 1990 the Council has a duty to provide places at which residents may dispose of household waste free of charge. The Council has a power to charge for the disposal of non-domestic waste.
28. The proposals to allow users of pickups and trailers to bring chargeable waste and to extend the number of sites that accept residual waste are decisions that the Council can make and will provide a better service to residents.
29. The Council does not owe duties to residents of neighbouring local authorities and can therefore lawfully restrict the use of its CRCs to Surrey residents.

#### **Equalities and Diversity:**

30. An Equality Impact Assessment was included in the Cabinet report of 29 January 2019 and reviewed as part of the Cabinet paper of 27 October 2019. The re-

introduction of non-recyclable materials to the four community recycling centres will have no material impact on the findings of the earlier Equality Impact Assessments.

**Other Implications:**

31. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	None
Safeguarding responsibilities for vulnerable children and adults	None
Environmental sustainability	None. Residents will continue to be encouraged to recycle as much waste as possible through provision of comprehensive recycling facilities at all community recycling centres and non- recyclable waste will continue to be treated in the most sustainable way, avoiding the use of landfill where possible.
Compliance against net-zero emissions target and future climate compatibility/resilience	Residents will have less far to drive to dispose of their waste therefore reducing transport related carbon emissions.  Minimising waste in the first place and reusing and recycling as much of what is left provides the greatest contribution to reducing greenhouse gas emissions and this will continue to be strongly encouraged at the CRCs.
Public Health	None.

**What Happens Next:**

32. Subject to agreement by Cabinet of these recommendations, the changes will be made as follows,

- a. The change to the van permit policy to allow chargeable construction waste to be brought in vans and trailers will be publicised and implemented by 31 March 2022
- b. The resident-only policy will be publicised and implemented across all CRCs by 31 March 2022
- c. The CRCs at Bagshot, Warlingham, Cranleigh and Dorking will accept residual waste on a permanent basis

**Report Author:** Richard Parkinson, Resource and Circular Economy Group Manager  
07968 832517

**Consulted:**

Member for Environment, Waste and Climate Change

Cabinet members and the council's Corporate Leadership Team.

**Annexes:**

Annex 1 – Trends in residual waste tonnages at CRCs

**Sources/background papers:**

Cabinet Agenda and Minutes 29 January 2019

Cabinet Agenda and Minutes 30 March 2021

## Annex 1 - Trends in residual waste tonnages at CRCS

Tonnages of residual waste accepted at the CRCs for the period January to October 2021 are shown in **Table 1** below.

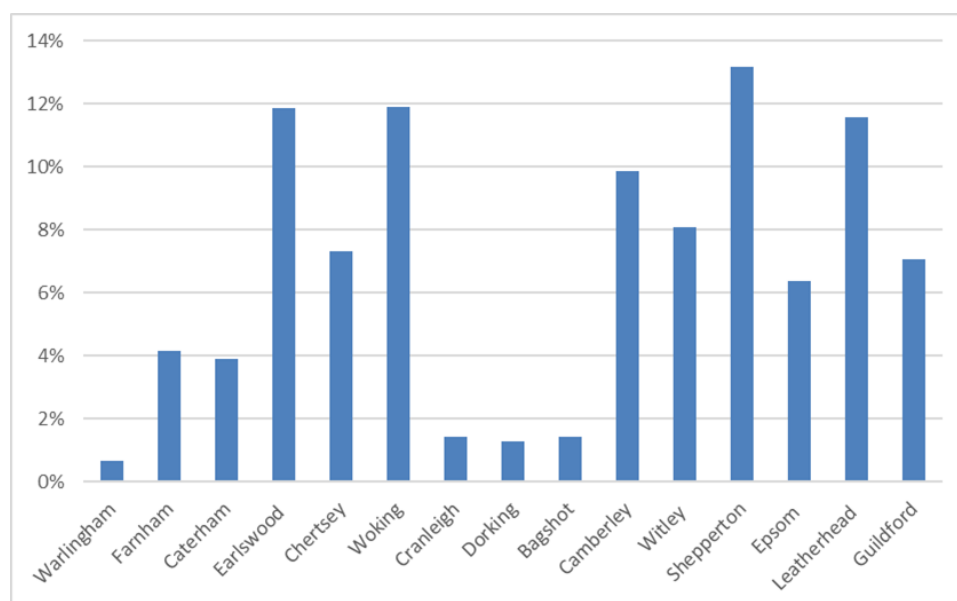
**Table 1: Tonnages of residual waste taken at CRCs during 2021**

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21
Warlingham	-	-	-	10	7	13	17	15	17	12
Farnham	66	71	144	83	89	75	76	100	72	66
Caterham	67	82	103	118	52	80	66	104	43	66
Earlswood	225	262	325	302	227	229	238	245	185	180
Chertsey	148	140	175	174	123	164	148	142	127	110
Woking	221	222	247	247	209	236	242	236	231	211
Cranleigh	-	-	-	20	26	30	26	32	30	29
Dorking	-	-	-	17	21	28	14	32	38	25
Bagshot	-	-	-	20	23	27	30	32	31	29
Camberley	205	162	220	194	173	195	199	208	187	182
Witley	227	191	207	166	156	172	149	157	151	140
Shepperton	273	336	292	274	293	220	278	297	221	200
Epsom	127	123	144	126	127	108	124	145	118	115
Leatherhead	222	216	283	247	217	242	224	245	203	187
Guildford	130	132	147	130	130	124	142	164	133	133
	1,913	1,937	2,285	2,127	1,875	1,943	1,974	2,155	1,786	1,685

There does not appear to be any increase in tonnages because of introducing the residual waste arrangements at the 'recycling only' sites. Interestingly the highest monthly total of residual waste for the year to date was in March, the month preceding the reintroduction of residual waste at these sites. The amounts of residual waste at the 'recycling only' sites have remained at a relatively constant level since April 2021 and certainly do not suggest a pattern of growth.

The amounts of residual waste collected at each of the CRCs between April and October 2021 is shown in **Figure 1** below. This shows that the four small CRCs dealt with significantly less residual waste than the other larger CRCs. Collectively these four sites managed only 4% of the residual waste collected during this period.

**Figure 1. Contribution of each CRC to total residual waste across Surrey CRCs**



**SURREY COUNTY COUNCIL****CABINET****DATE: 25 JANUARY 2022****REPORT OF CABINET MEMBER: MATT FURNISS – CABINET MEMBER FOR TRANSPORT & INFRASTRUCTURE****LEAD OFFICER: KATIE STEWART – EXECUTIVE DIRECTOR FOR ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE****SUBJECT: SURREY PUBLIC ELECTRIC VEHICLE CHARGEPOINT PROCUREMENT PLAN****ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE/ EMPOWERING COMMUNITIES****PURPOSE OF THE REPORT:**

As the transition to Electric Vehicles (EV) continues to grow, the demand for on-street or publicly accessible chargepoints will increase, particularly in the light of the Government's 2030 deadline for a ban on new internal combustion engine only vehicle sales. Surrey County Council (SCC), as the highway authority, is uniquely positioned to oversee the installation of public EV chargepoints and has already commenced pilot chargepoint installations with the need to scale up delivery now increasing. After exploring the range of options, a long-term sole supplier agreement through which a private company would fund a large-scale installation programme across Surrey has been identified as the preferred option. This would be supported where necessary with Government grant support and where appropriate, with limited initial SCC capital funding to help to achieve a comprehensive and equitable network of chargepoints.

**RECOMMENDATIONS:**

It is recommended that Cabinet:

1. Agree that SCC undertake a procurement exercise with the aim of appointing a single supplier to work in partnership with the Council and its Key Delivery Partners to deliver public EV chargepoints at a large scale across Surrey.
2. Agree to receive a further report to Cabinet (in Q3 of 2022) to ask for a decision to proceed once the outcome of the procurement exercise is known.

**REASONS FOR RECOMMENDATIONS**

The recommendations will enable the development and delivery of the vital EV public charging infrastructure necessary to support the transition away from petrol and diesel cars to electric for those without access to other means of charging. The long-term sole supplier proposal will enable the Council to work in partnership with District and Boroughs and the opportunities to offer access to other public sector and community partners including the NHS. This would offer increasingly consistent and interoperable chargepoints for EV users in Surrey. This arrangement would target on-street locations and off-street car park locations. The contract would be fully funded in most locations by the supplier in return for the supplier retaining the majority of the revenue. In some cases more profitable sites would cross-subsidise less commercial locations. Additionally, some sites may be supported by government and where justified SCC funding to achieve a geographically and socially equitable chargepoint network.

## EXECUTIVE SUMMARY:

### Background

1. Against the background of the Government announcing a ban on the sale of new petrol and diesel cars by 2030 and hybrid petrol and diesel cars by 2035, the availability of the charging facilities for electric vehicles is ever more important. This will form one important strand of Surrey's Climate Change Delivery Plan with its ambition of reaching our goal of net zero carbon emissions as a county by 2050. The SCC's Electric Vehicle Strategy of 2018 set out a core aim of delivering a Surrey-wide approach to encourage the transition from petrol and diesel vehicles to electric vehicles as part of a sustainable transport system.
2. Transport contributes 41% of 6.5 million kt of emissions from Surrey. The Climate Change Delivery Plan approved by Cabinet in October 2021 sets out targets to reduce 16% to 31% of transport emissions from private vehicles and 16% to 31% from freight vehicles by 2025. Reducing these emissions by supporting infrastructure for zero emissions vehicles like chargepoints is key to enable this reduction.
3. To that end, Surrey's draft Local Transport Plan 4 has identified as one of its top priorities improving emissions intensity and the energy efficiency of vehicles, specifically to promote zero emissions and smaller vehicles. As the highway authority, SCC is in a unique position to deliver public chargepoints on-street where a need exists and provide contractual access to many other organisations for car park installations.
4. Early adopters of EVs have generally had provision to charge whilst parked off-street at home. Further, the private sector are delivering many chargepoints which provide mainly top up charging at destinations such as supermarkets and a number of rapid charging hubs for in-journey charging. However, as demand for electric vehicles grows, the estimated 40% of UK households that do not have off-street parking require additional support through the provision of accessible public chargepoints in their locality.
5. Research commissioned by the Council in 2020 highlighted the forecast demand of up to 10,000 public EV chargepoints in Surrey by 2030 and identified a number of potential business models for delivery of a proportion of these public EV chargepoints by local authorities.
6. Since that time, SCC has been building experience in delivery of public EV chargepoints through pilot EV chargepoint installations in a Local Enterprise Partnership scheme which is expected to achieve almost 80 chargepoints by the end of Q1 of 2022. Further chargepoints are the subject of a grant application to Government through its On Street Residential Chargepoint (ORCS) fund which provides up to 75% of funding for chargepoints installed in areas close to residences without off street parking. It is hoped this will deliver more than a further 100+ chargepoints in 2022.
7. The main finding of our pilot projects is that if we maintain or even increase this current rate of installation in coming years based on this more ad hoc model, it will not achieve the scale of increase in public chargepoints required. A more ambitious approach is therefore needed.
8. Following soft market testing with a wide range of chargepoint operators, discussions with pioneer local authorities around England and using the business models identified in the 2020 research report, the SCC EV project team undertook a strategic options assessment to advise on the best way forward.

## Surrey Public EV Chargepoint Roll Out – Option Selection

9. The Strategic Option Assessment, see Annex 1, was conducted in May 2021 to support decision making on the nature of the business model most likely to deliver a mass roll out of EV chargepoints. Experience of existing service arrangements and political and cultural preferences can often influence perceptions of future service delivery models. To mitigate against undue bias, the EV project team along with a broad range of other experienced stakeholders were asked to evaluate the potential future service models for the establishment of a public EV chargepoint network.
10. The appraisal was carried out through Orbis Procurement in association with Proving Services (based at Cranfield University).
11. The models part funded by either single or multiple private sector suppliers ranked highest. There was a consensus that these options would significantly reduce the investment required by the Council, provide the flexibility of approach needed to best meet the changing needs and behaviours of residents whilst retaining the appropriate level of Council control and potential for income generation.
12. The assumption was made that 'part funded' could mean obtaining a significant contribution through Government funding, currently in the form of the On-street Residential Charging Scheme; in addition, there is the option of the Council committing to providing part capital funds itself.
13. Through research and outreach to other local authorities, officers were made aware of a relatively advanced plan by a neighbouring authority to procure a sole concession for a large scale EV chargepoint roll out in which Surrey could participate. However, despite the arrangement offering a generally good fit for our purposes, our due diligence process revealed a risk that the contract ceiling value was not sufficient for our needs which guided against taking this route.
14. That said, investigating this concession arrangement showed that a range of chargepoint equipment can be effectively procured through a single supplier rather than more complex arrangements of operating multiple contracts to achieve the same goal.
15. The nature of the partnership and the specification of the concession investigated demonstrated that a long-term sole supplier agreement can offer good commercial and delivery terms, which supports the assessment that the part funded sole long-term arrangement meets Surrey's needs.

## Rationale and Structure of Proposed Sole Supplier Long Term Arrangement

16. The fundamental benefit of a county-wide sole supplier long term arrangement is the opportunity to scale up installation numbers far beyond the capability of SCC alone.
17. Under this arrangement Surrey County Council would be the lead party with any participating Borough or District named as a Key Delivery Partner. Other Collaborating Organisations with suitable public sector or community car parking locations including the NHS could also participate.
18. In addition to this core benefit, the arrangement also offers lower risk than other potential models, given that it allows the Council to outsource delivery to an organisation that is commercially driven to meet demand.
19. The supplier would typically fully fund, operate and maintain Fast (7KWH or 22KWH) and a more limited number of Rapid (50+KWH) chargepoints across Surrey. Chargepoint

locations will embrace a range of needs from town centre visitors and shoppers to on street residential charging, these will be both on-street and in car parks. Flexibility would be included to enable the provision of alternative chargepoint equipment where suitable and the ability to adopt new chargepoint technologies as they become available.

20. There would be a requirement for the supplier to propose a blended approach of chargepoint sites covering less commercially attractive locations to achieve a comprehensive and socially equitable network.
21. During the first year of the arrangement a long term, Network Delivery Plan would be developed by the supplier under the close management and cooperation of SCC and all other partners. Councillors and residents would be encouraged to engage in this process by proposing EV chargepoint locations. The plan, to be approved by the Strategic Management Board (see para 31) after one year, would continue to be iterated over the lifetime of the contract.
22. The Council will seek government grant funding and will consider contributing from the Council's own capital pipeline, subject to the case being made for this funding once a chargepoint network plan is developed.
23. The equipment would have to demonstrate discreet and attractive design, ease of use, and durability.
24. Tariffs would be subject to competition but are expected to be at or below market average for the duration of the contract. Tariff changes will have to be proposed to and reviewed by the Strategic Management Board, see para 31.
25. Although operated by the supplier on a commercial basis, the County and Key Delivery Partners would receive a share of gross revenues. The proportion of revenue return would be the subject of the competitive tender.
26. The proportion of on-street and car park chargepoints would be a matter of ongoing assessment and network planning.
27. The maximum contract term of operation is yet to be decided but it is expected to be no longer than 15 years extendable by a further 5 years. This length of term would offer sufficient return on investment for a supplier to offer the necessary commitment to the scale required. It may be possible to include an earlier break point for new chargepoint installations allowing existing chargepoints to be operated for the full term of the contract whilst offering the flexibility of being able to select an alternative supplier.
28. The supplier would be responsible for all management, maintenance and necessary technology upgrades both of the chargepoint equipment and user interface software.
29. The arrangement would offer the flexibility for SCC or partners to purchase compatible chargepoints to be installed in offices or depots where required.
30. Decommissioning at the end of the contract will be the responsibility of the supplier, removing all above ground equipment if requested and returning each site to its original state. Ownership of all cabling and power connections will transfer ownership to SCC and the Key Delivery Partners. However, there would also be an option to transfer ownership and management of existing SCC chargepoints to the management of the new supplier should it be decided this was in SCC best interests.
31. The contract would be governed by an Operational Board, chaired by the Contract Manager from SCC, for day-to-day decision making, overseeing installations, managing revenues and other routine project management. A Strategic Management and Project



Assurance Board, chaired by the Director of Infrastructure, Planning & Major Projects for SCC would be the senior management body with representatives from SCC, Key Delivery Partners and the supplier. It would be responsible for more strategic decisions such as approving the network plan and considering changes to tariffs. This would, in turn, report into the Surrey Infrastructure Programme Board, as established by Cabinet in October 2021 as a result of recommendations made in the Surrey Infrastructure Plan report.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

32. This approach offers a lower level of risk than other business models as the County's financial investment and therefore financial exposure is limited. However, the contract length of 15 years does present some risk as the circumstances of demand, technology and EV charging habits will likely change over the period of the contract, given the pace of change in EV technology and related infrastructure. This risk is mitigated in the following ways:
- The supplier has a commercial interest in adapting to the developing situation and carefully managed by the Strategic Management Board should be able to react to such changes, such as changing demands or trends in technology.
  - Where the supplier declines to install in any given location the concession allows the council to then engage other service providers. The long-term nature of the partnership proposed is intended to offer the scale of installations that would support a blended approach of sites of differing commercial values.
  - All proposed locations would require the specific authorisation of the council and partners before installation.
  - The risks of operating costs, user demand, maintenance, technology advances will all sit with the supplier
33. There is also a risk that a supplier could cease to trade, the mitigation for which would be a contingency plan developed with the supplier for termination for default.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

34. The value of contract will depend on the nature of the contract, one option would be a concession which is valued on the total turnover of the supplier concessionaire generated over the duration of the contract, net of value added tax, as estimated by the contracting authority or utility, in consideration for the works and services which are the object of the concession contract and for the supplies incidental to such works and services, estimated to be in the region of £280m. Alternatively, if we call off from an existing framework agreement contract arrangement to deliver the same services with similar financial arrangements, the value would be based on the capital invested in the project which might be around £28m. The amount invested by the supplier and the amount the Council contributed would be the same in either instance.
35. For the majority of public chargepoint installations delivered through the proposed model, the arrangement will require no capital funding from Surrey or its partners. Where a commercial case is difficult to demonstrate, grant funding, for example, through the Government's On-Street Residential Chargepoint Scheme (ORCS) would be applied for and further applications would be made to any successor scheme offered by the Offices for Zero Emission Vehicles (OZEV).
36. Where such grant funding is not possible and particularly in the first few years of the contract, the Council will have the option of investing its own capital funds in order to achieve chargepoints in otherwise uneconomic locations to improve equitable access across the County. Capital funding would be restricted to the amounts allocated for that purpose in the Council's capital pipeline which currently stand at £5m across 2022-27.

37. The Council and Key Delivery Partners would receive a proportion of gross revenue from the delivery of the chargepoints, but it is difficult to predict at this stage the likely levels of this return. However, it is expected that the revenue received would cover the administration of the contract by the County and should provide additional funds that the County and its partners may choose to reinvest in the chargepoint network, or otherwise, as it wishes. As the EV transition gathers pace, revenue will increase as chargepoint numbers and utilisation of each charger grows.
38. Current policy is that parking fees would continue to be collected in EV bays on top of any tariff for charging. The changes in demand for EV and non EV bays may have some impact on parking revenues; however, this is difficult to predict. The Strategic Management Board would be responsible for monitoring of overall revenue impacts and would propose any necessary changes to policy to safeguard existing revenue streams.

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

39. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
40. The Section 151 Officer supports the recommended approach, which ensures that appropriate risks such as technology and demand are managed by the selected supplier. Further financial information will be provided following the procurement process and prior to a decision to proceed. This will include the extent to which the Council may need to support the installation of chargepoints through the capital programme and the Council's expected administration costs and its share of income, including any impact on existing parking revenues. These financial implications will be factored into the Medium Term Financial Strategy as necessary.

#### **LEGAL IMPLICATIONS – MONITORING OFFICER**

41. Legal Services will assist and provide legal and procurement advice, as required, with this procurement to ensure that the Council complies with The Public Contracts Regulations 2015, as amended, or The Concession Contract Regulations 2016, as appropriate, and the Council's Procurement and Contract Standing Orders.
42. Legal Services will also advise on the contract and will make arrangements to have the contract executed by the parties.

#### **EQUALITIES AND DIVERSITY**

43. The decision in this report does not have any equality impacts; however, an Equality Impact Assessment (EIA) will be undertaken as part of the contract.

#### **OTHER IMPLICATIONS:**

44. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	No significant implications arising from this report
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report
Compliance against net-zero emissions target and future climate compatibility/resilience	This roll out of EV chargepoints will make a considerable contribution to the net zero emission target as it will facilitate increased ownership of electric vehicles including the release of suppressed demand where drivers in Surrey are currently deterred from EV ownership due to lack of access to convenient charging facilities. The Transport sector in Surrey contributes 41% of the 6.5 million Kt of carbon emissions in Surrey, the climate change delivery plan has set targets to reduce emissions by 16%-31% from private vehicles, and 16-31% commercial goods vehicles will need to be achieved by 2025. Using electric vehicles for transport reduces about 78% of travel emissions compared to using petrol or diesel vehicles. Installation of EV charging stations in Surrey will support the needed emissions reductions for the transport sector. Installing the charging points will lead to embodied carbon and operation carbon which will be reduced through working with the contractor to ensure the construction phase minimises emissions and explore greener sources of energy to supply the charging points. At design, positioning and implementation stage the charge points will be future proofed to make sure they are not impacted by expected climate change impacts like flooding that would affect the functioning of the charge points.

#### **ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

45. An Environmental Sustainability Assessment (ESA) will be undertaken for this contract.

#### **PUBLIC HEALTH IMPLICATIONS**

46. The recommendations put forward in this report will support and facilitate the transition for residents from petrol and diesel vehicles to EVs, which will make a major contribution to improving air quality and reducing harmful pollutants.

#### **WHAT HAPPENS NEXT:**

47. SCC will progress a procurement to put in place a long-term sole supplier arrangement. Procurement activities will proceed immediately following the decision by Cabinet with the intention of an appointment by September 2022. Once the contract is in place, the roll-out of EV chargepoints will commence building on the current roll-out being undertaken through the pilot phases.

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**Consulted:**

Major Project Board – 9<sup>th</sup> November 2021

Districts & Borough Councils Surrey EV Forum – July to Nov 2021

**Annexes:**

Annex 1: Strategic Options Appraisal

**Sources/background papers:**

Future Options Appraisal Workshop: Summary of Findings for Electric Vehicle Chargepoint Business Model – July 2021

Electric Vehicle Strategy – Surrey Transport Plan - 2018

## Annex 1 – Strategic Options Appraisal – Summary of Findings

### Executive Summary

<b>Title</b>	<b>Future Options Appraisal Workshop: Summary of Findings</b>
<b>Service Area</b>	<b>SCC Electric Vehicle Charging Programme</b>
<b>Date</b>	July 2021
<b>Author</b>	Lee Redmond – Head of Contract & Commercial Advisory - Orbis Procurement
<b>Document Version</b>	1.6
<b>Distribution</b>	

The Electric Vehicle (EV) sector is evolving rapidly and the switch to and adoption of EVs for both private and public use is set to grow significantly over the next decade. This is being fuelled by ever increasing environmental pressures, the introduction of new regulations and the pace at which industries are innovating.

The KPMG report of July 2020 helped to highlight the challenges faced in Surrey and began to explore the business models that could underpin the future models of delivery. This report seeks to assess each of those business models against SCC's strategic objectives and measure how well each model scores against both attractiveness and achievability factors such as affordability and capability.

Experience of existing service arrangements and political and cultural preferences can often influence perceptions of future service delivery models. To mitigate against undue bias, the EV Project Management Team along with other experienced stakeholders were asked to evaluate the potential future service models for the establishment of an EV charging network. At these workshops, participants were able to view potential arrangements more objectively.

### Why we use the Proving Strategy Formulation Framework

Orbis Procurement and Proving Services (based at Cranfield University) are engaged in a collaborative relationship underpinned by a commercial agreement. Proving has researched, designed and developed a rigorous and comprehensive framework for the formulation of effective strategies which Orbis Procurement are now able to adapt and deliver for the benefit of the authority.

This report sets out some of the observations, conclusions and begins to rank the preferred future delivery models identified through the Strategic Options Appraisal workshops.

### Initial Results

The top ranked models overall, **Part Funded Model (Business Model 2)** using either **single** or **multiple providers** achieved its position primarily through the ability to meet Strategic Drivers and Attractiveness measures. There was a consensus that this option would improve provide the flexibility of approach to best meet the changing needs and behaviours of residents whilst retaining the appropriate level of control and potential for income generation.

Achievability factors also scored well, indicating that this option is within the capability and capacity of the authority to deliver well. However, within BM2, it was felt that having a single provider could potentially reduce the ability to offer a wider portfolio of charging options. In reality though, the difference between the scores for both these options is negligible and any weaknesses in either model could probably be address by designing mitigating measures into the contract specification.

With both options available under Business Model 2, the assumption was made that ‘Part Funded’ could mean obtaining a significant contribution through the On-Street Residential Chargepoint Scheme (ORCS) and so the authority may not be entirely committed to providing the capital funds itself. It is recognised though that the ongoing availability of this funding is in doubt and this could pose a future risk to delivery via this model.

The next most favoured model, **Fully Funded Model (Business Model 1)** using **multiple providers**, scored less well for Attractiveness (Value for Money) and Strategic Fit. The belief is that this approach, will reduce the level of control afforded to the authority due to all the funding being provided by the PSP. This could also lead to a less equitable spread of charging points in areas that appear to be less financially viable to a private provider.

Generally, Business Models 3 & 4 did not score well against Achievability and Strategic factors as the consensus of opinion was that the authority does not have the capability or capacity to own and manage a network of this nature, at least not yet. They did however score well against Attractiveness measures that centred around control over location and tariffs and the ability to decide its own strategy for the layout of the infrastructure. It was recognised though that whilst this looks attractive, this level of control comes at a significant cost, both to the level of capital funding required and the internal resources required to successfully deliver the programme. Business Model 0, named Laissez-Faire for this exercise is an interesting concept. This is an option that has been preferred by other authorities and did indeed score well against Achievability factors. This is not entirely surprising given that the authority would largely relinquish most of its control and would not be required to contribute towards funding. The issue with this model however is that it would not provide the level of control required or help the authority to meet its strategic objectives.

Regardless of how each option scored and where it was ultimately ranked, these positions are based on where we believe the authority stands today on its strategic objectives on its ability or willingness to contribute towards the capital costs involved.

The recommendation of this report is that before a final decision is made, the authority should formally recognise and address these constraints and agree a final position. Once the position has been determined, we recommend that we re-assess the scoring in line with any changes to understand whether or not the position of each business model has changed.

It should also be noted that a model’s ranking does not necessarily signpost towards a preferred option. In this exercise we are merely seeking to highlight the strengths, weaknesses, benefits and disbenefits of each option against a backdrop of our current position. With time, our position may change or it may be possible for us to introduce mitigating measures into the specification design and therefore some shortcomings of a particular model could be addressed and bring that model into play.

**Table 2** shows the relative position of the scores of all other options assessed.

### Background & Approach

The report commissioned by SCC and delivered by KPMG in July 2020 provides a detailed backdrop to this work and some of the specific challenges and risks associated with EV charging in Surrey from that report are highlighted below for reference and context;

<b>Cost</b>	<ul style="list-style-type: none"> <li>• Deployment of EV charging can come at significant cost</li> <li>• Long term programmes are required to deliver a return on investment</li> </ul>
<b>Risk of obsolescence</b>	<ul style="list-style-type: none"> <li>• The long term nature of the project could mean technology is superseded before paying for itself</li> </ul>

**Uncertainty of charging behaviours**

- Changing needs of users can make replacement of equipment costly
- The market is currently immature and future behaviours will evolve over time
- The portfolio of chargers (slow to rapid) may need to change over time to meet demand
- The influence of other commercial activities such as chargers in supermarkets will affect future strategies
- SCC will need to take a view now on future needs and design the network it thinks it will need

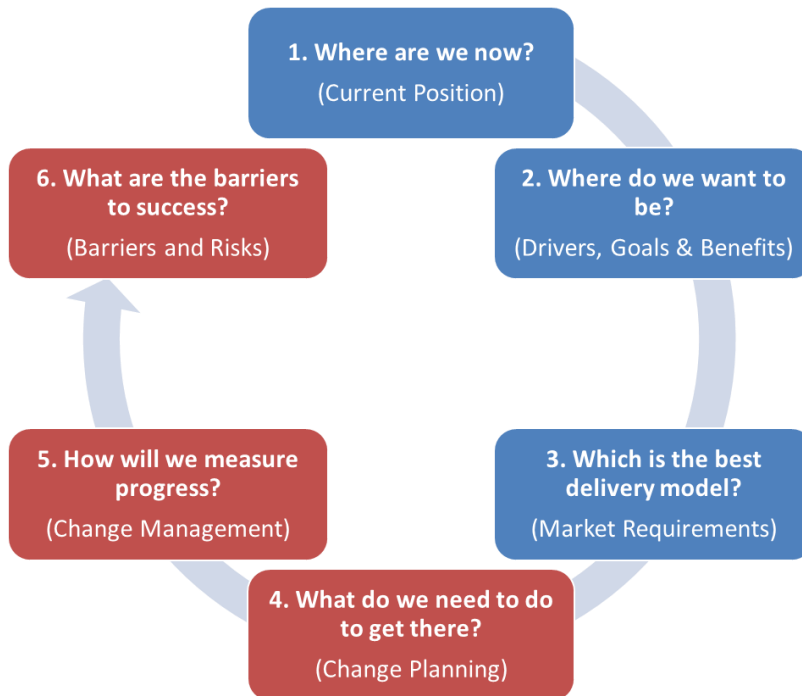
Orbis Procurement have been commissioned to support the EV Project Team to assess the benefits or otherwise of potential future delivery models. The findings will be used to inform, shape and accelerate plans for the new arrangements in readiness for the next step.

A clear understanding of the desired strategic outcomes and strategic constraints (prevailing policies and the overarching political programme) are essential in planning a future services' delivery model. This document describes the process undertaken and shares the outcomes, which can then be used to explore and develop a future strategy.

**Scope and Methodology**

The scope of each future service delivery options review is captured in boxes 1 to 3 in Figure 1 below:

**Figure 1: Future Service Delivery Options – Scope of Review**



The review was undertaken through a series of two workshops which considered the following:

- What are the strategic objectives the Service is seeking to deliver through its future service delivery model? (Before we can consider which service delivery option will best serve us in the future, we needed to have a clear understanding of what we will be trying to achieve).

- How might each potential delivery option contribute to the delivery of these strategic objectives?
- How attractive and achievable is each potential delivery option. See Appendix C for full definitions of Attractiveness and Achievability. (Using an options analysis toolkit to weight each factor under consideration and facilitate scoring and ranking.

The outcome of the above process was a provisional, ranked shortlist of potential future service delivery options which:

- Can be evolved as the procurement process develops and the scope and breadth of services to be encompassed becomes clearer.
- Helps to formulate a short list of options for full business case development.

The future service delivery options initially proposed for consideration are set out in **Table 1** below.

**Table 1: Future Services Delivery Options Identified and Assessed**

Option Family	#	In-Scope	Option Name
Unfunded	BM0	Proposed	Laissez-faire
PSP Fully Funded	BM1	Proposed	Single Provider
	BM1	Proposed	Multiple Providers
PSP Part Funded	BM2	Proposed	Single Provider
	BM2	Proposed	Multiple Providers
Council Owned / PSP Operated	BM3	Proposed	Outsourced Contract
Council Owned & Operated	BM4	Proposed	Insourced Service

On completion of the scoring exercise, the EV Project Team, via this report, are provided with a provisional ranking of potential service delivery options which will help form a short list of options for further investigation. These rankings can be found in **Table 3** and the detailed methodology, toolset, option definitions and scoring guidance underpinning each review are set out in **Appendices B to C**.

### EV Programme – Strategic Drivers

A common problem when formulating a new strategy, is trying to address too many issues simultaneously or setting unrealistic targets in context of the strategic constraints (including finances, capacity and competence and technology constraints). Strategies that are undeliverable quickly lose credibility.

To avoid strategic hallucination, it is important to focus on drivers and goals where a pragmatic and affordable solution can be implemented.

Strategic drivers for the EV Project Team proposed for this review are designed to address range of challenges including meeting the future needs of residents, protection from financial risk or technological obsolescence, striking the right balance of control and alignment with existing organisational strategies. The need for collaboration between public and private sector partners and the imperative of capitalising on new technologies and the interest of potential new market entrants is also a key consideration.



The agreed strategic objectives and drivers for the purposes of this review are below.

### Strategic Objectives

- Meet the council's target of 10,000 charge points county wide
- Flexibility to meet wider charging location objectives by attracting other contracting authorities to participate
- Meet the need for full range of charging options to meet demand (e.g. Slow to rapid chargers)
- Alignment with Climate Change Strategy
- Does this model present the authority with a higher or lower investment risk?
- Does this model help to protect against technology and infrastructure obsolescence?
  
- Does this model ensure consistency of equipment and software operating systems?
- Does this model meet the current ambitions for the authority to retain control relative to the investment?

### Future Service Delivery Options – Ranking and Preferences

The EV Project Team along with a variety of key stakeholders completed a comprehensive evaluation of the relative benefits of each service delivery model with a fully documented rationale, using the tools and approach described in Section 3 of this report.

The aggregated, summary outcomes, are illustrated in **Table 2** and **Table 3** below.

**Table 2: Ranking: Overall, Strategic Fit, Attractiveness, Achievability**

Service Delivery Option	Overall	Strategic Fit	Attractiveness	Achievability
Unfunded - Laissez-faire	6	5	6	1
PSP Fully Funded - Single Provider	4	2	5	2
PSP Fully Funded - Multiple Providers	3	1	6	4
PSP Part Funded - Single Provider	2	2	3	3
PSP Part Funded - Multiple Providers	1	1	4	5
Council Owned / PSP Operated - Outsourced Contra	5	3	1	6
Council Owned & Operated - Insourced Service	7	4	2	7

**Table 3: Overall Ranking**

Refresh Data

			Position Analysis				
			Strategic Performance	Weight-Adjusted Score	Weight-Adjusted Score	Attractiveness & Achievability	Rank
Option Family	#	Option Name					
Unfunded	BM0	Laissez-faire	37.3	56	81	58.2	6
PSP Fully Funded	BM1	Single Provider	49.8	57	77	61.1	4
	BM1	Multiple Providers	62.0	53	70	61.8	3
PSP Part Funded	BM2	Single Provider	49.8	70	71	63.7	2
	BM2	Multiple Providers	62.0	66	63	63.8	1
Council Owned / PSP Operated	BM3	Outsourced Contract	45.5	89	42	58.8	5
Council Owned & Operated	BM4	Insourced Service	41.5	77	25	47.9	7

## Next Steps

The proposed next steps are:

- Refine the authority's strategic objectives for this programme, following consultation with key stakeholders.
- As the final scope of services to be procured crystallises and both the strategic objectives have been agreed and all operational and financial constraints have been confirmed:
  - Fully define and document the options under consideration.
  - Test and refine the options under consideration in the context of the final scope of the service to be procured and the benefits of each option for individual functions.
- More fully understand if barriers to success exist and if these barriers are within the authority's ability to address and overcome.

**SURREY COUNTY COUNCIL****CABINET****DATE: 25 JANUARY 2022****REPORT OF CABINET MEMBER: CLARE CURRAN, CABINET MEMBER FOR CHILDREN AND FAMILIES****LEAD OFFICER: RACHAEL WARDELL, EXECUTIVE DIRECTOR FOR CHILDREN, FAMILIES AND LIFELONG LEARNING****SUBJECT: NO ONE LEFT BEHIND: CHILD POVERTY IN SURREY****ORGANISATION STRATEGY PRIORITY AREA: TACKLING HEALTH INEQUALITY/ EMPOWERING COMMUNITIES****Purpose of the Report:**

The Cabinet is asked to review this report on the state of poverty in Surrey following a request for data at council in December 2020. Cabinet is asked to propose to Council that the following Surrey County Council (SCC) strategic response to child poverty be adopted and continue to be developed across all service areas through 2022 and beyond.

**Recommendations:**

It is recommended that Cabinet make the following recommendations to the County Council:

1. To note the data research review on poverty, with emphasis on children, in Surrey as requested in a previous Council motion.
2. To endorse and adopt the proposed framework, approach and themes as the basis for the Council's strategic response to child poverty in the county.

**Reason for Recommendations:**

A strategic response to child poverty will ensure that SCC stays true to its principle of 'no one left behind' and deliver a number of benefits to Surrey residents. A more aligned strategy around support services will ensure cross-cutting understanding of personal circumstances; more tailored advice and support, more effective signposting between services and community offerings, effective targeting of hardship funds for families, and new projects to mitigate and impact the root causes of poverty in the county.

**Executive Summary:**

1. In December 2020, council agreed to commission a report on poverty in Surrey, so that council could 'fully understand the complexity, scale and impact on children'. Recognising that family poverty is a complex issue which requires joined-up systemic action over the longer-term, council also commissioned a strategic response seeking to influence the root causes of financial hardship impacting children.
2. Working with the Surrey Office of Data Analytics (SODA), Department for Work and Pensions (DWP), Citizens Advice, and local community partners, the Surrey County Council (SCC) research team reviewed and triangulated various available data sets

to add insight into the prevalence of poverty in Surrey up to 2020. To add to this picture, various other Surrey-based quantitative and qualitative methods, including the Community Impact Assessment, were used to draw conclusions about the changing nature of financial hardship – particularly as it affects families – following the beginning of the 2020 COVID-19 pandemic.

3. While there are numerous insights about how poverty has developed differently across the county, there are a number of consistent trends and generalisations which can be observed for the whole county. In particular, while Surrey is often seen as 'affluent', the relative high standard of living acts both to increase the cost of living for struggling families and to obscure the pockets of hardship where they do exist. It is also clear that poverty generally – and child poverty in particular – has been rising in every district and borough in the county for the past five years. Moreover, the rate of increase in families falling into relative poverty has been substantially higher since the start of the pandemic, with many families needing to access support services for the first time. But positively, the research also demonstrates that Surrey has an extensive network of council and community initiatives to support families in need. While these services could be better coordinated and targeted in places, and certain gaps must be filled, the network of local authorities, public agencies, voluntary/community/faith sector (VCFS) organisations delivers some understanding of residents' needs and how best to support families experiencing financial hardship.
4. Drawing on the tenets of the Welfare Reform and Work Act 2016 and the work of the Social Mobility Commission (SMC), councils across the UK have trialled various iterative poverty reduction strategies to varying effect. In assessing the available data on the experience of poverty in Surrey, the council consulted with other county councils and unitary authorities to understand comparative practice in reducing family poverty. This intelligence gathering has been particularly focused on evidence-based interventions, and how best to align existing services with potential new activity that targets the root causes of poverty.
5. Using the data research from across the county and the evidence of successful practice elsewhere in the country, cabinet has developed the scope for an approach and framework which make up SCC's strategic response to child poverty. The themes of this response will bring together new and existing activity to influence child poverty under each of the Organisational Strategy Priority Objectives. As the council continues to build on its work to mitigate the impacts of poverty and start to address the root causes of family financial hardship, this response will also sit as part of a broader whole system response to poverty (as a wider determinant of health) through the Surrey Health & Wellbeing Board.

<b>Consultation:</b>
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6. The strategic approach and framework scope are products of a Cabinet working group with input included from the Cabinet Members for: Children & Families, Communities, Health, and Economy.
7. All district and borough councils have fed into the framework development process, and data / insight on poverty in Surrey has been shared with officers in all authorities to aid their work.

8. The rationale and approach of the poverty framework is a product of multiple rounds of engagement with Voluntary, Community, Faith Sector (VCFS) partner organisations across the county. SCC has taken part in the East Surrey Poverty Truth Commission and invested in significant ethnographic research and other qualitative methods to effectively integrate more of the lived experience of financial hardship in Surrey and its residents' voices.
9. The Children's Select Committee has been informed and will review the substance within the strategic response framework as it evolves.

#### **Risk Management and Implications:**

10. The strategic response to child poverty does not yet have an immediate financial or practical risk implications for service delivery.

#### **Financial and Value for Money Implications:**

11. Positively, the change in approach toward more prevention over mitigation on poverty has led to new ways of working. For instance, a renewed approach has been adopted for assessing funding toward prevention of poverty and long-term support for families in financial distress, such as the successful bids/allocations from the Local Grant Scheme, Contain Outbreak Management Fund, and Changing Futures Fund.
12. At present, the strategic response to child poverty does not have financial implications. However, businesses cases will follow to Cabinet on future new projects to aid residents, and there is the ambition to decrease demand on Council services in the longer term as the severity and extent of poverty impacts are relieved.

#### **Section 151 Officer Commentary:**

13. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term. As such, the Section 151 Officer supports the development of the proposed strategic response to child poverty. At present the expectation is that the strategy will be delivered within the available financial envelope.

#### **Legal Implications – Monitoring Officer:**

14. In addition to the specific provisions within the Welfare Reform and Work Act 2016, the Children Act 1989 and Section 11 Children Act 2004 are the primary legislation which sets out the Councils' duties to support the welfare of children. In addition to setting out a statutory framework for meeting assessed needs, it outlines the responsibility for promoting wellbeing, focussing on prevention and the provision of information, advice and services.

15. The strategic response to child poverty that Cabinet is being asked to consider does not in any way change the Council's existing statutory duties but sets out plans that will enable the Council to meet existing obligations.
16. There are no additional legal implications that the Cabinet needs to be aware of at this time.

#### **Equalities and Diversity:**

17. Devising a strategic response to child poverty will enable SCC to scope additional means of positively impacting EDI, given communities experience financial hardship more significantly and/or differently to others.

#### **Other Implications:**

18. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Safeguarding responsibilities for vulnerable children and adults	The expectation is that any impacts on safeguarding responsibilities would be positive, with potential reduction in the need for safeguarding activity as family circumstances improve. This will be a key indicator for the long-term success of the strategic response to child poverty.
Public Health	Aligned for future work at system level with HWBB

#### **What Happens Next:**

19. The poverty report will be commended to the next formal meeting of Council.
20. The poverty report will be shared with the Health & Wellbeing Board to be considered as it continues to put poverty at the heart of a systemic response to the wider determinants of health inequalities.
21. An officer working group will continue an audit of activities the Council is already undertaking or could undertake to strengthen the strategic response, bringing forward business cases for new projects and programmes of work.
22. A cross-party monitoring group will be assembled to track progress of the response, either as an SCC grouping or a task force reporting the Health & Wellbeing Board

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#### **Contact Officer:**

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**Annexes:**

Annex 1: No One Left Behind: Child Poverty in Surrey

**Sources/background papers:**

Cabinet Paper – 30 November 2021 – [Item 10](#)

Council Motion – 08 December 2020 – [Item 8 \(i\)](#)

**NO ONE LEFT BEHIND: CHILD POVERTY IN SURREY****SECTION 1 – INTRODUCTION****Background**

Surrey is characterised as a pleasant green county, with high levels of education, emergent and innovative enterprise, higher productivity and ‘value add’ compared with strong neighbours in the south east, and general affluence relative to the rest of England. However, while the fundamentals of the economic picture for Surrey are very bright, this history of success and proximity to London also mean high costs of living and obscured experiences of isolation from this ‘relative affluence’. For some residents, especially families with children, both before and after the start of the COVID-19 pandemic, life in Surrey is one of financial struggle and failing to make ends meet at the end of a working week.

**Defining poverty**

Defining financial struggle academically is not without controversy, not least in a county like Surrey where the basic means needed to get by are higher than elsewhere in the country. For the purposes of reviewing the state of poverty, the council has sought to apply the conventional definition of ‘relative poverty’ as households who are on an income of less than 60% of the median national income, measured by the Department for Work and Pensions (DWP) through Households Below Average Income (HBAI) National Statistics published annually.



While ‘relative poverty’ is useful for classification purposes, this does not shed any light on the unique nature of family circumstances. Nationally, households who may be classified in this way will vary radically. It includes those experiencing recent financial crisis to those in intergenerational hardship, those in work or surviving on some combination of work and benefits, single person households to large families with many children, and those living within wealthy urban centres compared to those in more isolated rural communities. The experience of poverty is also not firmly limited to strict conceptions of income poverty alone, with many family crises presenting in the form of insufficiency or instability of (some combination of) food, fuel, housing, transport, digital access, and general social mobility. Because the causes of these family insufficiencies differ drastically – from unexpected shocks to deeply rooted social issues – identifying needs in the community and associated mitigations is only part of the answer. The more complex task of addressing the causes is vital for a longer-term change in circumstances.

In addition, though the terminology of ‘poverty’ is also useful for consistent typology, it is problematic for a local authority seeking to provide support services. Labels of ‘poverty’ or ‘deprivation’ are often associated with unhelpful preconceived notions of paternalism which have the potential to alienate residents if they do not or cannot associate themselves with these words. One particular point of investigation within Surrey is the degree to which the use of support services has an associated stigma for residents, and potential for residents to turn away from assistance because of this stigma or communications that alienate them. Any interventions in the Surrey system, as mitigations to poverty or moving into targeting the causes, will need to be mindful of the use of empathetic language to connect with affected residents.





In examining poverty in Surrey, therefore, the council is conscious that raw data and statistics will only provide part of the picture on positive intervention. To be successful, the council will need more specific local information and deeper community insights to identify and appreciate the circumstances of the residents experiencing financial hardship.

### **Impacts of poverty**

Despite these complications, the issue of poverty in the county remains a concern shared across the council. It is well documented that living in financial hardship, most acutely in the case of children, has drastic negative impacts on life expectancy, health, and wellbeing – fundamentally undermining residents' capacity and capability to achieve their full potential.

National research suggests poverty can affect people at all ages. For instance, nearly all long-term health conditions are more common in adults from lower socio-economic groups, including the working poor, such as diabetes, obesity, chronic obstructive pulmonary disease, arthritis and hypertension – usually around twice the rate of incidence for people on lower incomes in the age group 45-64. There is also a vicious cycle observed where underemployment and unemployment contribute to poor mental and physical health, which in turn makes it even more difficult to find work. This negative cycle can easily transfer across generations, starting with pre-birth, with impacts in the first 1,000 days of life influencing child health outcomes, educational attainment and future employment prospects in turn.

The effect of relative poverty is most pronounced in research on the life chances of children, with the impressions of socio-economic disadvantage being wide reaching and long lasting. In infancy, it is associated with a low birth weight, shorter life expectancy, a higher risk of death in the first year of life, and a higher likelihood to suffer from chronic diseases and diet-related problems. Poverty is also strongly associated with cognitive development, and those children living in poverty are over three times more likely to suffer from mental health problems. However, most strikingly when considering the future of health care, longitudinal studies have shown that children growing up in poverty tend to suffer more complications of illness and have a higher risk of death as adults across almost all health conditions.

The county council is also particularly concerned with the issue of poverty due to its negative impacts on family breakdown and ever rising need for local authority intervention (as well as that from the wider system including the NHS, Surrey Police, Surrey Fire & Rescue). Poverty puts severe pressure on families, and often leads to rising incidence of physical and mental health crises, addictions, neglect, and domestic violence. Because of this additional pressure on parents, the children in families experiencing financial hardship are more likely to require safeguarding measures and far less likely to be focused and supported at school (with over 1 in 3 children on free school meals leaving primary school with substandard achievement in maths and English). Children in these families are much more prone to health inequalities and need for health and care intervention, increasingly driving up demand on already stretched emergency, medical, and social services.

## Council motion on child poverty

Following an extensive debate on how best to impact on the life chances of children growing up in families experiencing relative poverty, council agreed in December 2020 to a number of actions to better understand and then respond to the issue:

1. Ask officers to assess data from the Community Impact Assessment and on-going work with the DWP, Citizens' Advice Bureau, Surrey Welfare Rights Unit and the Community Foundation for Surrey to produce a report on poverty in Surrey, so Council can fully understand the complexity, scale and impact on children of poverty in Surrey, including the wider cohort of families now experiencing poverty.
2. Lobby government to continue to fund local government appropriately to mitigate the social effects of Covid-19, especially those affecting children and families.
3. Support the work of the One Surrey Growth Board in seeking to support post-Covid economic recovery and to provide the quality jobs and training that can offer a long-term solution to the issue.
4. Support the new Executive Director of Children, Families, Lifelong Learning and Culture to lead a Council wide response to the report on child poverty in Surrey and to address the issue of poor outcomes for children from disadvantaged backgrounds, including working with schools to provide an Inclusive curriculum that supports the most disadvantaged and developing the Helping Families Early initiative with partners, built on the principle that 'everyone can do something'.
5. Support the Leader as Chair of the Health and Wellbeing Board to continue its work in addressing and prioritising this issue.
6. Support the First 1000 Days initiative with Health/County Council integrated commissioning to improve life chances of babies and young children.
7. Welcome [what was previously] the £2.2 million winter package funding received by Surrey County Council from central government and the work being done with partners to use it to target support to those in most immediate need, alleviating food and fuel poverty.

### Council approach

Noting the complexity of the issue, cabinet expressed a preference for the council response to be part of a more coordinated approach taking in the whole Surrey system, and for this response to be grounded in evidence of where to target, how best to impact family outcomes, and increasing the focus on the prevention of poverty rather than simply continuing mitigations.

Working with the Surrey Office of Data Analytics (SODA), Department for Work and Pensions (DWP), Citizens Advice, and local community partners, the Surrey County Council (SCC) research team reviewed and triangulated various available data sets to add insight into the prevalence of poverty in Surrey up to 2020. To add to this picture, various other Surrey-based quantitative and qualitative methods, including the Community Impact Assessment, were used to draw conclusions about the changing nature of financial hardship – particularly as it affects families – following the beginning of the 2020 COVID-19 pandemic.

## SECTION 2 – POVERTY IN SURREY BEFORE THE PANDEMIC

### General overview

Because most national data sources only published up to the start of the COVID-19 pandemic, the 2021 analysis on ‘relative poverty’ data sets, like those published through the Department for Work and Pensions (DWP) and the Office for National Statistics (ONS), is confined to conclusions running up to 2019/2020. However, there are a number of clear patterns and observations which provide a backdrop for poverty in Surrey in recent years.

In 2019, approximately 53,179 households, just over 10.7% of all households in Surrey, were experiencing relative poverty. This was slightly lower than the south east regional average in England. While there was some variation across the county, there was a substantial incidence in every district and borough [Figure 1].

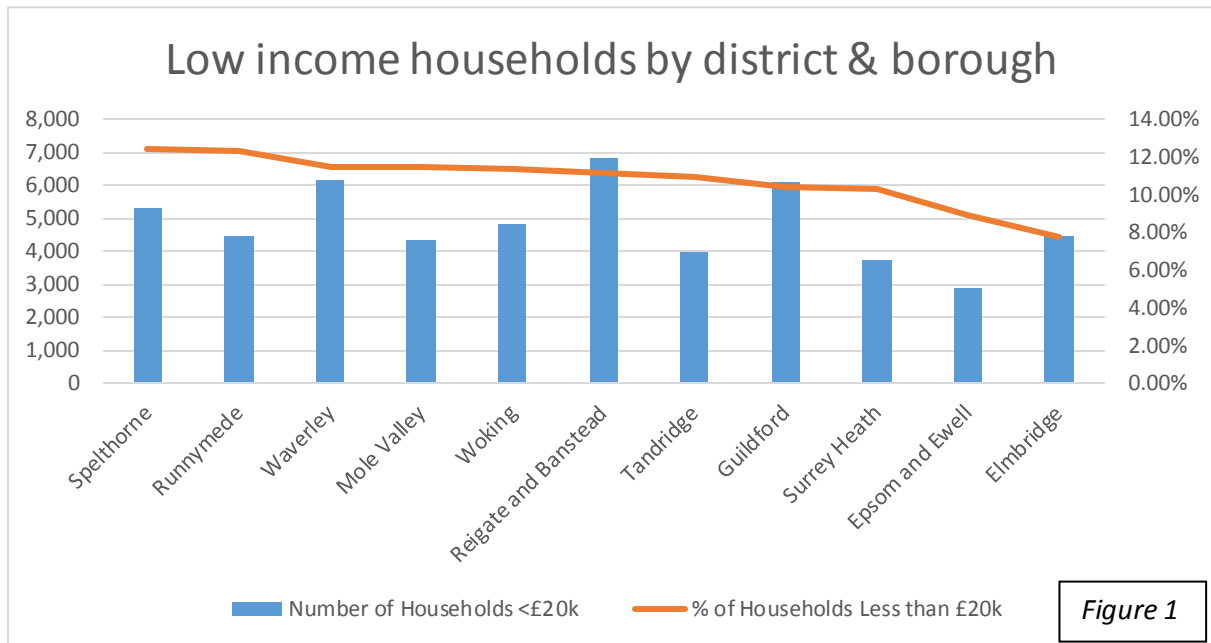


Figure 1

In general, these households tended to be mainly in larger towns and more urban areas. Areas which had particularly high prevalence of income deprivation were:

Stanwell North & Moor	Spelthorne	26.9% households
Holmwood	Mole Valley	25.4% households
Park Barn & University	Guildford	25.0% households
Goldsworth Park	Woking	23.4% households
Ash Wharf	Guildford	21.8% households

Figure 2

### Child poverty

In 2019/20, there were nearly 20,000 children living in relative poverty (5,130 households with an estimated annual income of less than £20,000). This was 3.4% of all households with children in Surrey. Crucially, the percentage of children living in relative low-income families was steadily increasing over the previous four years in every district and borough [Figure 3]. This was also reflected in eligibility for free school meals (FSMs), rising to 9.5% in 2019-20 (up from 7.2% in 2017-18).

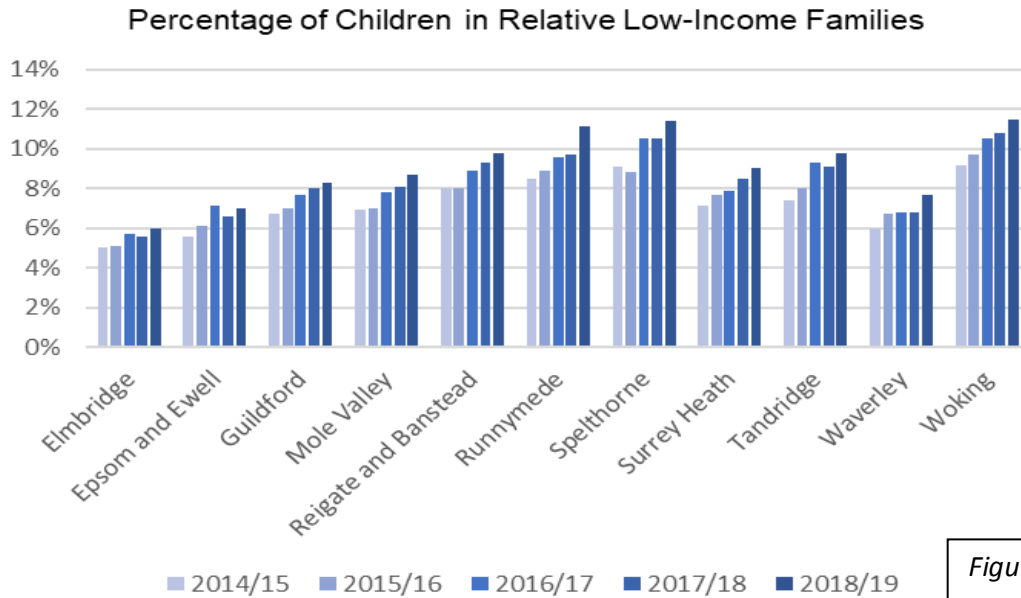
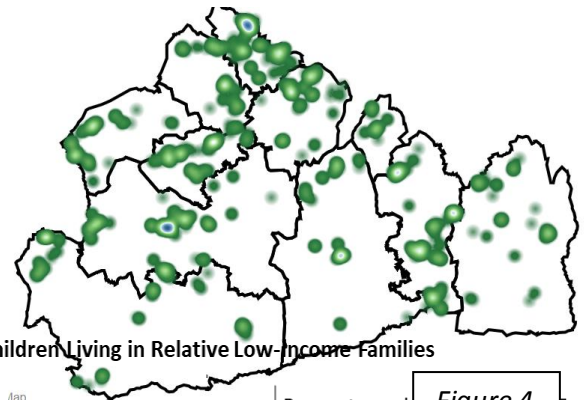


Figure 3

Despite three areas within Surrey being in the bottom quintile of most deprived areas nationally, children in poor households were not necessarily concentrated in these areas. In fact, over 40% of children in relative poverty in Surrey were not even in areas statistically considered 'deprived' at all. Instead, there are various urban and remote areas in each district and borough where these families were more likely to be located [Figure 4].



Top 10 Wards for Children Living in Relative Low-Income Families

Borough and District	Ward	Percentage of children in relative low-income families
Woking	Canalside	29.45
Waverley	Alfold, Cranleigh Rural and Ellens Green	27.09
Tandridge	Burstow, Horne and Outwood	19.98
Surrey Heath	Old Dean	18.27
Spelthorne	Sunbury Common	17.14
Mole Valley	Leatherhead North	16.06
Guildford	Westborough	15.90
Spelthorne	Stanwell North	15.87
Guildford	Stoke	15.06
Reigate and Banstead	South Park and Woodhatch	14.77

Figure 4

The concentration of children in low-income families is skewed quite differently across districts and boroughs when compared to the general incidence of relative poverty in the county. For instance, Tandridge has a higher proportion of children and Waverley has a lower proportion of children, but this is inverted when looking at the proportion of overall households in relative

Figure 5

poverty – suggesting that child poverty is uniquely localised.

In particular, these households were identified as being predominantly young (aged less than 25) parents with multiple children, who were renting from social or private landlords, working in less stable/lower wage jobs, struggling with even small increases to bills (such as recent fuel tariff variations), and very specifically localised in each district and borough.

The experience of these parents was one of significant hardship before the pandemic:

*“We constantly live under the threat of eviction, life feels like a battle, I just want to work”*

*“I realised that there were different levels of poverty... circumstances could throw you into poverty...as for the system, we found it took painstaking time whereas if we didn't have the community members' help I'm not really sure what would have happened.”*

*“I've needed a food bank as well as help from other organisations but I know people [who] have gone through exactly the same issues as me or worse but they don't get the same help. In my opinion they're worse off than I am... there's an inconsistency in all of this... [the system] doesn't work, it's not working.”*

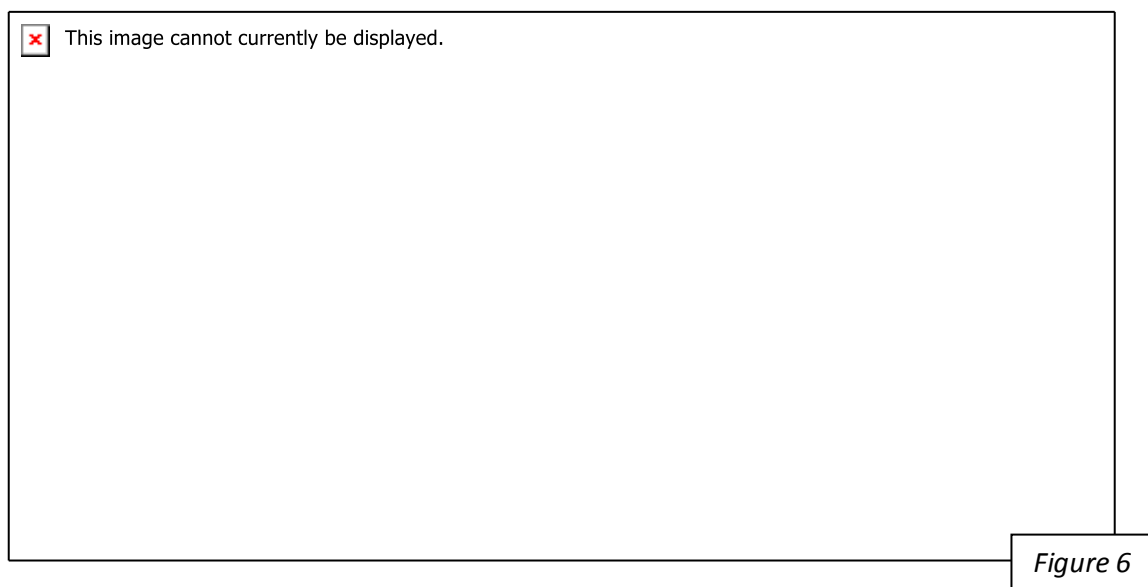
- East Surrey Poverty Truth Commission

## **SECTION 3 – POVERTY IN SURREY AFTER THE PANDEMIC STARTED**

### **Economic shock**

Like most areas of the UK, Surrey experienced lopsided financial impacts as the country entered a series of lockdowns following the start of the COVID-19 pandemic. While some corners of the community adapted quickly and easily to working and studying from home, other residents faced a much more perilous year of being furloughed on 80% of already relatively low pay in sectors where working from home was not possible (like non-essential logistics), or unemployment from sectors particularly vulnerable to lockdown shutdowns (like hospitality). The reality of this situation was many more households, who were previously able to carefully manage their finances to keep themselves above the poverty line, were falling below that line for the first time.

The number of Universal Credit (UC) claimants has increased significantly across Surrey since the pandemic began – and since the last official estimates of children in low income were made. Total claims more than doubled from March 2020 to August 2021, increasing from 21,148 to 49,679, a staggering increase of 235% on immediate pre-pandemic levels [Figure 6]. Claims that had dependent children also increased significantly: virtually doubling from 10,978 to 21,739 by August 2021 (up 198%). While UC claims are not the only determinant of child relative poverty levels, they do play a major part, so it is estimated that current child and adult poverty levels will be running at increased rates relative to the last known official position.



While the impacts across Surrey were clearly significant, they were also particularly localised in certain areas:

- Instead of three, there are now four areas that fall into the bottom quintile in the Index of Multiple Deprivation (approximately 30,000 people).
- While life expectancy from birth broadly plateaued until 2017 in Surrey, the inequality in life expectancy has actually increased since. By 2021, this gap in some adjacent wards means a differential in life expectancy of up to 10 years for residents living only a few streets apart.

The Community Impact Assessment (CIA) sought to gain a better understanding of how residents were coping during the initial worst period of the pandemic. Most results of the research confirmed assumptions that economic conditions had worsened for many, particularly as **55%** of residents ‘just getting by’ before the pandemic considered themselves to have been negatively impacted [Figure 7]. One resident went as far as to say “*we fell off a cliff really*” when asked about their ability to manage their household finances and bills as the pandemic struck.

*What impact has the coronavirus crisis had on the income of your household, if any?*

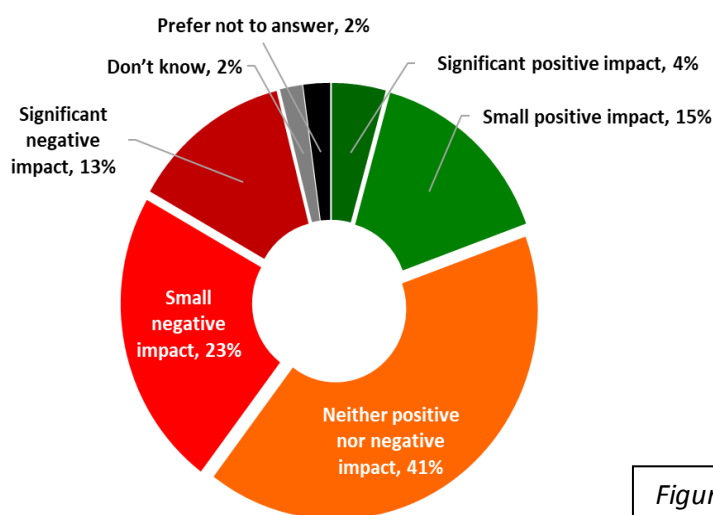


Figure 7

However, some findings were more unexpected. Over **75%** of residents felt financial assistance was only for the ‘worst off’ and cited this as a reason which put them off seeking help even when facing financial hardship for the first time. As a result, **30%** of residents felt they did not receive enough information about support services from the council, and many minority communities did not feel they should (or how to) go about engaging the council for help when they needed it.

Further inquiry with residents found that there was substantial uncertainty around obtaining financial support or a lack of awareness as to what residents may be eligible for, both in terms of benefits and support services. This uncertainty was exacerbated because many of the residents concerned found themselves suddenly requiring support for the first time, having never previously needed benefits or engaged with support services before. To make matters worse, the problems of accessing support were hampered by rolling lockdowns which inhibited face-to-face communication, and problems with housing instability and consistent telephone access reduced the ability to keep appointments on track.

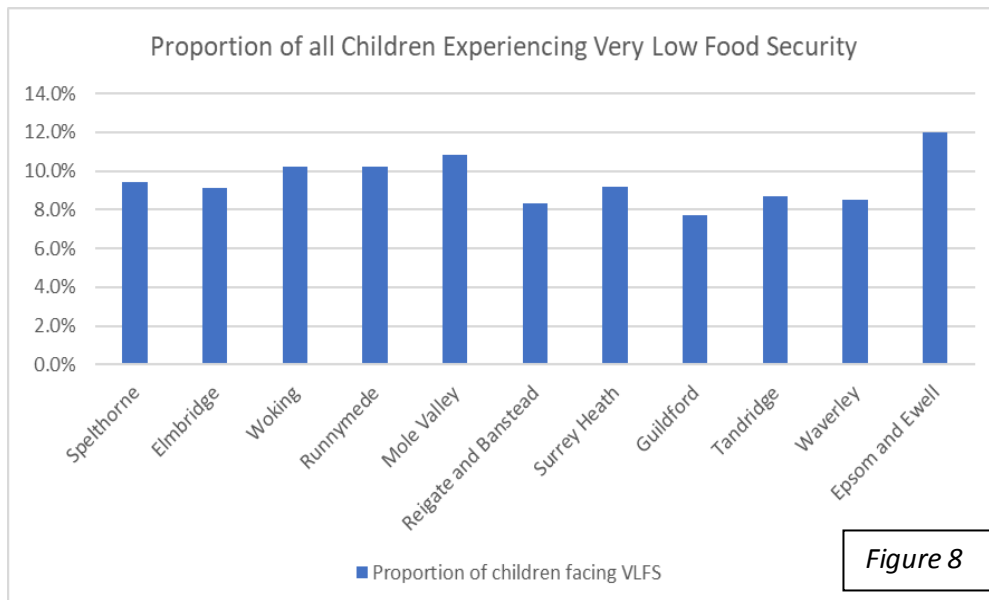
### The impact on families

While families on low incomes are traditionally adept at juggling commitments to manage on a limited budget, the pandemic made many of these strategies difficult or impossible to sustain due to lockdowns, furlough, unpredictable hour-reductions (especially in the case of zero hours contracts), and sudden job losses. At the same time, school closures, social

distancing and other COVID-related disruptions have led to significantly increased core costs for many families as learning became more technology-intensive and home-based.

Research into the experience of residents found that various new regrettable strategies emerged: parents cutting back on food (61%), skipping meals (26%), not replacing children's shoes (19%) & winter coats (14%), and using debt to make ends meet (80%). This latter observation around debt was repeated continually through ethnographic research and continued to be raised in 2021 as a primary driver of being unable to break the cycle of new relative poverty as debt-servicing interest payments take precedence over the usual costs like food.

Approximately 7.8% of Surrey families are estimated to have faced very poor food security during the start of the pandemic [Figure 8], where children made do with smaller portions, skipped meals or went a day without eating.





Food security became a very important area of research as the Trussell Trust (which covers 2/3 of foodbanks in Surrey) confirmed that it had to add an additional 6 distribution centres to the existing 25 because of rising demand for help during the pandemic. In many instances, individual foodbanks were reporting demand rising 100-200% from the previous year, especially in areas previously thought of as 'affluent' [Figure 9].

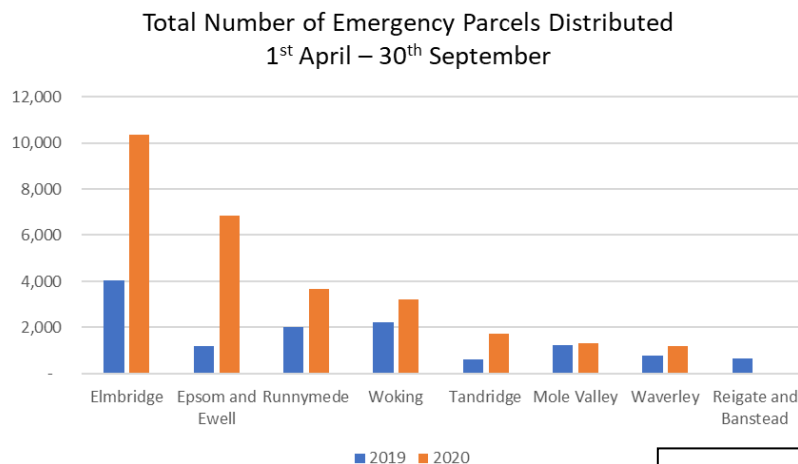


Figure 9

In addition, it is also estimated that the **level of FSM need and eligibility in Surrey has increased by 26%** since Jan 2020, due to the economic conditions caused by the pandemic.

## SECTION 4 – WHAT DOES THE SYSTEM DELIVER AROUND POVERTY TO DATE

### How the system works together

Positively, the ethnographic research conducted as part of the CIA and through various partners demonstrates that Surrey has an extensive network of two-tier council services, agency provisions, and community initiatives to support families in financial need. This network covers assistance on a range of hardship incidences; covering income, housing, fuel, childcare, debt, addiction, mental health, disability, benefits applications, and job-seeking. The system as whole is, however, difficult to map and understand from any one vantage point, making it tough for residents in need to navigate or fully comprehend the types of support on offer that may be relevant to them.

On the issue of poverty awareness and collaboration, there is a new, shared ambition between partners on the Surrey Health and Wellbeing Board. Together, there is a system plan to do more both to reduce health inequalities prevalent in the system and to address the interwoven causes of poverty (such as addiction, and family breakdown, lack of employment opportunities) by enhancing and amplifying the work that is already ongoing in the community (particularly via VCFS organisations).

The NHS, through the Surrey Heartlands Integrated Care System, for instance, already has multiple workstreams to better capture and share relevant data insights which may relate to poverty indicators, improve processes of referral beyond the medical realm (such as social prescribing), and make the most of its impact as an anchor institution to support people out of poverty (employing residents and procuring services from companies who employ disadvantaged residents).

Similarly, projects and initiatives between the council and various charities (such as Citizens Advice) improve direct support services by increasing the gateways for referral onto additional community services within the system which may not be known to residents. Increasingly, funding is being channelled toward similar projects which support job-seeking as a way out of poverty, enhancing training and advice on locating and securing opportunities.

Residents can also turn to their local district and borough councils who support them with a large variety of support services, particularly when claiming Universal Credit. These include direct support for those facing homelessness or already homeless (prevention and relief duties), housing cost assistance (Discretionary Housing Payments), council tax relief (Section 13A discretionary hardship relief), and guidance on local opportunities for skills training and job-seeking. District and borough councils also provide significant funding and personnel support to local charities and agencies which residents turn to in times of financial hardship.

### SCC poverty support services

Since the onset of the COVID-19 pandemic, the council has significantly enhanced its efforts to support residents facing financial hardship across the county. While many of the universal services offered are designed to support the most vulnerable residents already, the main areas of targeted assistance on poverty have included:

- Surrey Crisis Fund for urgent family needs on food, clothes, utilities, travel
- Covid Local Grant Scheme/Winter Support Grant – more than £5.4m (allocated since Nov 2020) targeting those on free-school meals, homeless, or accessing food banks (18 of which were directly supported)

- Contain Outbreak Management Fund (COMF) – £1.364 million being spent by end 2021/22 on community projects which help address the root causes of poverty (such as through employability training and advice)
- Household Support Fund – £5.3 million allocated within Surrey to be spent on support for food, energy and water bills, with at least 50% focused on families with children
- Binti period poverty campaign to make sanitary products more available across the county in key open community areas
- Surrey Office of Data Analytics (SODA) workstream to develop and assess new methodologies to understand the impacts of particular interventions on residents
- Helping Families Early Strategy – advice and hands-on support through [Surrey's Family Help Hub \(surreysfamilyhelphub.org.uk\)](https://surreysfamilyhelphub.org.uk), Family Centres, Family Support Programme, Children's Single Point of Access, Early Help Hub, and Targeted Youth Support Teams
- Funded Early Education for two-year-olds (FEET) – offering up to 15 hours of funded education and childcare a week for 38 weeks a year to support working parents in or back into work
- Changing Futures programme – Surrey has been awarded £2.8m as one of the fifteen areas to improve systems and services in order to support people to achieve better outcomes where they are experiencing multiple disadvantage (mental health, substance misuse, contact with criminal justice system, domestic abuse, risk of homelessness) alongside their families and support groups
- Alongside the Changing Futures programme, is the homeless multi-agency group which is coordinated by Public Health and links with District & Borough Housing teams and other partners to better support the wider response. It includes a number of workstreams which, for example, aim to build on the success of self-contained cabins introduced during the pandemic and also expand the development of Housing First approach through the use of COMF
- Greener Futures & Public Health fuel poverty system working group to trial initiatives and pilots to help residents manage bills, make homes more fuel efficient and get them off the most expensive tariffs/metered options

Support for residents facing financial hardship is, however, imperfect. These council services, and the services provided by vital partners like district/borough councils, the Surrey Welfare Rights Unit, faith institutions, and foodbanks, could be better joined up, coordinated and targeted in places to ensure that residents do not get lost in a system that is hard to navigate. Across all districts and boroughs, there are also certainly gaps in provision which are not yet filled because some of the system has developed organically and successful projects have not been scaled up (where appropriate) across the whole county yet. However, the research has shown that the system together already has some solid understanding of residents' needs and how best to support families experiencing financial hardship which can be harnessed to achieve more across the county. However, by working with communities to gain deeper insights into their experiences and in co-designing, co-producing and striving for community-led solutions, the system can be more effective moving forward in supporting residents out of poverty for the long-term.

## SECTION 5 – SURREY APPROACH FOR STRATEGIC RESPONSE TO CHILD POVERTY

### Rationale & framing of poverty

Drawing on the tenets of the Child Poverty Act 2010 and the work of the Social Mobility Commission (SMC), councils across the UK have trialled various iterative poverty reduction strategies to varying effect. In assessing the available data on the experience of poverty in Surrey, the council consulted with other county councils and unitary authorities to understand comparative practice in reducing family poverty. This intelligence gathering has been particularly focused on evidence-based interventions, and how best to align existing services with potential new activity that targets the root causes of poverty, especially those led by communities.

Given the different experiences of poverty that many households will face across the county depending on their unique circumstances, there is a challenge to define a starting point for a new approach to poverty. Learning on lessons learnt in other local authorities and communities, the initial point of focus will be child poverty – specifically targeting the adults in children’s lives who are in financial distress – because the negative impacts on the children are more chronic, more sustained over a lifetime, and because there is more time to influence the factors around their social mobility and health inequalities for the better. This is not to say that initiatives and services will be designed to the exclusion of those residents who do not have children but still face financial need, rather that the primary driver in making choices on prioritisation will be the interests of children.

### Raising the profile of poverty

SCC has a clear role to play in driving visible intent and commitment on the issue; explicitly ensuring its various strategies and services are reflective of the poverty priority, including more empathic language/terminology, and properly aligning to deliver a joined-up approach to residents facing financial hardship (‘making every contact count’ in every area). This will necessitate ethical considerations which concern SCC as an employer, provider of services, and procurer of services. Moreover, there is more to do within the council’s work to raise the profile of the issue of poverty in the same way that it acknowledges other disadvantages in these spaces (for example in Equality Impact Assessment) – setting the expectation and narrative for the county in its approach towards poverty. There is also a strong emphasis on the community network approach; meaning a need to work with communities in places they recognise to build trust and relationships, which will enable a deeper understanding of their experiences of poverty and help identify solutions in partnership with them, and fund (where necessary) community-led activities that help them out of poverty for good.

### A move to focus on the root causes of poverty

To change the rising trend of poverty in the county, there will need to be a shift from more short-term mitigations of emergency funds toward prevention. This will entail gaining a deeper understanding of need from communities and then developing projects within those communities which are based on evidence of preventative impact and getting families out of financial distress for the long-term. While it will always be important to respond to immediate demands for basic needs (such as through foodbanks) there must also be an expanded repertoire of initiatives that invest for long-term change across issues such as confidence-building, skills training, job-seeking, and support for household cost management.

One key example of this is recent allocations from the Contain Outbreak Management Fund (COMF), which have been through a new process to identify how to allocate toward the projects which will make the most difference to getting families out of poverty for the long-term. The most immediate need is for better and more available support and guidance on

rights and opportunities, and various community projects are stepping in with new ideas to fill the gap.

### **SCC working within the system**

The county council cannot, however, be the full answer to targeting poverty in Surrey. It is essential that there is a whole system approach to the issue of financial hardship, steered at Health & Wellbeing Board level, to ensure the strongest possible collaboration between all partners in tackling this complex expanding issue. Because communities themselves and other partners may have more insight into what makes the greatest direct impact on residents' lives, it will often be for SCC to acknowledge that expertise and ensure the right networks are coming together to shape new ideas and take control of practical implementation.

As system partners, the council can also look at better collaboration with communities, business, schools, district/borough councils, public agencies, and VCFS to share data and evidence on the experience of poverty that all encounter to better coordinate intelligence-based, joined-up interventions in future. The work ahead will be about building on what the system already has in place, identifying and spreading local and national best practice, replicating appropriate projects proven to make a real difference, and scaling up community-led initiatives. In the future, this will mean SCC adapting its approach to allow communities to own a more localised poverty agenda, which looks across local sectors to understand what has gone wrong, and how best to adapt support to ensure the root causes of poverty are addressed meaningfully.

### **Community-led change**

An ethos of 'Empowered and Thriving Communities' will be at the core of SCC's review on poverty support services in the county; taking a new and iterative approach toward engaging with all parts of the community to ensure that conclusions are consensus views, changes are co-designed and co-produced. This effort will need to be wide-ranging – because the causes of poverty are multifaceted, so too will the input required from across all community stakeholders.

A key characteristic of this will be humility, as residents and community organisations do not want forceful intervention but rather a more personal touch that provides them the tools, resources and time for people to help themselves. To achieve this, the strategy will need to use new engagement approaches that value what is strong in communities, not what is wrong. This will mean using a strengths-based approach that respects and builds on residents' self-worth, autonomy and resilience, and uses methods (like local area co-ordination, community visioning events, etc) to listen locally, hear appreciatively, understand practically, and act collaboratively. Not all residents and organisations will feel confident or comfortable being forthright or asking for help, so engagements will need to build in time and space to forge trust.

### **Hyper-local by default**

By using different engagement methods in the community, and learning iteratively from the process, it is hoped that trusting relationships will deliver continuous channels of communication at a hyper-local level. The strategy will utilise the research, data, and local feedback and evidence available in this channel to inform how to better target interventions in small localities where the need is greatest, the conditions are well understood, and the links to impact are strongest.

## SECTION 6 – SURREY FRAMEWORK FOR STRATEGIC RESPONSE TO CHILD POVERTY

### Strategic Framework

The scope set by cabinet serves to provide the strategic framework under which activity can take place using a whole council approach within each of the four Organisational Strategy Priority Objectives. While many initiatives and projects are already underway in SCC service areas, teams will also be examining the evidence for new ideas and ways of working. This frame will ensure all existing and new work is properly aligned, communicated, and – crucially – monitored together to determine impact on reducing poverty in Surrey. However, beyond monitoring through this lens, ultimate accountability governance for delivery will remain with the respective county-wide strategic partnership boards (the Health and Wellbeing Board, the One Surrey Growth Board and the Greener Futures Board), with poverty work embedded into these delivery plans.

Looking at successful practice in other local authority strategies, there are a number of themes which will be initial areas of focus in determining where Surrey can best implement recognised national best practice at a local level. Within these areas, business cases will be made to bring forward new or adapted service improvements, projects, and partnership initiatives for potential addition to the strategy including (*but not limited to*):

### Empowered and Thriving Communities

#### Governance

- The Surrey Forum will act to better align and co-ordinate the work of the county-wide partnership boards, strengthen collaboration between partners, and embed new ways of working to empower communities. This formalises previously informal arrangements bringing together a range of leaders from the public, private and voluntary, community and faith sectors to work together on cross-cutting community-led action on issues like poverty.

#### Childcare & Early Years education

- There are many parents or carers who do not feel they can access employment because their caring responsibilities take up core working hours or are unpredictable and cannot be planned for/worked around a job. While interventions on childcare support and early years education work to narrow the attainment gap, raise hope and aspiration, and support flexibility and affordability for working parents seeking new and better work, these services must be made more approachable and supportive.
- Moreover, more can be done to increase the uptake of Funded Early Education for two-year-olds (FEET), FSMs in schools, and involvement in Schools Alliance for Excellence (SAfE) to raise educational attainment for disadvantaged groups.

#### Advice on income, benefits, job-seeking

- There is a case to examine how to improve advice on (and county-wide coverage and quality of) benefits / income support / budgeting / family cost-saving to help residents understand and make the best use of the national and local support that is available to them to make the most of their funds.

- Because small changes can have a major impact when providing practical support to access opportunities – for instance, tutorials on processing a bill, CV workshops, computer literacy assistance, putting free Wi-Fi in particular areas of our community to access information, and free training courses online – more emphasis on advice will be a key area of research.

#### Marketing of support services

- The council can vary its approach of services, including through means like social prescribing and local area coordination, to address differences in resident need. Sometimes this will be focusing on specific places (such as individuals at food banks), and other times it will be changes to language (appreciating cultural difference, or the difference of pressures when poverty is intergenerational vs circumstantial).

#### Utilising community insight

- SCC will partner with project leaders in the VCFS community to identify and replicate best practice to guarantee the whole county is served by a network of strong and thriving community support initiatives.
- Country services will seek to improve relations with schools regarding how information is shared about family circumstances, and how support services are shaped and communicated to suit different family needs.

#### Making the most of funds, assets & opportunities

- More can be done to harness the frontline knowledge of resident needs within the VCFS community to inform future funding of support and future shaping of SCC services designed for families experiencing financial hardship. There is also a requisite need to provide these community organisations with greater insight to guide their activities based on the knowledge they have provided to the system leads.
- Better use of community venues (schools/churches/centres) will play a significant role, trying to use them in ways led by communities, focused on how to support and help them, and opening up real dialogue on their terms.
- More work will be launched to examine how volunteering opportunities are promoted and coordinated to ensure that there are local channels to get those who are not or who cannot work engaged and established in contributing to their local area.

## **Growing a Sustainable Economy**

### Governance

- The One Surrey Growth Board recognises the importance of ensuring that the benefits of growth are available to everyone in Surrey and has a priority focused on 'maximising opportunities within a balanced, inclusive economy'.
- The Surrey Skills Leadership Forum (SSLF) is leading on this area of work on behalf of the Growth Board with stakeholder representation from employers, colleges, universities, LEPs, districts & boroughs and inclusion groups. The Forum is charged with setting the vision and leading on a multi-agency response to improve skills, employment and inclusion outcomes in Surrey. This work will use an evidence-led

approach to understand future employment demand which can then be used to improve the skills system in Surrey; including for those groups who find it difficult to enter the system and progress towards employment.

- In order to achieve tangible, sustainable outcomes for our priority groups, it is essential that we work using a data-driven, cross cutting approach. Given the evident intersection between socio-economic outcomes and wider determinants of health, SCC and the system will need to embed cross agency working between the strategic priorities of the Health and Wellbeing Board and wider strategic partnerships. One way of doing this will be to use evidence to identify shared communities of priority, to then better understand the issues they face, working together to then design appropriate interventions.

#### Tailored support back into work

- SCC has a clear leadership role in developing and driving outcomes from strategic partnerships with key agencies who hold the remit to address child and family poverty. One example of this is with the emerging Partnership Agreement being developed with DWP. By understanding our joint priority areas and establishing agreed areas of focus for channelling resources, we will be able to support JobCentres to target service provision locally.
- Getting people into work cannot be tokenistic, the focus should instead be on ensuring people are finding sustainable, secure employment. People might have multi-layered issues (low confidence, childcare, etc) holding them back from engaging with further training and work experience, and support must appreciate those pressures to avoid inadvertently limiting aspirations – without proper training, support practitioners can find it difficult to engage empathetically and methodically.
- A greater focus is needed on linking support toward sustainable employment pathways; appreciating the necessary steps of confidence-building, raising hope & aspiration, and personalised assistance on issues like housing or debt management which impact on secure opportunities after a period of under- or unemployment.
- There may be cause for expanding into different aspects of employability support, addressing gaps in county provision from community partners to ensure that residents have access to tailored advice on skills acquisition, job seeking, and balancing responsibilities at all ages.

#### Reviewing employment practices

- SCC will look at advocating the use of a potential Surrey-specific appropriate living wage and opportunities for job creation as an employer, procurer of services from local/national suppliers, and partner to local business.
- Recruitment practices will play a vital role, with the potential to change the culture to recognise desire, attitude, values and behaviours and then provide support once in work to supplement skills that need refining.
- The council will look to provide good quality work experience, placements, volunteering opportunities to gain valuable experience and that lead on to paid work or skills training opportunities. Engaging with Surrey business
- The system can also look to maximise and scale up Corporate Social Responsibility (CSR) activity, to offer pathways to employment for families living in poverty.

#### Housing & homelessness

- Given the relative high cost of living in Surrey, particularly in the private rented market, there is a need to address rising costs and a lack of available affordable



housing causing families to fall behind on rent and risk eviction. Surrey's housing strategy must continue to develop with a view to ensuring affordable housing is at the core of provision.

- For those residents who face housing instability and homelessness resulting from lack of appropriate accommodation options, there is the potential to build on recent initiatives during the pandemic. For example, work has been progressed through the Homeless Multi-Agency Group coordinated by Public Health which has utilised the £1.5 million COMF funding for homelessness to establish housing cabins that can be accessed county-wide by all housing teams. In particular, more coordination such as this between the county council and district/borough authorities could ensure that intelligence is shared and the best possible interventions on homelessness are targeted.

## Tackling Health Inequality

### Governance

- The Surrey Health and Well-being Board will continue to steer community-led action to reduce health inequalities, with priority three of the Strategy now stating its aim as 'supporting people to reach their potential by addressing the wider determinants of health'. The new outcomes for Priority 3 are:
  - People's basic needs are met (food security, poverty, housing strategy)
  - Children, young people and adults are empowered in their communities
  - People access training and employment opportunities within a sustainable economy
  - People are safe and feel safe (e.g. domestic violence, safeguarding)
  - The benefits of healthy environments for people are valued and maximised (incl. through transport/land use planning)
- The Health and Wellbeing Board has also committed to working more collaboratively and creatively with those specific neighbourhoods where health outcomes and their causes are poorer – additional work to build trust and support community action will be focused on these specific key localities.

### Marketing of support services

- There is a need to explore changing the communication around and accessibility of mental and physical health support, with increased focus on accessing those services geared toward prevention and early intervention.
- There is potential to better tailor disability support to more explicitly link and address the unique needs around financial hardship for people with a disability.

### Sharing information

- The collaborative relationship with the NHS can be improved to better share information on how the system identifies and resources to support those in financial hardship as a wider determinant of health.
- SCC work alongside districts and boroughs could be developed further to make the most of our collective resources, knowledge, and networks to support homeless residents and people sleeping rough as key wider determinant of health and resultant inequalities.

### Harnessing partnership arrangements to best effect

- Programmes such as First 1000 days and Helping Families will continue to focus on early intervention and family resilience; looking for new means to identify and support health inequalities which are often linked to signs of poverty.
- Active Surrey's Movement for Change can be supported in new ways as it seeks to target the health conditions that could be more associated with minority groups and those in deprived circumstances such as poverty.
- Changing Future's programme, including Surrey Adults Matter approach, will continue to support and develop new assistance for those experiencing multiple disadvantage and incorporating system change to address the barriers commonly being experienced by persons in these circumstances.
- An important factor will be the council's response to the updated Surrey Community Safety Agreement which makes a clear link between health inequalities and community safety, with Police acknowledgment of victims and perpetrators of crime often having health and social care needs that may stem from their experiences of deprivation which need to be addressed with community partner support.
- The Mental Health Partnership Board will continue to look at the connection between poverty and mental health needs as it seeks to improve the system of support. Changes to services should be expected to adapt to the evolving understanding of multiple deprivation and its cyclical relationship with mental health.

#### Care profession

- Much of the healthcare workforce is at the bottom end of the pay spectrum and therefore at risk of in-work poverty, but this is influenceable by the council. The council could try to reshape and reform social care, placing greater prominence on workforce, better remuneration, and working with district/borough councils on cost of housing and cost of fuel for care workers.
- A skills gap exists where the health and care sectors seek previous experience in the workforce, but this is difficult to achieve in entry-level jobs and the council needs to advocate clearer pathways and appreciation of lived experience of providing care.
- There is also a role to assist recruitment in the system – ensuring health care services are more accessible to people in poverty or lower paid jobs, or helping employers think about employees with chronic conditions that will need supportive management and how to provide that support.

### Enabling a Greener Future

#### Governance

- The Greener Futures Board will continue to adapt its delivery plans to include areas where its priorities overlap with the circumstances of residents who find themselves in financial need. In many cases, until these circumstances are improved, aims for a greener Surrey cannot be achieved (e.g. finding greener solutions to end fuel poverty in households reliant only on high-emission, high-cost options).

#### Travel & transport

- Fine tuning our active travel plans and public transportation planning to ensure that personal cost impacts are better reflected, and ensuring that there will be reliable and inexpensive public transport options to facilitate access to education and work for all residents.

- Ensuring infrastructure, from transport to public community assets / green space, is more accessible and open to the most vulnerable residents – currently ‘needs’ aren’t always well factored into planning. The council could continue to develop a more sophisticated offer for engaging with communities about travel needs and responding to those needs in its travel strategies.

#### Fuel & energy

- Targeting fuel poverty with new pilot programmes to help families manage their energy bills during the winter months and break the cycle of families in financial hardship being put onto the priciest energy plans for heating their homes and having to live in homes with poor fuel efficiency.

#### Campaigns on waste

- Making better use of partnerships to improve campaigns on costly waste and how to avoid household waste.

#### Greener skills & jobs

- SCC can act as a convenor and leader to address the highlighted skills shortages for future needs (such as net zero agenda or getting rid of diesel/boilers) because of shortages of particular trades and skills within Surrey.
- The council has a role within adult education, where potentially people working in similar trades could be retrained for green jobs gaps, whilst supporting other agendas (greener futures) simultaneously.

## SECTION 7 – CONCLUSION

### The way forward

As poverty is a rising, often-hidden, and increasingly complex multi-layered issue in Surrey – both before and during the pandemic – it is incumbent on SCC and the Surrey system to act to ensure not only that urgent immediate resident needs are met, but that programmes of work are put in place to target the root causes of child poverty for the longer term to reduce its incidence.

The approach and framework set forth in this document describe the beginnings of a community-led strategy, with input from across the system, including county council leadership that draws in best practice themes and initiatives from across the country. The road ahead to reducing poverty in Surrey for the long-term will be difficult and require commitment for consistent implementation for many years across many varied areas of policy and service area delivery. However, with that commitment from the council and partners across the community, real change in the circumstances of the lives of Surrey residents in real financial need is possible.

At county council level, the framework described will drive forward analysis of new and adapted projects and initiatives under the four Organisational Strategy Priority Objectives. Officers of the council are already compiling evidence on best practice and cost/benefit appraisals to inform cabinet on where decisions could make the most difference to support children living in relative poverty.

At system level, meeting the needs of those in poverty is now firmly embedded in refreshed Priority 3 of the Health and Wellbeing Strategy. The Health and Wellbeing Board has recently approved the exploration of a system-wide adoption of the [Health in All Policies](#) approach, through which any impacts of cross-departmental policies on those who are socio-economically disadvantaged could be central. This will build on SCC and Surrey Heartlands commitment to include those who experience socioeconomic disadvantage in their Equality Impact Assessments.

The Health and Well-being Board have also now identified five key localities that rank lowest in Surrey according to the Index of Multiple Deprivation for prioritised resourcing for community capacity building. This work will begin to gain a deeper understanding of the needs of the new HWB Strategy Priority Population – ‘People living in geographic areas which experience the poorest health outcomes in Surrey’.

Over the course of 2022, SCC and its partners across the system will work to invigorate community engagement to truly understand residents needs on financial hardship at local level, and begin the process of co-designing interventions to change these circumstances. The emerging Surrey strategy on poverty is building on a foundation of strong buy-in from county-wide local authorities, public agencies, VCFS organisations, and resident voices. This foundation will ensure that the solutions taken forward are truly grounded in empathy, evidence of impact on the root causes of poverty, and feedback of what actually makes a difference to residents’ lives at local community level.

**SURREY COUNTY COUNCIL****CABINET****DATE:** 25 JANUARY 2022**REPORT OF:** DENISE TURNER STEWART, CABINET MEMBER FOR  
EDUCATION AND LEARNING**LEAD OFFICER:** LIZ MILLS, DIRECTOR EDUCATION AND LIFELONG LEARNING**SUBJECT:** ADMISSION ARRANGEMENTS FOR SURREY'S COMMUNITY  
AND VOLUNTARY CONTROLLED SCHOOLS FOR SEPTEMBER  
2023**ORGANISATION STRATEGY** EMPOWERING COMMUNITIES  
**PRIORITY**  
**AREA:****PURPOSE OF THE REPORT:**

Each year, Surrey County Council is responsible for processing approximately 30,000 applications for a school place from Surrey residents and coordinates offers for over 350 schools. The admission arrangements for each school determine which children can be offered a place.

Within Surrey, there is a mixture of community, voluntary controlled, academies, foundation, free, trust and voluntary aided schools.

Surrey County Council is responsible for setting the admission arrangements for 90 community and voluntary controlled schools for 2023. The remaining schools are academies, foundation, free, trust and voluntary aided schools and these are responsible for setting their own admission arrangements. As such their admission arrangements are not covered in this report.

Following statutory consultation on Surrey's admission arrangements for September 2023, Cabinet is asked to consider the responses set out in Enclosure 4 and make recommendations to the County Council on admission arrangements for Surrey's community and voluntary controlled infant, junior, primary and secondary schools for September 2023.

This report covers the following matters in relation to school admissions:

- Removal of use of 'nearest school' for Hurst Park Primary School, Langshott Primary School, Meath Green Infant School, Tillingbourne Junior School and Wallace Fields Junior School (Recommendation 1)
- Introduction of a catchment area for Walton on the Hill Primary School to replace 'nearest school' (Recommendation 2)
- Introduction of a nodal point to measure home to school distance for Reigate Priory School (Recommendation 3)
- Reduction of the Year 3 PAN at West Ashted Primary School from 30 to 2 (Recommendation 4)
- Introduction of a Year 3 PAN of 4 at Leatherhead Trinity Primary School – (Recommendation 5)

- Introduction of a Year 3 PAN of 2 at Felbridge Primary School (Recommendation 6)
- Introduction of priority for children of staff at community and voluntary controlled nurseries (Recommendation 7)
- Introduction of a supplementary information form for social/medical applicants (Recommendation 8)
- Published Admission Numbers for other community and voluntary controlled schools (Recommendation 9)
- Admission arrangements for which no change has been consulted on (Recommendation 10)

Recommendations are set out below and further details of each proposal are set out in paragraphs 1 to 90.

## **RECOMMENDATIONS:**

It is recommended that Cabinet make the following recommendations to the County Council:

### **Recommendation 1**

That priority for children who have the school as their 'nearest school' is removed from the admission criteria for Hurst Park Primary School, Langshott Primary School, Meath Green Infant School, Tillingbourne Junior School and Wallace Fields Junior School for 2023 admission, as indicated in Enclosure 1.

#### **Reasons for Recommendation**

- It will bring the admission criteria into line with the majority of other community and voluntary controlled schools
- It will ensure that the admission arrangements for these schools comply with the School Admissions Code
- It will simplify the admission arrangements
- It will enable parents to better understand how their application will be considered
- Analysis would indicate that this change will have no or minimal impact on the intake to each of these schools
- Where children might be displaced, a place at an alternative local school will be available
- It will enable school specific criteria to remain for Wallace Fields Junior School which exists to accommodate a feeder link from Wallace Fields Infant School
- The final distance criterion will still exist which will enable remaining applicants to be prioritised based on the distance they live from the school, ensuring children who live closer to the school are allocated ahead of children who live further away
- 86% of academies, foundation, trust and voluntary aided schools do not give priority on the basis of 'nearest school'
- The change is supported by the Headteacher and Governing Body of Hurst Park Primary School, Langshott Primary School, Meath Green Infant School and Wallace Fields Junior School
- The change is not supported by the Headteacher and Governing Body of Tillingbourne Junior School which is concerned at maintaining pupil numbers and serving the areas of Gomshall and Shere. However, with a projected deficit of Year 3 places across Tillingbourne Valley until 2026/27 and the projected forecasts for Godalming showing a surplus of Year 3 places for the foreseeable future, the local authority does not anticipate that the school will face a shortage of pupils nor that children from Godalming will displace children from Gomshall and Shere

### **Recommendation 2**

That a catchment area is introduced for Walton on the Hill Primary School for 2023 admission to replace 'nearest school', as set out in Enclosure 1 and Appendix 5.

#### **Reasons for Recommendation**

- It will ensure that the admission arrangements for these schools comply with the School Admissions Code
- It will simplify the admission arrangements
- It will enable parents to better understand how their application will be considered
- The introduction of a catchment is not anticipated to affect the pattern of admission to the school as it has been based on the catchment created by use of 'nearest school'
- The final distance criterion will still exist which will enable remaining applicants to be prioritised based on the distance they live from the school, ensuring children who live outside catchment but closer to the school are allocated ahead of children who live further away
- It is supported by the Headteacher and Governing Body of the school

### **Recommendation 3**

That a nodal point to measure home to school distance is introduced for Reigate Priory School for 2023 admission, as set out in Section 8 of Enclosure 1.

#### **Reasons for Recommendation**

- It will ensure the pattern of admission does not change if the school moves site
- It will ensure that families to the north of Reigate will still be served by the school if the school moves site
- Use of a nodal point to measure home to school distance is permitted by the School Admissions Code
- It is supported by Surrey's Education Place Planning team
- It is supported by the Headteacher and Governing Body of the school

### **Recommendation 4**

That the Published Admission Number for Year 3 at West Ashted Primary School is reduced from 30 to 2 for 2023 admission, as set out in Appendix 1 of Enclosure 1.

#### **Reasons for Recommendation**

- It is supported by the Headteacher and Governing Body of the school, having been requested by them
- It is supported by Surrey's Education Place Planning team
- There will still be sufficient places for local children if the PAN is decreased
- It will help the school maintain financial viability as they will be able to operate with just one class in KS2
- It will have no impact on children who are currently on roll at the school

### **Recommendation 5**

That a Published Admission Number of 4 is introduced for admission to Year 3 at Leatherhead Trinity Primary School for 2023 admission, as set out in Appendix 1 of Enclosure 1.

#### **Reasons for Recommendation**

- It is supported by the Headteacher and Governing Body of the school
- It is supported by Surrey's Education Place Planning team
- It will help to offset the reduction in PAN at West Ashted Primary School
- It will help to alleviate any pressure on places in Fetcham and Bookham

- It will have no impact on children who are currently on roll at the school

### **Recommendation 6**

That a Published Admission Number of 2 is introduced for admission to Year 3 at Felbridge Primary School for 2023 admission, as set out in Appendix 1 of Enclosure 1.

#### **Reasons for Recommendation**

- It is supported by the Headteacher and Governing Body of the school, having been requested by them
- It is supported by Surrey's Education Place Planning team
- It reflects what is currently being operated within the school
- It will ensure parents know that they can formally apply for a place in Year 3
- It will have no impact on children who are currently on roll at the school

### **Recommendation 7**

That priority is given to children of a member of staff for entry to a nursery school for 2023 admission as set out in Section 20 of Enclosure 1.

#### **Reasons for Recommendation**

- It will align the criteria for entry to a nursery to that for Reception
- Priority for children of staff is permitted under the School Admissions Code
- The definition of children of staff is compliant with the Code
- It will help nurseries with staff recruitment and retention
- It will put community and voluntary controlled nurseries on an equal footing with those academies, foundation, free, trust and voluntary aided nurseries which already give priority for children of staff

### **Recommendation 8**

That a supplementary information form is introduced for families applying on the basis of exceptional social/medical need for 2023 admission, as set out in Appendix 6 of Enclosure 1.

#### **Reasons for Recommendation**

- It will ensure applicants can be guided through the process for applying on the basis of social/medical need
- It will enable applicants to understand what they need to provide to support their application
- It will enable applicants to declare details of their case in more detail than is allowed on the application form

### **Recommendation 9**

That the Published Admission Numbers (PANs) for September 2023 for all other community and voluntary controlled schools are determined as they are set out in Appendix 1 to Enclosure 1.

#### **Reasons for Recommendation**

- Most other PANs remain as they were determined for 2022 which enables parents to have some historical benchmark by which to make informed decisions about their school preferences for 2023 admission
- The PAN for Oakwood School has been increased from 300 to 330 to provide additional capacity in Horley
- The Education Place Planning team supports the PANs



### Recommendation 10

That the aspects of Surrey's admission arrangements for community and voluntary controlled schools for September 2023 for which no change has been consulted on, are agreed as set out in Enclosure 1 and its appendices.

#### Reasons for Recommendation

- The admission arrangements are working well
- The local authority has undertaken to review the admission arrangements for the remaining two schools which will still use 'nearest school' ahead of any consultation on the arrangements for 2024
- The arrangements enable the majority of pupils to attend a local school and in doing so reduce travel and support Surrey's sustainability policies
- The changes highlighted in bold in Section 7, Section 11, Section 12 and Section 16 of Enclosure 1 have been made to add clarity to the arrangements and reflect existing practice

#### DETAILS:

#### **Recommendation 1 – That priority for children who have the school as their 'nearest school' is removed from the admission criteria for Hurst Park Primary School, Langshott Primary School, Meath Green Infant School, Tillingbourne Junior School and Wallace Fields Junior School**

1. The reasons for the change for these schools are set out in Sections 1 and 2 of Enclosure 3.
2. There was general opposition to this proposal for each of these schools but the response rate was low, as follows:
  - Hurst Park Primary - 4 respondents in support and 18 opposed (of which six indicated that they would be affected by the proposal)
  - Langshott Primary - 4 respondents in support and 16 opposed (of which two indicated that they would be affected by the proposal)
  - Meath Green Infant - 5 respondents in support and 16 opposed (of which one indicated that they would be affected by the proposal)
  - Tillingbourne Junior - 2 respondents in support and 20 opposed (of which six indicated that they would be affected by the proposal)
  - Wallace Fields Junior - 2 respondents in support and 15 opposed (of which one indicated that they would be affected by the proposal)
3. Many of the respondents who were opposed expressed concern that priority should be given to children who live nearer to a school and flagged the associated issues that would occur if this was not the case. They indicated that this proposal would increase traffic and parking, make it more difficult for parents to get their children to school, increase travelling distances, prevent children from being able to walk to school, increase the impact on climate change and prevent children from going to a school with other children that they know.
4. However, the final criterion for each of these schools will still be home to school distance, with priority being given to children who live nearer the school. In this way, children who live some distance from a school will only be offered a place once all children who live nearer have been offered a place. This negates any concerns about longer journeys to school or increased traffic and associated pollution which is not expected to increase as a result of this proposal.

5. Based on analysis of the intakes for 2019, 2020 and 2021 it is anticipated that this proposal will, overall, have minimal impact on the intake to each of these schools. It will also not affect the local authority's ability to offer a school place to every child, albeit it may alter the school offered for a small number of children in some areas.
6. A Governor at Trinity Oaks Primary School specifically indicated their Governing Body's support for the removal of 'nearest school' at Langshott Primary and Meath Green Infant schools, on the basis that use of 'nearest school' denied some children access to other local schools if Trinity Oaks is their nearest school and they are not eligible for a place.
7. Based on admission arrangements set for 2022, only 16% of all academies, foundation, trust and voluntary aided schools (which set their own admission arrangements) give priority on the basis of 'nearest school' and a number of these are consulting on a change for 2023. If the admission arrangements for Hurst Park Primary School, Langshott Primary School, Meath Green Infant School, Tillingbourne Junior School and Wallace Fields Junior School were to continue to give priority on the basis of 'nearest school', this might disadvantage applicants if their actual nearest school does not give priority on this basis.
8. There is never any guarantee that a parent will be able to secure a place at one of their preferred schools and, where that is not possible, the local authority has a duty to offer an alternative place within a reasonable distance from the child's home address.
9. 'Nearest school' was removed from the admission arrangements for 78 community and voluntary controlled schools for 2022 admission, to comply with a decision of the Office of the Schools Adjudicator (OSA) and to ensure that the admission arrangements complied with the School Admissions Code in regard to catchments.
10. The determination by the OSA in October 2019 (determination number ADA3589) identified some concerns with the use of 'nearest school' and the objectivity and clarity regarding this. The Schools Adjudicator set out that, by having 'nearest school' as a criterion within a set of admission arrangements, the local authority effectively creates a catchment area which is defined by a polygonal (multi-sided) shape based on the location of the other schools surrounding the school. As a catchment area, the local authority has a duty to consult on any changes, such as when the inclusion or location of 'nearest' schools change as these can result in a change to the polygonal shape/catchment area and thus which children may receive priority.
11. The School Admissions Code also sets out other requirements for catchment areas that the local authority must comply with, such as they must be reasonable and clearly defined. In order to assess whether such a catchment area meets the requirements of the Code, it would be necessary to understand the catchment boundaries that are created as a result of using 'nearest school' as an admission criterion.
12. Other reasons for reviewing use of 'nearest school' within the admission arrangements for community and voluntary controlled schools at that time were as follows:
  - 'nearest school' is measured in a straight line from the child's home address. In this way, although this may be used to prioritise applicants, it does not necessarily reflect the school that is nearest by walking or road route or the one that is easiest for the child to get to
  - having a school as a 'nearest school' does not guarantee admission
  - the majority of academies, foundation, trust and voluntary aided schools do not give priority to children based on whether or not it is a child's nearest school

13. At that time, no change was proposed for 8 schools (Hurst Park Primary School, Langshott Primary School, Meath Green Infant School, Southfield Park Primary School, Stamford Green Primary School, Tillingbourne Junior School and Wallace Fields Junior School), as it was considered that removal of 'nearest school' for these schools was more likely to have a medium or significant impact on the pattern of admission. As such, the local authority undertook to review the admission arrangements for these schools ahead of any consultation on the arrangements for 2023.
14. This change for 2023 will bring the admission arrangements for these schools into line with the arrangements for the majority of the remaining community and voluntary controlled schools and will also ensure that the admission arrangements comply with the School Admissions Code in regard to catchments.
15. This change also serves to simplify the admission arrangements and will enable parents to better understand how their application will be considered.
16. The Headteacher and Governing Body at Hurst Park Primary School, Langshott Primary School, Meath Green Infant School and Wallace Fields Junior School support the change for their schools.
17. The Headteacher and Governing Body at Tillingbourne Junior are not in support as they are concerned at maintaining pupil numbers. However, with a projected deficit of Year 3 places across Tillingbourne Valley of 0.5 of a full time equivalent class until 2026/27, it is unlikely the school will face a shortage of pupils. The school also wishes to continue to serve Gomshall and Shere which are very much part of the established school community. With projected forecasts for Godalming showing a surplus of Year 3 places for the foreseeable future, the local authority does not anticipate that children from Godalming will displace children from Gomshall and Shere and that the pattern of admission is likely to remain similar to that for 2021.
18. It is intended to review the arrangements for the remaining two schools (Southfield Park Primary School and Stamford Green Primary School) as part of the review for 2024 admission (see paragraphs 82 and 83).
19. This change is reflected in the admission criteria set out in Section 7 of Enclosure 1 (Hurst Park Primary School, Langshott Primary School, Meath Green Infant School and Tillingbourne Junior School).
20. The admission criteria for Wallace Fields Junior School will still be school specific, to provide for the feeder link from Wallace Fields Infant School as set out in Section 8 of Enclosure 1.

**Recommendation 2 – That a catchment area is introduced for Walton on the Hill Primary School for 2023 admission to replace 'nearest school'**

21. The reasons for this change are set out in Section 3 of Enclosure 3.
22. The number of responses was low with 3 respondents in support and 16 opposed to it, with only one of those opposed indicating that they would be affected by the proposal.
23. Several of the respondents who were opposed expressed concern that priority should be given to children who live nearer to a school and that the proposal would result in more children being driven to school as more children attend schools further away.

24. However, the catchment is designed to replace use of 'nearest school' so that the pattern of admission to the school will not change. After catchment, the final criterion for the school will still be home to school distance, with priority being given to children who live nearer the school. In this way, children who live some distance from a school will only be offered a place once all children who live within catchment and those that live nearer have been offered a place. This negates any concerns about longer journeys to school or increased traffic and associated pollution which is not expected to increase as a result of this proposal.
25. The reasons for removing 'nearest school' as a criterion are the same as those set out in paragraphs 9 to 15.
26. This change is reflected in the admission criteria set out in Section 8 and Appendix 5 of Enclosure 1.

**Recommendation 3 – That a nodal point to measure home to school distance is introduced for Reigate Priory School for 2023 admission**

27. The reasons for this change are set out in Section 4 of Enclosure 3.
28. The number of responses was low with six respondents in support of this proposal and nine opposed to it.
29. Only two of those opposed lived within the area of Reigate and Redhill.
30. Comments of those opposed indicated that priority for admission should be based on the school site. However, the School Admissions Code allows a nodal point, that is separate from the school site, to be used to prioritise applicants. The Code says that the 'selection of such a point must be clearly explained and made on reasonable grounds'. The local authority believes that the selection of the nodal point is reasonable because it is based on the existing site of the school, from which admissions have historically been assessed, and so will not change the pattern of admission to the school if it moves site.
31. This proposal will also ensure that families to the north of Reigate, who do not have an alternative junior school within the area, will retain their priority for Reigate Priory School should it move site. Other families to the south of the current site of the school have an alternative school, Sandcross, which they can apply for and so it would be unreasonable to prioritise these applicants above others who have no alternative school.
32. This proposal is supported by the Headteacher and Governing Body of Reigate Priory School.
33. Section 8 of Enclosure 1 has been updated to reflect this change.

**Recommendation 4 – That the Published Admission Number for Year 3 at West Ashtead Primary School is reduced from 30 to 2**

34. The reasons for this change are set out in Section 5 of Enclosure 3.
35. Overall, four respondents agreed with this proposal whilst 35 were opposed to it.
36. 24 of the respondents who were opposed gave their reasons.
37. There was a concern about the loss of school places for local children especially those who have a sibling at the school. There was also concern for those transferring from a local infant school and the associated impact that the PAN reduction might have on

application numbers to Barnett Wood and St Giles infant schools due to fear of not getting into a primary school at Year 3.

38. West Ashtead Primary is undersubscribed in Key Stage 1 (Reception – Year 2) meaning that there will be far fewer West Ashtead pupils transitioning into Year 3 by 2023. This provides additional capacity for pupils applying to Year 3 from other schools. The priority for siblings within the admission arrangements is higher than for other applicants.
39. There is a Year 3 intake at The Greville Primary School (60 places) and this school currently carries a small number of vacancies in most year groups in the junior phase. It is proposed that West Ashtead will retain a PAN of 2 places but may have capacity to take additional pupils as their infant classes are undersubscribed. The local authority also proposes to introduce a Year 3 PAN of 4 places at Leatherhead Trinity Primary School (see paragraphs 53 to 58), which is also undersubscribed in Key Stage 1 and able to offer additional capacity at Year 3. Introducing a Year 3 PAN provides parents with an opportunity to apply for Leatherhead Trinity where this has not been the case previously.
40. Some respondents felt that Leatherhead Trinity was not a suitable option as families would have to travel further afield to get their children to school and that traffic into Leatherhead would be made worse. The local authority is responsible for providing sufficient places to meet the demand across a primary place planning area. Surrey's Education Place Planning team produces pupil projections based on planning areas. Planning areas do not have geographical boundaries but are groups of schools which reflect the local geography, reasonable travel distances and existing pupil movement patterns. There are currently a high proportion of pupils attending school in Ashtead who come from Leatherhead. 47% of pupils come from Leatherhead North and 65% from Leatherhead South. Leatherhead Trinity is 1.65 miles from West Ashtead and within a reasonable travel distance.
41. Generally, the birth rate for Mole Valley has fallen by 21% since 2010. Education Place Planning forecasts project a 15% (45 place) surplus of Year 3 places for September 2023 increasing to a 23% surplus (68) by 2030. There are currently 42 vacancies in Reception and 35 vacancies in Year 1 across the schools in the Ashtead and Leatherhead planning area. The proposed reduction in Year 3 places at West Ashtead and the introduction of a Year 3 PAN of 4 at Leatherhead Trinity, reduces the number of Year 3 places across the Ashtead and Leatherhead primary place planning area by 24 places (8%) from 2023, but still provides a working margin for any unexpected short-term demand.
42. There was concern about proposals for further housing development in the area. However, Education Place Planning will continue to monitor place planning forecasts to ensure there are sufficient places to meet any future demand from migration and housing. Education Place Planning projects primary place demand over a ten-year period. The forecast pupil yield from new housing proposed in the Draft Mole Valley Plan, does not outweigh the fall in birth rate during the current place planning period to 2030. It is estimated that, even if there is an upturn in birth rates, it will take some time before the previous levels are restored. If the demand for places increase, West Ashtead will still have accommodation for an increase in PAN. Furthermore, if there were to be a need for additional Year 3 places, these could be provided through bulge class arrangements, potentially/possibly at West Ashtead.
43. Education Place Planning will continue to work closely with Mole Valley District Council on the phasing of future homes to ensure sufficient places are available to meet future demand.

44. One respondent felt that, as West Ashtead is on a huge site, it would be a waste of resources to reduce it to one form of entry all the way through. West Ashtead is a 1FE entry primary school, offering 30 places from Year R to Year 2. The school currently has an additional intake of 30 pupils at Year 3, offering 60 places from Year 3 through to Year 6. However, it is not financially viable for West Ashtead Primary School to continue to run two classes from Year 3 through to Year 6 due to the very low number of pupils applying for a place at Year 3. West Ashtead only had 39 pupils on roll in Year 3 (October 2021 census) and carry 21 vacancies. This proposal maintains a sufficient number of places in the local area and enables West Ashtead to manage its numbers.
45. The Governing Body of St Giles CofE Infant School indicated its objection to the proposal in the belief that it would affect the sustainability of St Giles. It believes that families would withdraw their children from St Giles to secure a place at an all through primary school ahead of the Year 3 transfer. The Governing Body believes that it would then be in the same "reduced income" position that West Ashtead seek to mitigate by reducing their PAN. The Governing Body at St Giles asks that other ways of managing the impending fiscal deficit should be encouraged and that Surrey adheres to its planning principles in the Surrey School Organisation Plan 2020-2030. They also believe that a reduction in PAN (with the consequential damage as described) is also contrary to the planning principles of the Surrey School Organisation Plan 2020-2030, namely, "to consider the challenges and actions that may need to be taken to ensure sustainability of existing small local schools".
46. Only a small number of pupils transition to West Ashtead from St Giles and Barnett Wood infant schools. In September 2021, only 16 pupils went to West Ashtead from the two infant schools. The current Year 3 at West Ashtead only has 39 pupils in total and this includes pupils coming up from their own Year 2. There is already a Year 3 intake at The Greville and parents will still be able to apply for a place at West Ashtead and for a place at Leatherhead Trinity. Even with the proposals outlined, there will still be a surplus of 21 Year 3 places in the Ashtead and Leatherhead primary place planning area. If parents do not secure any of their preferences, they have the right to appeal.
47. Notwithstanding this, the local authority encourages self-determination and respects the autonomy of individual schools. In light of the place planning forecast of surplus places, an area meeting was held with Ashtead and Leatherhead schools in March 2021 to facilitate conversations and action on collaborative working and how individual schools might face their own challenges. It is understood that governing bodies have subsequently met and Headteachers have started to collaborate. A conference to support Resilience and Sustainability was held in September 2021 and governing bodies encouraged to self-review. No immediate proposals for collaboration have come forward. As a school with a Requires Improvement from Ofsted, West Ashtead Primary School have taken immediate action to address the challenge they face with managing numbers and financial stability by seeking to reduce their Year 3 PAN.
48. The Governing Body of St Giles also believe that the effect of the PAN reduction is contrary to the statutory duties that local authorities have to provide school places that increase opportunities for parental choice (Education and Inspections Act 2006) and that the proposal diminishes their statutory responsibility to plan, provide and fund school places for the faith sector. However, the local authority's duties in relation to diversity and choice sets out that they shall exercise their functions with a view to – (a) securing diversity in provision of schools and (b) increasing opportunities for parental choice. The local authority is not removing parental choice as West Ashtead Primary School will still retain a Year 3 PAN so that parents can make an application for a place. Lower numbers in Key Stage 1 provides additional capacity for future pupils and helps West Ashtead to fill vacant places. The introduction of a Year 3 PAN at Leatherhead Trinity will enable

parents to also make an application to a faith school for Year 3, thus securing diversity in provision and increasing opportunities for parental choice. Governors should plan for their own individual school and the proposal should not reduce plans to address the falling number of children across faith and non-faith schools.

49. This decrease in PAN will have no impact on children who are currently on roll at the school.
50. This reduction in PAN had been formally requested by the Headteacher and Governing Body of West Ashted Primary School as it will provide the school with greater ability to maintain financial viability.
51. Surrey's Education Place Planning team are satisfied that this reduction will not impact the sufficiency of places as current forecasts indicate a projected surplus of primary places across the Ashted and Leatherhead area from 2023.
52. Appendix 1 to Enclosure 1 has been updated to reflect this change.

**Recommendation 5 – That a Published Admission Number of 4 is introduced for admission to Year 3 at Leatherhead Trinity Primary School**

53. The reasons for this change are set out in Section 6 of Enclosure 3.
54. The number of responses was low with four respondents in support of this proposal and 13 opposed to it. However, only two of those who were opposed indicated that they would be affected by the proposal.
55. Some of the comments of those opposed appeared to reflect the proposal to decrease the PAN at West Ashted rather than the introduction of a Year 3 PAN at Leatherhead Trinity. Whilst this proposal will help to offset the reduction in PAN at West Ashted, this is a separate proposal which is not dependent on the PAN being reduced at West Ashted. This is because it is also hoped that a Year 3 PAN at Leatherhead Trinity will help to offset any pressure in Year 3 places in Fetcham and Bookham.
56. The introduction of a Year 3 PAN will have no impact on children who are currently on roll at the school.
57. This proposal is supported by the Headteacher and Governing Body of Leatherhead Trinity Primary School.
58. Appendix 1 to Enclosure 1 has been updated to reflect this change.

**Recommendation 6 – That a Published Admission Number of 2 is introduced for admission to Year 3 at Felbridge Primary School**

59. The reasons for this change are set out in Section 7 of Enclosure 3.
60. The number of responses was low with three respondents in support of this proposal and seven opposed to it. However, none of those who were opposed indicated that they would be affected by the proposal or gave reasons.
61. The introduction of a Year 3 PAN will have no impact on children who are currently on roll at the school.
62. This proposal is supported by the Headteacher and Governing Body of Felbridge Primary School, having been requested by them.

63. Appendix 1 to Enclosure 1 has been updated to reflect this change.

**Recommendation 7 - That priority is given to children of a member of staff within the admission arrangements for nursery school**

64. The reasons for this change are set out in Section 8 of Enclosure 3.

65. Overall, 23 respondents agreed with this proposal whilst 11 were opposed to it.

66. Concerns raised included whether such priority would introduce a conflict of interest and that priority should not be granted on the basis of employment. However, giving priority for admission to children of staff is permitted by the School Admissions Code and the definition is compliant with the Code.

67. The introduction of priority for children of staff for admission to nursery will support community and voluntary controlled schools with staff recruitment and retention.

68. It will also align the arrangements to those that exist for admission to Reception and will put community and voluntary controlled nurseries on an equal footing with those academies, foundation, free, trust and voluntary aided nurseries which already give priority for children of staff.

69. Section 20 of Enclosure 1 has been updated to reflect this change. It provides for priority to be given to children of staff within criterion three, after looked after/previously looked after children and children where there is an exceptional social/medical need.

**Recommendation 8 - That a supplementary information form is introduced for families applying on the basis of exceptional social/medical need**

70. The reasons for this change are set out in Section 9 of Enclosure 3.

71. There was significant support for this proposal with 28 respondents in support and 2 opposed to it. However, neither of those who were opposed indicated that they would be affected by the proposal or gave reasons.

72. The introduction of a supplementary information form for applicants applying on the basis of a social/medical need will ensure applicants can be guided through the process and to declare details of their case in more detail than is allowed on the application form.

73. Enclosure 1 has been updated to reflect this change and Appendix 6 has been added.

**Recommendation 9 - Proposed Published Admission Numbers (PANs) for other community and voluntary controlled schools**

74. Appendix 1 to Enclosure 1 sets out the proposed admission numbers for all community and voluntary controlled schools for 2023 admission, with changes highlighted in bold.

75. The reduction in Year 3 PAN at West Ashted Primary School has already been referenced in Recommendation 4.

76. The introduction of a Year 3 PAN at Leatherhead Trinity and Felbridge primary schools has already been referenced in Recommendations 5 and 6.

77. It is also proposed to increase the PAN at Oakwood School from 300 to 330 to introduce additional capacity in Horley. This proposal did not require consultation.



78. It is proposed that the PAN for all other community and voluntary controlled schools for 2023 will remain as determined for 2022. This will enable parents to have some historical benchmark by which to make informed decisions about their school preferences.
79. The Education Place Planning team support the proposed PANs.
80. Each community and voluntary controlled school has been given the opportunity to comment on the proposed PAN if they wished.

#### **Recommendation 10 – Admission arrangements for which no change has been consulted on**

81. The local authority has a duty to determine the admission arrangements for all community and voluntary controlled schools by 28 February 2022, even if there are no changes proposed.
82. No change has been proposed for Southfield Park Primary School or Stamford Green Primary School, which will retain use of 'nearest school' for 2023 admission, as it is considered that a change is more likely to have a significant impact on the pattern of admission to each of these schools and, potentially, the schools in the surrounding area.
83. For these schools, given the greater complexities of making a change, the local authority has undertaken to review the admission arrangements ahead of any consultation on the arrangements for 2024.
84. Other than changes already referenced in Recommendations 1 to 9, the only other changes are points of clarification as follows:
  - The fourth criterion in Section 7 of Enclosure 1 has been updated to read 'Children who **are expected to** have a sibling at the school or at an infant/ junior school which will operate shared sibling priority for admission at the time of the child's admission' from 'Children who **will have** ....'. As it is not possible to determine categorically that a sibling will be on roll at the time of a child's admission, this is a more accurate reflection of the decision. This is in line with the explanatory text in Section 12.
  - Linked to this, Section 12 has been updated to reflect the fact that the local authority reserves the right to withdraw an offer of a place if information comes to light that an applicant knew about a sibling leaving the school or linked school at the time of a sibling claim, or if they failed to tell the local authority of a change that might affect their sibling claim.
  - Section 11 has been updated to clarify what the definition is of a parent in relation to priority for children of staff and confirmation that the member of staff might be employed full or part time.
  - Section 16 has been updated to clarify the process for a child's name being added to the waiting list at the end of the academic year.
85. The admission arrangements for Surrey's community and voluntary controlled schools are generally working well. This is demonstrated by the fact that, in 2021, 84.9% of applicants for a place in Reception or Year 7 were offered a place at their first preference school and 96.7% were offered a place at one of their preference schools.
86. The admission arrangements enable the majority of pupils to attend a local school and in doing so this reduces the need for travel and supports Surrey's sustainability policies.
87. 7 respondents took the opportunity to make comments about the admission arrangements for community and voluntary controlled schools for which no change was

proposed. However, only four had relevance to the admission arrangements for community and voluntary controlled schools.

- 13
88. One respondent asked why The Greville Primary School was not mentioned in the consultation. This was a school for which no change was proposed and as such there was no specific mention of it. However, the admission arrangements for The Greville for 2023 will be approved under recommendation 10.
  89. Two respondents suggested that travel requirements needed to be taken in to account when considering admission arrangements. The admission arrangements for community and voluntary controlled schools provide for children living nearer to a school to be offered a place ahead of those living further away. This ensures that children are not encouraged to travel long distances to get to school.
  90. One respondent suggested that it would be helpful to see on a map the catchment area for each school. The majority of Surrey's community and voluntary controlled schools do not have a catchment and priority is based on home to school distance. This distance varies from year to year based on the number of applications, where children live and the preference rank of the school on the application form. However, for schools which do have a defined catchment area, the map is published with the admission arrangements.

## **CONSULTATION**

91. On 12 October 2021 the Cabinet Member for Education and Learning agreed to consult on proposed changes to the admission arrangements for community and voluntary controlled schools for 2023.
92. A consultation on the proposed changes and the admission arrangements for which no change was proposed was published on Surrey Says on 20 October 2021.
93. Full details of the proposed admission arrangements for Surrey's community and voluntary controlled schools, including the arrangements for which there is no change proposed, are attached as Enclosure 1 and its appendices.
94. A document which set out a summary of the consultation was made available to schools and parents and is attached as Enclosure 3.
95. The consultation was sent directly to Headteachers, Chairs of Governors and Parent Governors of all Surrey schools, Diocesan Boards of Education, neighbouring local authorities, out of County academies, foundation, free and voluntary aided schools within a 3 mile (primary schools) or 5 mile (secondary schools) radius of the Surrey border, Surrey County Councillors, Borough and District Councillors, Parish and Town Councillors, Early Years establishments and Surrey MPs.
96. Surrey County Council Members and Borough and District Councillors were asked to draw the consultation to the attention of any local community or resident groups in their area who may have an interest in responding.
97. Nurseries and schools were asked to draw the consultation to the attention of parents with children at the nursery or school.
98. All consultees were also sent a suggested form of wording for parents, which they were encouraged to put on websites, noticeboards and in newsletters, as appropriate.

99. Notice of the consultation was also published on Surrey County Council's website along with an online response form.
100. In total, 70 respondents submitted a response to the consultation, some of whom answered more than one question.
101. A full analysis of the responses to the consultation is included as Enclosure 4.
102. A summary of the responses to the individual school related questions within the consultation is set out below in Table A.

**Table A - Summary of responses to admission consultation**

Question Number	Proposal	Document	Agree	Disagree	No Opinion
1	Removal of priority on the basis of 'nearest school' for Hurst Park Primary School	Enclosure 1	4	18	48
2	Removal of priority on the basis of 'nearest school' for Langshott Primary School	Enclosure 1	4	16	50
3	Removal of priority on the basis of 'nearest school' for Meath Green Infant School	Enclosure 1	5	16	49
4	Removal of priority on the basis of 'nearest school' for Tillingbourne Junior School	Enclosure 1	2	20	48
5	Removal of priority on the basis of 'nearest school' for Wallace Fields Junior School	Enclosure 1	2	15	53
6	Introduction of catchment area for Walton on the Hill Primary School to replace 'nearest school'	Enclosure 1	3	16	51
7	Introduction of a nodal point to measure home to school distance for Reigate Priory School	Enclosure 1	6	9	55
8	West Ashtead Primary School: Reduction of Year 3 PAN from 30 to 2	Enclosure 1, Appendix 1	4	35	31
9	Leatherhead Trinity Primary School: Introduction of a Year 3 PAN of 4	Enclosure 1, Appendix 1	4	13	53
10	Felbridge Primary School: Introduction of a Year 3 PAN of 2	Enclosure 1, Appendix 1	3	7	60
11	Introduction of priority for children of staff at Surrey's community and voluntary controlled nurseries	Enclosure 1	23	11	36
12	Introduction of a supplementary form for	Enclosure 1, Appendix 6	28	2	40

	applicants applying on the basis of social/medical need				
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### **RISK MANAGEMENT AND IMPLICATIONS**

103. The risks of implementing these changes are low. However, any parents who feel unfairly disadvantaged by the proposals can object to the Office of the Schools Adjudicator.

### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

104. The admission criteria for the majority of community and voluntary controlled schools in Surrey conform to Surrey's standard criteria. The more schools that have the same admission criteria, the more the processes can be streamlined and thus present better value for money. However, where required, the admission criteria for some schools vary from Surrey's standard but these can currently be managed within existing resources.

### **SECTION 151 OFFICER COMMENTARY**

105. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
106. As such, the Section 151 Officer supports the recommendations of this report as the overall funding of schools provided through the Dedicated Schools Grant Schools Block will not be impacted.

### **LEGAL IMPLICATIONS – MONITORING OFFICER**

107. The admission arrangements comply with legislation on school admissions and the School Admissions Code.
108. The local authority has carried out a consultation on all changes for a period of 6 weeks between 20 October 2021 and 1 December 2021, which is in accordance with statutory requirements.
109. There is a statutory requirement for consultation in this context as set out in The School Admissions (Admission Arrangements and Co-ordination of Admission Arrangements) (England) Regulations 2012. Such consultation involved those directly affected by the changes together with relevant representative groups. The material presented to consultees provided sufficient information to allow for intelligent consideration and response in relation to the proposals and was presented in a way that consultees could understand.
110. The best value duty is contained in s3 of the Local Government Act 1999 as a result of which the Council is under a duty to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The relevant guidance states that

Councils should consider overall value, including economic, environmental and social value when reviewing service provision.

- 111. In considering this Report, Cabinet must give due regard to the results of the consultation as set out in the reports attached and the response of the Service to the consultation comments and conscientiously take these matters into account when making its final decision.
- 112. A summary of responses is collated in Enclosure 4 and the local authority has given due regard to those responses in considering the recommendations to put before Cabinet.

**EQUALITIES AND DIVERSITY**

- 113. The Equalities Impact Assessment has been completed in full and is attached in Enclosure 2. The adoption of determined admission criteria is a mandatory requirement supported by primary legislation. The policy relating to community and voluntary controlled schools does not discriminate according to age, gender, ethnicity, faith, disability or sexual orientation.
- 114. Measures have been taken to reference vulnerable groups both in terms of exceptional arrangements within admissions, the SEND process and the in-year fair access protocol. In addition, a right of appeal exists for all applicants who are refused a school place.

**OTHER IMPLICATIONS**

- 115. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant, a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	Set out below
Safeguarding responsibilities for vulnerable children and adults	Set out below
Environmental sustainability	Set out below
Public Health	No significant implications arising from this report

**CORPORATE PARENTING/LOOKED AFTER CHILDREN IMPLICATIONS**

- 116. As required by the School Admissions Code, the proposed admission arrangements give top priority to children who are Looked After by a local authority; children who have left care through adoption, a child arrangements order or a special guardianship order; and children who have been adopted from state care outside England.

**SAFEGUARDING RESPONSIBILITIES FOR VULNERABLE CHILDREN AND ADULTS IMPLICATIONS**

- 117. The efficient and timely administration of the school admission process, coupled with the equitable distribution of school places in accordance with the School Admission Code and parental preference, contribute to the County Council's priority for safeguarding vulnerable children.

## ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

118. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
119. Since 2017 the County Council's Safer Travel Team have promoted a new national online system called Modeshift STARS [www.modeshiftstars.org](http://www.modeshiftstars.org). This system is supported by the Department for Transport. The Modeshift STARS website provides materials for schools to create a School Travel Plan. A school can choose a number of interventions such as Bikeability cycle training and the Golden Boot Challenge to help achieve their accreditation. Successful implementation of School Travel Plans will lead to improvements in road safety and more sustainable travel on school journeys. This will reduce congestion, improve air quality, and active travel will improve the health of children.
120. The admission arrangements will still enable the majority of pupils to attend a local school and so reduce travel and support policies on cutting carbon emissions and tackling climate change.
121. Children will continue to be considered for home to school transport in line with Surrey's Home to School/College Travel and Transport policy and information on this is provided to parents in Section 22 of Enclosure 1.

## WHAT HAPPENS NEXT

- The September 2023 admissions arrangements as agreed by the Cabinet will be ratified by the full County Council on 8 February 2022.
- The determined admission arrangements will be published on Surrey's website by 15 March 2022 and all consultees will be notified.
- All Surrey schools will also be notified of the determined admission arrangements in the Admissions termly newsletter, issued as part of the Schools Bulletin at the start of the Summer Term 2022.
- The arrangements will be published in the primary and secondary admissions booklets in August 2022, which will be made available to parents online and in hard copy by request in September 2022.
- The information on school admissions will be circulated to the Contact Centre, Surrey County Council Libraries and Early Years.
- Full information on school admissions for 2023 entry will also be published on Surrey County Council's website in September 2022.

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Headteachers, Chairs of Governors, Parent Governors of all Surrey schools  
Early Years establishments in Surrey  
Diocesan Boards of Education  
Neighbouring local authorities  
Out of County own admission authority schools within 3/5 miles radius of the Surrey border

Surrey County Councillors  
Parish Councils  
Local MPs,  
General public consultation via Surrey Says/schools/Contact Centre

**Annexes:**

<b>Enclosure 1</b>	Admission arrangements for community & voluntary controlled schools
• <b>Appendix 1</b>	Published Admission Numbers (PANs)
• <b>Appendix 2</b>	Schools which will operate shared sibling priority
• <b>Appendix 3</b>	Schools not to be considered in assessment of nearest school
• <b>Appendix 4</b>	Catchment map for Southfield Park Primary
• <b>Appendix 5</b>	Catchment map for Walton on the Hill Primary
• <b>Appendix 6</b>	Supplementary Form for social/medical applicants
• <b>Appendix 7</b>	Supplementary Form for staff applicants
<b>Enclosure 2</b>	Equality Impact Assessment
<b>Enclosure 3</b>	Summary of consultation
<b>Enclosure 4</b>	Outcome of consultation

**Sources/background papers:**

- School Admissions (Admission Arrangements and Coordination of Admission Arrangements) (England) Regulations 2012
- School Standards and Framework Act 1998
- Education Act 2002
- School Admissions Code 2021
- Equality Act 2002
- Cabinet Member for Education and Learning report and decision – 12 October 2021
- OSA determination on Stamford Green Primary School - ADA3589

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# Admission Arrangements 2023/24

**for Surrey County Council's community and  
voluntary controlled schools**

# Admission arrangements for Surrey County Council's community and voluntary controlled schools 2023/24

13 This document sets out Surrey County Council's admission arrangements for community and voluntary controlled schools in 2023/24.

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## 1. Published Admission Numbers

The Published Admission Numbers for initial entry to Surrey's community and voluntary controlled schools in September 2023 are set out in Appendix 1.

## 2. Coordinated Schemes

Applications will be managed in accordance with Surrey's coordinated schemes on primary and secondary admission. Please see Surrey's coordinated schemes for further details regarding applications, processing, offers, late applications, post-offer and waiting lists.

## 3. Applications for Reception and Year 3

Applications for Reception and applications for a Year 3 place at schools which have a published admission number for Year 3, must be made by 15 January 2023. Places at Surrey schools will be offered on the basis of the preferences that are shown on the application form. Applicants will be asked to rank up to four Reception or Year 3 preferences and these will be considered under an equal preference system.

## 4. Applications for a secondary school place

Applications for a Secondary school place must be made by 31 October 2022. Places at Surrey secondary schools will be offered on the basis of the preferences that are shown on the application form. Applicants will be asked to rank up to six preferences and these will be considered under an equal preference system.

## 5. Children with an Education, Health and Care Plan (EHCP)

Children with an EHCP that names a school will be allocated a place before other children are considered. In this way, the number of places available will be reduced by the number of children with an EHCP that has named the school.

## 6. Admission arrangements for 2023/24

For the majority of Surrey's community and voluntary controlled schools the admission arrangements are set out in section 7 below. Where there are local variations these are set out by area and by school in section 8.

## 7. Admission criteria for September 2023

Other than for schools listed in section 8, when a community or voluntary controlled school is over-subscribed for any year group, applications for entry in 2023/24 will be ranked in the following order:

### **First criterion: Looked after and previously looked after children**

See section 9 for information relating to looked after and previously looked after children.

### **Second criterion: Exceptional social/medical need**

See section 10 for information relating to exceptional social/medical need. **A supplementary information form (Appendix 6) must be completed and returned by the application closing date for all applicants wishing to apply under this criterion.**

**Third criterion: Children of a member of staff**

See section 11 for information relating to children of a member of staff. A supplementary information form (Appendix 7) must be completed and returned by the application closing date for all applicants wishing to apply under this criterion.

**Fourth criterion: Children who are expected to have a sibling at the school or at an infant/ junior school which will operate shared sibling priority for admission at the time of the child's admission**

See Appendix 2 for infant/junior schools that will operate shared sibling priority for admission for the purpose of this criterion. See section 12 for information relating to siblings.

**Fifth criterion: Any other children**

Remaining places will be offered on the basis of nearness to the school measured in a straight line from the address point of the child's home address, as set by Ordnance Survey to the nearest official school gate for pupils to use. See section 14 for information on the definition of home address. See section 15 for information on tie breakers.

**8. School specific admission criteria for September 2023**

When a school named below is over-subscribed for any year group, applications for entry in 2023/24 will be ranked in criteria order.

In considering local admission arrangements, see sections 9 to 15 for more information on:

- Looked after and previously looked after children
- Exceptional social/medical need
- Children of a member of staff
- Siblings
- Nearest school
- Home address
- Tie breakers

**a) Epsom & Ewell****Southfield Park Primary School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. Children living in the defined catchment area of the school (see Appendix 4 for catchment map). If the number of children who qualify under this criterion is greater than the number of places remaining available at the school, places under this criterion will be offered to those living the furthest distance from the school, measured in a straight line.
6. Children for whom Southfield Park Primary School is their nearest school
7. Any other children

**Stamford Green Primary School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings

5. Children for whom Stamford Green Primary School is their nearest school
6. Any other children

**Wallace Fields Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. **Children who will have a sibling at Wallace Fields Infant School or Wallace Fields Junior School on the date of their admission**
5. **\*Children attending Wallace Fields Infant School**
6. Any other children

\* Criterion 5 will only apply to children who attend Wallace Fields Infant School in Year 2 and will not be applied once a child has left this school

If the number of children who qualify under any criterion is greater than the number of places remaining available at the school, any remaining places will be offered to children who meet the criterion on the basis of proximity of the child's home address to the nearest official school gate at either Wallace Fields Infant School or Wallace Fields Junior School, with children living nearest receiving the greater priority.

**c) Guildford**

**Walsh C of E Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending Walsh Memorial C of E (Controlled) Infant School
5. Siblings not admitted under 3 above
6. \*Children attending St Paul's CofE Infant School (Tongham)
7. Any other children

\* Criteria 4 and 6 will only apply to children who attend Walsh Memorial CofE (Controlled) or St Paul's CofE infant schools (as applicable) in Year 2 and will not be applied once a child has left these schools

**Worplesdon Primary School at 7+:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Wood Street Infant School
6. Any other children

\* Criterion 5 will only apply to children who attend Wood Street Infant School in Year 2 and will not be applied once a child has left this school

**d) Mole Valley**

**The Dawnay School at 7+:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings

5. \*Children attending Polesden Lacey Infant School
6. Any other children

\* Criterion 5 will only apply to children who attend Polesden Lacey Infant School in Year 2 and will not be applied once a child has left this school

### **St Martin's C of E Primary School at 7+:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending St Michael's CofE (Aided) Infant School
6. Any other children

\* Criterion 5 will only apply to children who attend St Michael's CofE (Aided) Infant School in Year 2 and will not be applied once a child has left this school

## **e) Reigate & Banstead**

### **Banstead Community Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending Banstead Infant School
5. Siblings not admitted under 3 above
6. Any other children

\* Criterion 4 will only apply to children who attend Banstead Infant School in Year 2 and will not be applied once a child has left this school

### **Earlswood Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending Earlswood Infant School
5. Siblings not admitted under 3 above
6. Any other children

\* Criterion 4 will only apply to children who attend Earlswood Infant School in Year 2 and will not be applied once a child has left this school

### **Meath Green Junior:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending Meath Green Infant School
5. Siblings not admitted under 3 above
6. Any other children

\* Criterion 4 will only apply to children who attend Meath Green Infant school in Year 2 and will not be applied once a child has left this school

**Reigate Priory School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Dovers Green or Holmesdale Community Infant schools
6. Any other children

\* Criteria 5 will only apply to children who attend Dovers Green or Holmesdale Community infant schools in Year 2 and will not be applied once a child has left these schools

**If the number of children who qualify under any criterion is greater than the number of places remaining available at the school, any remaining places will be offered to children who meet the criterion on the basis of proximity of the child's home address to the front door of the Reigate Priory building in Priory Park, Reigate, with children living nearest receiving the greater priority.**

**Walton on the Hill Primary School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. **Children living in the defined catchment area of the school (see Appendix 5 for catchment map)**
6. Any other children

**f) Runnymede****St Ann's Heath Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Trumps Green or Meadowcroft infant schools
6. Any other children

\* Criterion 5 will only apply to children who attend Trumps Green or Meadowcroft infant schools in Year 2 and will not be applied once a child has left these schools

**g) Spelthorne****Chennestone Primary Community School at 7+:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Beauclerc Infant School
6. Any other children

\* Criterion 5 will only apply to children who attend Beauclerc Infant School in Year 2 and will not be applied once a child has left this school

**h) Waverley****Shottermill Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending Shottermill Infant School
5. Siblings not admitted under 3 above
6. Any other children

\* Criterion 4 will only apply to children who attend Shottermill Infant School in Year 2 and will not be applied once a child has left this school

**William Cobbett Primary School at 7+:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Badshot Lea Village or Folly Hill infant schools
6. Any other children

\* Criterion 5 will only apply to children who attend Badshot Lea Village or Folly Hill infant schools in Year 2 and will not be applied once a child has left these schools

**i) Woking****West Byfleet Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending West Byfleet Infant School
5. Siblings not admitted under 3 above
6. Any other children

\* Criterion 4 will only apply to children who attend West Byfleet Infant School in Year 2 and will not be applied once a child has left this school

**9. Looked after and previously looked after children**

Within the admission arrangements for all community and voluntary controlled schools, looked after and previously looked after children will receive the top priority for a place. Looked after and previously looked after children will be considered to be:

- children who are in the care of a local authority or provided with accommodation by a local authority in accordance with Section 22 of the Children Act 1989, e.g. fostered or living in a children's home, at the time an application for a school is made; and
- children who have previously been in the care of a local authority or provided with accommodation by a local authority in accordance with Section 22 of the Children Act 1989 and who have left that care through adoption, a child arrangements order (in accordance with Section 8 of the Children Act 1989 and as amended by the Children and Families Act 2014) or special guardianship order (in accordance with Section 14A of the Children Act 1989).



- children who appear (to the local authority) to have been in state care outside of England and ceased to be in state care as a result of being adopted. A child will be regarded as having been in state care outside of England if they were accommodated by a public authority, a religious organisation or any other provider of care whose sole purpose is to benefit society. The parent/carer will need to provide evidence to demonstrate that the child was in state care outside of England and left that care as a result of being adopted

Places will be allocated under this criterion when places are first offered at a school and the local authority may also ask schools to admit over their published admission number at other times under this criterion.

## 10. Exceptional social/medical need

Occasionally there will be a very small number of children for whom exceptional social or medical circumstances apply which will warrant a placement at a particular school. The exceptional social or medical circumstances might relate to either the child or the parent/carer.

**A supplementary information form (Appendix 6) must be completed and returned by the application closing date for all applicants wishing to apply under this criterion.**

Supporting evidence from a professional is also required such as a doctor and/or consultant for medical cases or a social worker, health professional, housing officer, the police or probation officer for other social circumstances. This evidence must confirm the circumstances of the case and must set out why the child should attend a particular school and why no other school could meet the child's needs.

Providing evidence does not guarantee that a child will be given priority at a particular school and in each case a decision will be made based on the merits of the case and whether the evidence demonstrates that a placement should be made at one particular school above any other.

Common medical conditions and allergies can usually be supported in all mainstream schools, therefore priority under a school's exceptional medical criterion would not normally be given for these. Some mainstream schools have units attached which provide specialist provision for children with an education, health and care plan which names the school. The facilities in these units are not normally available to children in the mainstream school and as such priority under a school's exceptional social or medical criterion would not normally be agreed for a mainstream place on the basis of a specialist unit being attached to the school.

In addition, routine child minding arrangements would not normally be considered to be an exceptional social reason for placement at a particular school.

Places may be allocated under this criterion when places are first offered at a school and the local authority may also ask schools to admit over their published admission number at other times under this criterion.

## 11. Children of a member of staff

Priority will be given to a child if their parent is a permanent member of staff at the school and meets either or both of the following circumstances:

- a) the member of staff has been employed at the school for two or more years at the time at which the application for admission to the school is made, **on a full or part time basis**; and/or

- b) the member of staff is recruited to fill a vacant post for which there is a demonstrable skill shortage.

**A person will be considered to be a child's parent for the purpose of this criterion if they are living in the same family unit as the child at the same address and are:**

- **their mother or father:**
- **any other person who has parental responsibility, such as an adoptive parent, step-parent, a special guardian or person named in a child arrangements order**
- **any other person who does not have parental responsibility but otherwise has the care of the child, such as a foster carer.**

A supplementary information form (Appendix 7) must be completed and returned by the application closing date for all applicants wishing to apply under this criterion.

For applications made as part of a normal intake, the length of employment will be considered as of the closing date for applications. For in year applications and for the purpose of maintaining a waiting list, the length of employment will be considered as of the date the application is received or the date a place becomes available, if a place is considered from the waiting list.

## 12. Siblings for community and voluntary controlled schools

A sibling will be considered to be a brother or sister (that is, another child of the same parents, whether living at the same address or not), a half-brother or half sister or a step-brother or step-sister or an adoptive or foster sibling, ordinarily living as part of the same family unit at the same address.

A child will be given sibling priority if they have a sibling on roll at the school concerned or a linked school and that sibling is still expected to be on roll at that school at the time of the child's admission. **If a sibling leaves the school concerned or a linked school after the application but before the national offer day, the applicant must let the School Admissions team know as this may affect the child's sibling priority. We reserve the right to withdraw an offer of a place that has been made on the basis of sibling priority if information comes to light that the applicant had claimed that priority in the knowledge that the child's sibling would have left the school or linked school by the time of the child's admission; or if the applicant failed to tell us of a change that took place prior to the national offer day that would affect the child's sibling priority.**

For the initial intake to an infant/junior school, a child will also be given sibling priority for admission if their sibling is attending an infant/junior school which operates shared sibling priority with the school and that sibling is still expected to be on roll at either school at the time of the child's admission. See Appendix 2 for community and voluntary controlled schools that will operate shared sibling priority for admission in 2023 for the purpose of the sibling criterion. This will apply both at the initial allocation of places and also when prioritising the waiting list. Giving sibling priority has the effect of maximising the opportunity for children in the same family to be educated at the same school or at a school which operates shared sibling priority.

At the initial allocation, when an applicant is applying for a Reception place at an infant school that has both a feeder and sibling link to a junior school and the child has a sibling currently attending Year 2 of the infant school but who will have left by the time the younger child starts, the younger child will be considered under the sibling criterion as part of the initial allocation. This is because, due to the feeder link, they will be expected to still have a

sibling at the linked junior school at the time of admission. The schools for which this will apply are as follows:

- Bagshot Infant and Connaught Junior (Academy)
- \*Beauclerc Infant School and Chennestone Primary School
- Earlswood Infant and Earlswood Junior
- The Grange Community Infant and New Haw Community Junior (Academy) Horley Infant and Yattendon (Foundation)
- The Mead Infant and Auriol Junior (Academy)
- Meadowcroft Infant and St Ann's Heath Junior
- Meath Green Infant and Meath Green Junior
- \*\*Marrow CofE Infant and Bushy Hill Junior (Foundation)
- Shottermill Infant and Shottermill Junior
- Trumps Green Infant and St Ann's Heath Junior
- Walsh Memorial CofE Infant and Walsh CofE Junior
- West Byfleet Infant and West Byfleet Junior

\* Shared sibling priority only applies to Beauclerc Infant School

\*\* Shared sibling priority only applies to Marrow CofE Infant School

At the initial allocation, when an applicant is applying for both a Reception place and a Year 3 place at a primary school which has an intake at Reception and Year 3, or at separate infant/junior schools which operate shared sibling priority, if a place can only be offered to one child, the waiting list position for the other child will be adjusted to reflect the fact that they are expected to have a sibling in the school or another school which operates shared sibling priority in September 2023.

A mainstream child will also be given sibling priority for a school if they have a sibling with a final EHCP that names the same school, as long as the sibling with the EHCP is expected to start at the school before or on the same date as the mainstream child. Applicants will have to declare the details of any child whose EHCP names the school in order to be considered for sibling priority.

### 13. Nearest school

For schools which give priority to children who have the school as their nearest, all Surrey community and voluntary controlled schools will be considered, as will most academies and foundation, free, trust and voluntary aided schools. A list of the academies and foundation, free, trust and voluntary aided schools in Surrey and the out of county schools that will be excluded when assessing nearest school can be seen at Appendix 3.

The nearest school may be inside or outside the county boundary.

When assessing which school is nearest, distances to Surrey schools will be measured in a straight line from the address point of the child's home address, as set by Ordnance Survey, to the nearest point within each school which is used to measure distance for the purpose of prioritising admissions, as set out in each school's admission arrangements. Where a Surrey school does not use distance to prioritise admissions, the measuring point will be the nearest official school gate for pupils to use. Distances to schools outside of Surrey will be calculated using the postal address coordinates for the school. Parents can view [Surrey's School map](#) to see their home to school distances.

Any child remaining on the waiting list after 1 September 2023 will be considered to be an application for in year admission. After this date, when assessing nearest school, all schools with the appropriate year group will be taken into account, other than those listed at Appendix 3.

## 14. Home address

Within the admission arrangements for community and voluntary controlled schools, the child's home address excludes any business or childminder's address and must be the child's normal place of residence. It also excludes any relative's address unless the child lives at that address as their normal place of residence. Where the child is subject to a child arrangements order and that order stipulates that the child will live with one parent/carer more than the other, the address to be used will be the one where the child is expected to live for the majority of the time. For other children, the address to be used will be the address where the child lives the majority of the time. In other cases, where the child spends an equal time between their parents/carers, it will be up to the parent/carers to agree which address to use. Where a child spends their time equally between their parents/carers and they cannot agree on who should make the application, we will accept an application from the parent/carer who is registered for child benefit. If neither parent/carer is registered for child benefit we will accept the application from the parent/carer whose address is registered with the child's current school or nursery.

We will not generally accept a temporary address if the main carer of the child still possesses or rents a property that has previously been used as a home address, nor will we accept a temporary address if we believe it has been used solely or mainly to obtain a school place when an alternative address is still available to that child. All distances will be measured by the computerised Geographical Information System maintained by Surrey's admissions team.

The address to be used for the initial allocation of places to Reception, Year 3 and Year 7 will be the child's address at the closing date for application. Changes of address may be considered in accordance with Surrey's coordinated scheme if there are exceptional reasons behind the change, such as if a family has just moved to the area. The address to be used for waiting lists, after the initial allocation, will be the child's current address. Any offer of a place on the basis of address is conditional upon the child living at the appropriate address on the relevant date. Applicants have a responsibility to notify Surrey County Council of any change of address.

## 15. Tie breaker and the admission of twins, triplets, other multiple births or siblings born in the same academic year

Unless stipulated otherwise, if within any criterion there are more children than places available, any remaining places will be offered to children who meet the criterion on the basis of proximity of the child's home address to the school, with children living nearest receiving the greater priority. Distance will be measured in a straight line from the address point of the child's home address, as set by Ordnance Survey, to the nearest official school gate for pupils to use. This is calculated using the admissions team's Geographical Information System.

Where two or more children share priority for a place, e.g. where two children live equidistant from a school, Surrey County Council will use random allocation to determine which child should be given priority.

In the case of multiple births, where children have equal priority for a place, Surrey County Council will use random allocation to determine which child should be given priority. If after the allocation one or more places can be offered but there are not sufficient places for all of them, each child will be offered a place.

## 16. Waiting lists

Where there are more children than places available, waiting lists will operate for each year group according to the oversubscription criteria for each school without regard to the date the application was received or when a child's name was added to the waiting list.

Waiting lists for each year group at each community and voluntary controlled school will be maintained until the 31 July 2024 when they will be cancelled. Applicants who wish a child to remain on the waiting list for the 2024/25 academic year must complete a **Continuing Interest form** through Surrey County Council **between 1 July 2024 and 31 August 2024**. Fully completed **forms** received during July 2024 will be used to reform the waiting list during August 2024. Applications received **between 1 August and 31 August** will be added to the waiting list as soon as they have been processed. **If a Continuing Interest form is not received by 31 August 2024 the applicant will be required to submit a new in year application.**

## 17. In-year admissions

The following applications will be treated as in-year admissions during 2023/24:

- applications for admission to Reception which are received after 1 September 2023;
- for any school which has a published admission number for Year 3, applications for admission to Year 3 which are received after 1 September 2023;
- applications for admission to Year 7 which are received after 1 September 2023;
- all other applications for admission to Years 1 to 6 and 8 to 11.

Applications for Surrey's community and voluntary controlled schools must be made to the local authority on Surrey's common application form. Where there are more applications than places available, each application will be ranked in accordance with the published oversubscription criteria for each school.

## 18. Starting school

The community and voluntary controlled infant and primary schools in Surrey have a single intake into Reception. All children whose date of birth falls between 1 September 2018 and 31 August 2019 will be eligible to apply for a full time place in Reception at a Surrey school for September 2023. Applicants can defer their child's entry to Reception until later in the school year, but this will not be agreed beyond the beginning of the term after the child's fifth birthday, nor beyond the beginning of the final term of the academic year for which the offer was made. Applicants may also arrange for their child to start part time until their child reaches statutory school age.

## 19. The admission of children outside of their chronological year group

Applicants may choose to seek a place outside their child's chronological (correct) year group. Decisions will be made on the basis of the circumstances of each case and what is in the best interests of the child concerned.

- Applicants who are applying for their child to have a decelerated entry to school, i.e. to start later than other children in their chronological age group, should initially apply for a school place in accordance with the deadlines that apply for their child's chronological age. If, in liaison with the headteacher, the local authority agrees for the child to have a decelerated entry to a community or voluntary controlled school the place cannot be deferred and instead the applicant will be invited to apply again in the following year for the decelerated cohort.
- Applicants who are applying for their child to have an accelerated entry to school, i.e. to start earlier than other children in their chronological age group, must initially apply for a school place at the same time that other families are applying for that cohort. If, in liaison with the headteacher, the local authority agrees for the child to have an accelerated entry to a community or voluntary controlled school, the application will be processed. If it is not agreed for the child to have an accelerated entry to a community or voluntary controlled school, the applicant will be invited to apply again in the following year for the correct cohort.

Applicants must state clearly why they feel admission to a different year group is in the child's best interest and provide what evidence they have to support this. More information on educating children out of their chronological year group and the process for making such requests is available on [Surrey's admissions web page](#)

## 20. Nursery admissions

The local authority has delegated the admissions of nursery children to the governing body of community and voluntary controlled schools/nurseries. Applicants wishing to apply for a place must complete the application form and submit it directly to the school or nursery that they wish to apply for in accordance with the dates set by the school.

In considering these arrangements for community and voluntary controlled schools/nurseries, see sections 9 to 15 for more information on:

- Looked after and previously looked after children
- Exceptional social/medical need
- Children of a member of staff
- Siblings
- Home address
- Tie breakers

Community and voluntary controlled infant and primary schools which operate a nursery during term time only, will offer sessions totalling 15 or 30 hours a week, depending on the school and the eligibility of the child. Each school will identify which sessions constitute the child's universal entitlement and which are their extended entitlement.

### Places for two year olds

Some nurseries admit two year olds who meet the eligibility criteria to receive Funded Early Education for Two year olds (FEET). Where there are more applications than places available, eligible children will be ranked according to the following criteria:

- a) Looked after and previously looked after children
- b) Exceptional social/medical need
- c) **Children of a member of staff**
- d) Children who will have a sibling attending the nursery or the main school at the time of admission

e) Any other children

Where any category is oversubscribed, children will be ranked according to the straight line distance that they live from the school with priority being given to children who live closest to the school.

Once such children are placed on roll at a nursery, they will be automatically entitled to take up a three year old place and the number of places available for three year olds will reduce.

### Places for three year olds

All children will be eligible to be considered for admission to a nursery class in a community or voluntary controlled school or nursery in the term after they turn three years old, although admission will be subject to an application being made and places being available.

When a nursery in a community or voluntary controlled infant or primary school is oversubscribed for a three year old place, applications for entry in 2023/2024 will be ranked according to the following criteria, which will be applied in the first instance to children wishing to take up the free early years provision:

- a) Looked after and previously looked after children
- b) Exceptional social/medical need
- c) **Children of a member of staff**
- d) Children who will have a sibling attending the nursery or the main school at the time of admission
- e) Children who will turn 4 years old between 1 September 2023 to 31 August 2024 (this is to give priority to older children who will be due to transfer to Reception in the next academic year and hence only have one year left to attend nursery)
- f) Children who will be 3 years old between 1 September 2023 to 31 August 2024 (these children will be able to stay on in nursery for another year in 2024/25 as they will not be due to start Reception until September 2024)

Where any category is oversubscribed, children will be ranked according to the straight line distance that they live from the school or nursery, with priority being given to children who live closest.

### Procedures for admission

Each school will endeavour to inform applicants of the outcome of their application by letter, at least one term before admission. A school will only allocate nursery sessions once it has determined that a place can be offered in accordance with the admission criteria. If an applicant is offered a place they must confirm acceptance directly with the school by the date stipulated in their offer letter.

The final decision with regard to admission and the allocation of sessions rests with the governing body of the school.

Where a school is oversubscribed it will maintain a waiting list in criteria order.

Admission to a school's nursery does not guarantee admission to the Reception class at that school. Applications for Reception must be made on a separate application and be submitted by the statutory deadline in order to be considered.

Some schools or nurseries may allow parent/carers to pay for extra nursery provision, beyond their funded entitlement. However such requests will only be considered once all applications for the funded early year's entitlement have been processed.

In addition to nurseries within some community and voluntary controlled infant and primary schools, Surrey also has four stand-alone Nursery schools, some with attached Family Centres, in Chertsey, Dorking, Godalming and Guildford. These may provide a mix of full and part time places. Whilst these schools will also follow the admission criteria set out above, under the social and medical need criterion they may also consider the individual learning need of a child, if it can be demonstrated that no other school can meet the child's learning needs.

## 21. Providing false or misleading information

If an applicant is found to have supplied false or deliberately misleading information or to have withheld any relevant information, the local authority reserves the right to withdraw any offer of a place, even if the child has already started at the school.

## 22. Home to school transport

Surrey County Council has a Home to School Transport policy that sets out the circumstances in which children might qualify for free home to school transport.

Generally, transport will only be considered if a child is under 8 years old and is travelling more than two miles or is over 8 years old and travelling more than three miles to the nearest school with a place. Transport will not generally be provided to a school that is further away if a child would have been offered a place at a nearer school had it been named as a preference on the application form, although exceptions may apply to secondary aged children whose families are on a low income if they are travelling to one of their three nearest schools and to children whose nearest school is out of County but over the statutory walking distance.

Eligibility to transport is not linked to the admission criteria of a school. Some schools give priority to children who are attending a feeder school, but attending a feeder school does not confer an automatic right to transport to a linked school. In considering admission criteria and school preferences it is important that applicants also consider the home to school transport policy so they might take account of the likelihood of receiving free transport to their preferred school before making their application.

In considering eligibility for home to school transport, the local authority will take account of all state funded schools, including free schools and academies.

Applicants should note that the opening of a new school or the permanent relocation of an existing school might change which school is assessed to be the nearest to an address when compared to assessments made in previous years. If for any reason a school educates children on a temporary site, the assessment of nearest school for the purpose of home to school transport eligibility will disregard the temporary site and will instead use the intended permanent site of the school or, if that has not yet been determined, the current main site of the school. Where a school is operating on a temporary site and that school's permanent/current site is deemed to be a child's nearest qualifying school, the home to school walking distance will be measured to the school's temporary site to determine if the child lives over the statutory walking distance and is eligible for transport assistance. Eligibility will be reassessed at the point a child ceases to be educated at the temporary site.

A full copy of Surrey's Home to School Transport policy is available on [Surrey's website](#) at or from the Surrey Schools and Childcare Service on 0300 200 1004.



# Admission Arrangements 2023/2024 for Surrey County Council's community and voluntary controlled schools

## Appendices 1 to 3

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# Appendix 1

## Admission numbers for Surrey County Council's community and voluntary controlled schools 2023

This document sets out Surrey County Council's Published Admission Numbers (PAN) for community and voluntary controlled schools for September 2023.

### Primary schools

#### Elmbridge

School Name	PAN 2023
Bell Farm Primary	90
Cranmere Primary	60
Grovelands Primary	60
Hurst Park Primary	60
Manby Lodge Infant	90
Oatlands	90
The Royal Kent C of E Primary	Reception = 30 and Year 3 = 2
St James C of E Primary	60

#### Epsom & Ewell

School Name	PAN 2023
Epsom Primary	60
Ewell Grove Primary	60
The Mead Infant	90
Southfield Park Primary	60
Stamford Green Primary	90
Wallace Fields Junior	68

#### Guildford

School Name	PAN 2023
Ash Grange Primary	30
Merrow C of E (Cont) Infant	60
Onslow Infant	60
St Mary's C of E (VC) Infant	30
St Paul's Church of England Infant	30
Shawfield Primary	30

School Name	PAN 2023
Tillingbourne Junior	90
Walsh Church of England Junior	64
Walsh Memorial C of E (Cont) Infant	60
Wood Street Infant	30
Worplesdon Primary	Reception = 57 and Year 3 = 30

### Mole Valley

School Name	PAN 2023
Barnett Wood Infant	52
Charlwood Primary	15
The Dawnay	Reception = 30 and Year 3 = 15
Fetcham Village Infant	60
The Greville Primary	Reception = 60 and Year 3 = 60
Leatherhead Trinity	Reception = 60 and <b>Year 3 = 4</b>
North Downs Primary	Reception = 60 and Year 3 = 4
Oakfield Junior	60
Polesden Lacey Infant	30
Powell Corderoy Primary	30
St Martin's Church of England (C) Primary	Reception = 45 and Year 3 = 15
West Ashted Primary	Reception = 30 and <b>Year 3 = 2</b>

### Reigate & Banstead

School Name	PAN 2023
Banstead Community Junior	90
Earlswood Infant & Nursery	120
Earlswood Junior	120
Epsom Downs Primary	60
Furzeffield Primary Community	58
Horley Infant	90
Kingswood Primary	30
Langshott Primary	60
Manorfield Primary & Nursery	30
Meath Green Infant	90
Meath Green Junior	90

School Name	PAN 2023
Reigate Priory Community Junior	150
Shawley Community Primary	45
Walton on the Hill Primary	30

### Runnymede

School Name	PAN 2023
The Grange Community Infant	90
The Hythe Community Primary	60
Manorcroft Primary	60
Meadowcroft Community Infant	30
Ongar Place Primary	30
St Ann's Heath Junior	90
Stepgates Community	30
Thorpe Lea Primary	30
Trumps Green Infant	60

### Spelthorne

School Name	PAN 2023
Ashford Park Primary	90
Beauclerc Infant	40
Buckland Primary	60
Chennestone Primary Community	Reception = 30 and Year 3 = 40
Clarendon Primary	30

### Surrey Heath

School Name	PAN 2023
Bagshot Infant	60
Heather Ridge Infant	60
Prior Heath Infant	60
Valley End Church of England Infant	60

### Tandridge

School Name	PAN 2023
Audley Primary	30

School Name	PAN 2023
Dormansland Primary	30
<b>Felbridge Primary</b>	Reception = 30 and Year 3 = 2
Holland Junior	60
Hurst Green	30
Lingfield Primary	60

### Waverley

School Name	PAN 2023
Badshot Lea Village Infant	45
Beacon Hill Primary	Reception = 30 and Year 3 = 2
Cranleigh CofE Primary	Reception = 30 and Year 3 = 30
Farncombe CofE Infant & Nursery	50
Folly Hill Infant	30
Shottermill Infant	60
Shottermill Junior	68
William Cobbett Primary	Reception = 30 and Year 3 = 60
Witley C of E (Cont) Infant	30

### Woking

School Name	PAN 2023
St Mary's C of E (Cont) Primary, Byfleet	60
West Byfleet Infant	90
West Byfleet Junior	90

## Secondary schools

### Guildford

School Name	PAN 2023
Ash Manor School	240

### Reigate & Banstead

School Name	PAN 2023
Oakwood School	<b>330</b>

## Waverley

School Name	PAN 2023
Glebelands School	180

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## Appendix 2

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### Community and voluntary controlled schools in Surrey which will operate shared sibling priority for admission in 2023

#### Epsom & Ewell

- The Mead Infant and Auriol Junior (Academy)
- Wallace Fields Infant (Academy) and Wallace Fields Junior

#### Guildford

- Merrow C of E Infant and Bushy Hill Junior (Foundation) - Shared sibling priority only applies to Merrow CofE Infant School
- Walsh Memorial C of E Infant and Walsh C of E Junior

#### Reigate & Banstead

- Banstead Infant (Academy) and Banstead Community Junior
- Earlswood Infant and Earlswood Junior
- Horley Infant and Yattendon (Foundation)
- Meath Green Infant and Meath Green Junior

#### Runnymede

- The Grange Community Infant and New Haw Community Junior (Academy)
- Meadowcroft Infant and St Ann's Heath Junior
- Trumps Green Infant and St Ann's Heath Junior

#### Spelthorne

- Beauclerc Infant and Chennestone Primary School - Shared sibling priority only applies to Beauclerc Infant School

#### Surrey Heath

- Bagshot Infant and Connaught Junior (Academy)

#### Waverley

- Shottermill Infant and Shottermill Junior

#### Woking

- West Byfleet Infant and West Byfleet Junior



# Appendix 3

## Academies and foundation, trust and voluntary aided schools that will be excluded when assessing nearest school - 2023/24 admissions

1. Academies and foundation, trust and voluntary aided schools in Surrey that will be **excluded** when assessing nearest school are set out below. Community and voluntary controlled schools which convert to academy status and new free schools which open after these arrangements have been determined will be considered in the assessment of nearest school when applying the admission arrangements for community and voluntary controlled schools.

### Infant & Primary schools – Reception intake

#### Elmbridge

- Cardinal Newman Catholic Primary School
- St Charles Borromeo Catholic Primary School
- St Paul's Catholic Primary School

#### Epsom & Ewell

- St Clement's Catholic Primary School St Joseph's Catholic Primary School, Epsom
- St Joseph's Catholic Primary School, Epsom

#### Guildford

- St Joseph's Catholic Primary School, Guildford
- St Thomas of Canterbury Catholic Primary School

#### Mole Valley

- St Peter's Catholic Primary School

#### Reigate & Banstead

- St Anne's Catholic Primary School, Banstead
- St Joseph's Catholic Primary School, Redhill

#### Runnymede

- Holy Family Catholic Primary School St Anne's Catholic Primary School, Chertsey
- St Anne's Catholic Primary School, Chertsey
- St Cuthbert's Catholic Primary School

#### Spelthorne

- Our Lady of the Rosary Roman Catholic Primary School
- St Michael's Catholic Primary School

#### Surrey Heath

- St Augustine's Catholic Primary School

#### Tandridge

- St Francis Catholic Primary School

#### Waverley

- St Cuthbert Mayne Catholic Primary School
- St Edmund's Catholic Primary School St Polycarp's Catholic Primary School

- St Polycarp's Catholic Primary School

### **Woking**

- The Marist Catholic Primary School
- St Dunstan's Catholic Primary School
- St Hugh of Lincoln Catholic Primary School

## **Junior & Primary schools – Year 3 intake**

### **Reigate & Banstead**

- Royal Alexandra & Albert School

## **Secondary schools – Year 7 intake**

### **Guildford**

- St Peter's Catholic School

### **Reigate & Banstead**

- Royal Alexandra & Albert School
- St Bede's School

### **Runnymede**

- Salesian School

### **Spelthorne**

- St Paul's Catholic College
- The Bishop Wand CofE School

### **Surrey Heath**

- Gordon's School

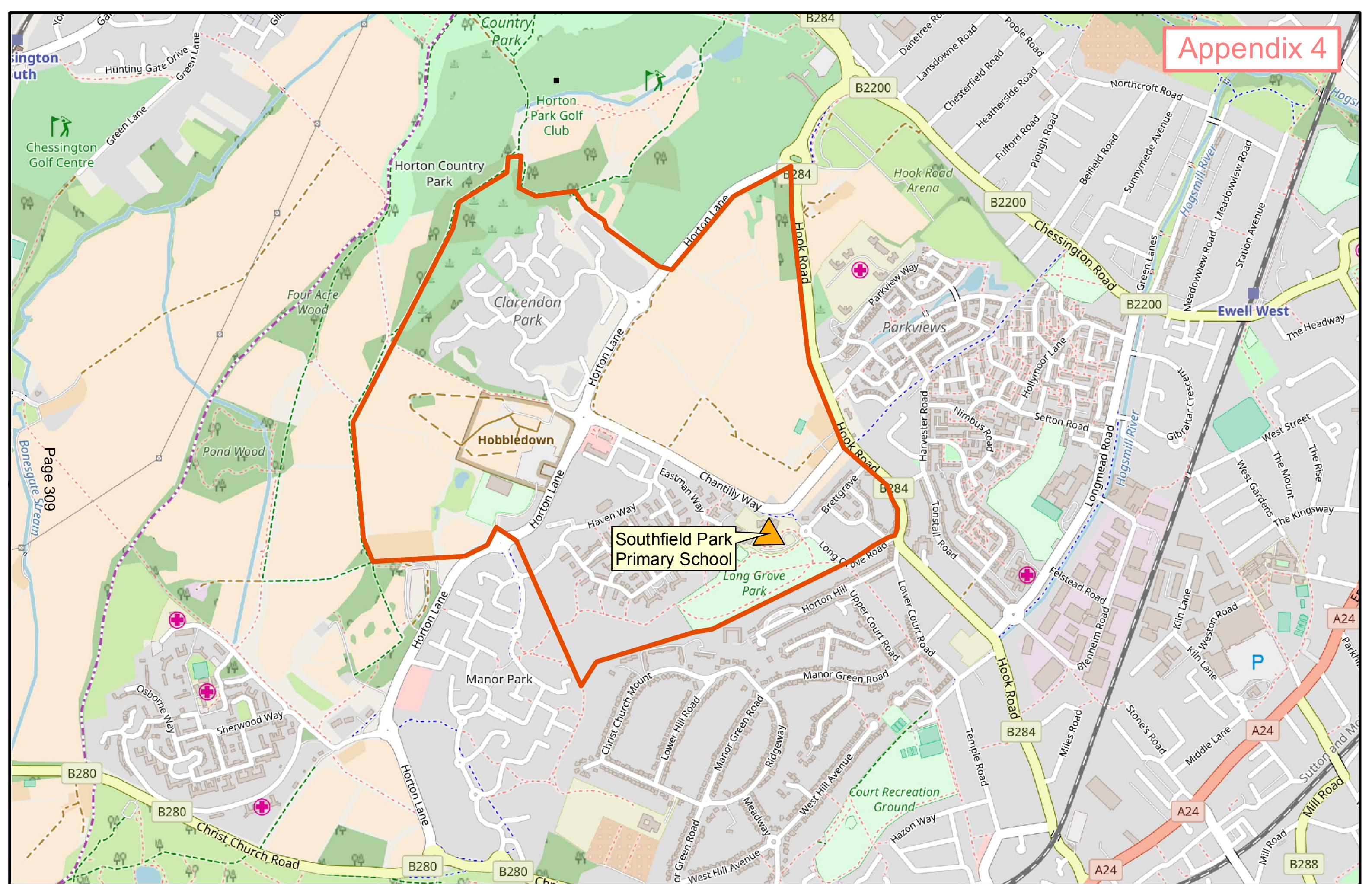
### **Waverley**

- All Hallows Catholic School

### **Woking**

- St John the Baptist Catholic Comprehensive School

2. Out of county schools that will be **excluded** when assessing nearest school are as follows:
  - Any grammar school that offers places only on the basis of a **full** selective test
  - Camelsdale Primary School – West Sussex County Council
  - Charters School – Royal Borough of Windsor & Maidenhead
  - St Joseph's Catholic Primary School, Aldershot - Hampshire County Council
  - The Wavell School – Hampshire County Council



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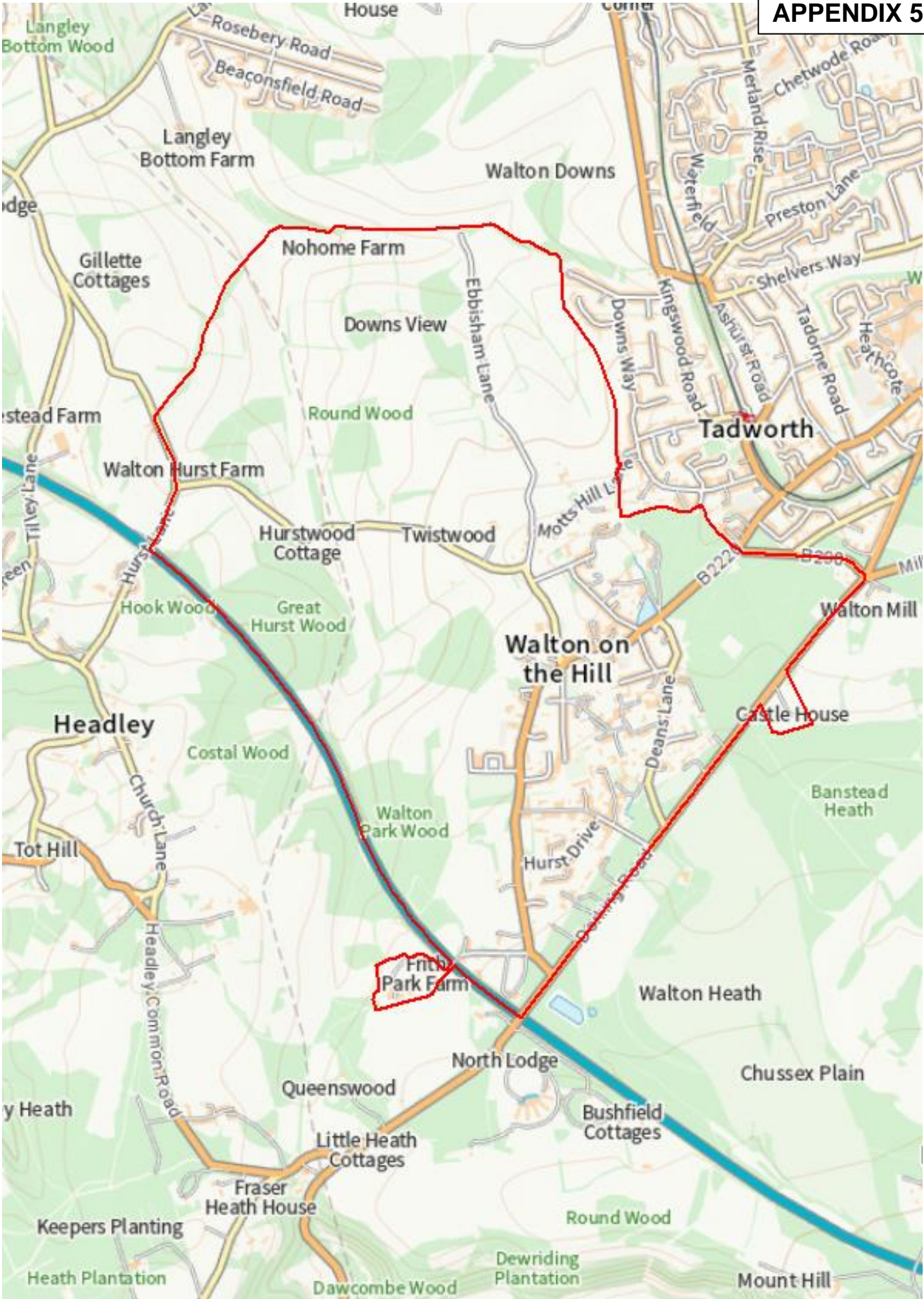


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# Southfield Park Primary Catchment Area

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# Supplementary Information Form Exceptional Social/Medical need

Applicants who wish to be considered for priority under the criterion of exceptional social/medical need at a community or voluntary controlled school must complete this form, **in addition to the local authority application form**. A request for exceptional social/medical priority will usually only be made for one school but if you wish to make a request for more than one school, please complete a separate supplementary information form for each school.

- If the application is for Year 7 in September this supplementary information form and supporting evidence must be submitted by 31 October. Any forms or evidence submitted after this date may not be considered until after the national offer day
- If the application is for Reception or Year 3 in September this supplementary information form and supporting evidence must be submitted by 15 January. Any forms or evidence submitted after this date may not be considered until after the national offer day
- If the application is for in year admission at any other time, this supplementary information form and supporting evidence must be submitted at the same time as submitting the application

Recent supporting evidence from relevant registered professional(s) involved with the child must also be submitted with this form, such as a doctor and/or consultant for medical cases or a social worker, health professional, housing officer, the police or probation officer for other social circumstances. All evidence must be on letter headed paper and reflect the child's current situation.

The evidence must confirm the circumstances of the case and must set out why the child should attend the preference school and why no other school could meet the child's needs.

Providing evidence does not guarantee that a child will be given exceptional social/medical priority at a particular school and in each case a decision will be made based on the merits of the case and whether the evidence demonstrates that a placement should be made at one particular school above any other.

Common medical conditions, allergies and asthma can usually be supported in all mainstream schools, therefore priority under a school's exceptional medical criterion would not normally be given for these. Some mainstream schools have units attached which provide specialist provision for children with an education, health and care plan which names the school. The facilities in these units are not normally available to children in the mainstream school and as such priority under a school's exceptional social or medical criterion would not normally be agreed for a mainstream place on the basis of a specialist unit being attached to the school.

In addition, routine child minding arrangements would not normally be considered to be an exceptional social reason for placement at a particular school.

Requests will be considered in accordance with the Equalities Act 2010.

Please complete all boxes in CAPITAL LETTERS

## 1. Child's details

Question	Answer
Surname	
Forename	
Date of Birth (dd/mm/yyyy)	
Address	
Name of the school for which social/medical priority is requested (only name one school)	

## 2. Details of case

Question	Answer
<p>Please set out the particular reasons why the school named in Section 1 is the only school that can meet your child's needs and the difficulties that would be caused if your child had to attend another school.</p>	



Question	Answer
Please list the supporting evidence that is being submitted to support your application under the exceptional social/medical need criterion	

## Declaration

I understand that the information contained in this form is subject to GDPR (General Data Protection Regulation) and my personal data may be exchanged with other departments within Surrey County Council, other local authorities, admissions authorities, schools and Government agencies where necessary.

I understand that the outcome of this request for exceptional social/medical priority will be on the basis that the information I provide is accurate and correct and that if any information changes it is my responsibility to inform the local authority.

I certify that all relevant sections have been completed fully and I have supplied all the supporting evidence from the professionals involved to support my application under social and medical grounds.

I understand that if I submit this form or evidence after the closing date it may not be considered until after the national offer day.

I certify that I have parental responsibility for the child named on this form and that the information I have given is correct.

Question	Answer
Signature of parent/guardian:	
Date:	

Once completed this form must be returned to: **schooladmissions@surreycc.gov.uk** or by post to School Admissions team, Quadrant Court, 35 Guildford Road, Woking, Surrey GU22 7QQ. If you are posting your form we recommend that you send it by recorded delivery.

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# Supplementary Information Form

## Children of Staff

Applicants who wish to be considered for priority under the criterion of Children of Staff at a community or voluntary controlled school must complete this form, **in addition to the local authority application form.**

- If the application is for Year 7 in September this supplementary information form must be submitted by 31 October
- If the application is for Reception or Year 3 in September this supplementary information form must be submitted by 15 January
- If the application is for in year admission at any other time, this supplementary information form must be submitted at the same time as submitting the application

Please complete all boxes in CAPITAL LETTERS

### 1. Child's details

Question	Answer
Surname	
Forename	
Date of Birth (dd/mm/yyyy)	

### 2. Parent/Guardian's details

Question	Answer
Surname	
Forename	
Name of school where employed	
Date employment commenced	
Address	
Postcode	
Telephone (Home)	
Telephone (Mobile)	
E-mail	

## Declaration

I am a permanent member of staff in accordance with the local authority's admissions policy.

Delete as appropriate:

- I have been employed at the school for two or more years (at the closing date for applications)
- I have been recruited to a post at the school for which there is a demonstrable skills shortage

Question	Answer
Signature of parent/guardian:	
Date:	

Once completed this form must be returned to: **schooladmissions@surreycc.gov.uk** or by post to School Admissions team, Quadrant Court, 35 Guildford Road, Woking, Surrey GU22 7QQ



# Addressing Inequalities

## Equalities Impact Assessment

# Surrey County Council Equality Impact Assessment Template

## Stage one – initial screening

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<b>What is being assessed?</b>	<b>Admissions policy 2023</b>
<b>Service</b>	<b>School Admissions</b>
<b>Name of assessor/s</b>	<b>Claire Potier</b>
<b>Head of service</b>	<b>Jane Winterbone</b>
<b>Date</b>	<b>20 September 2021</b>
<b>Is this a new or existing function or policy?</b>	<b>Existing policy under review</b>

**Write a brief description of your service, policy or function. It is important to focus on the service or policy the project aims to review or improve.**

The policies being considered under this EIA set out the criteria for admitting children to community and voluntary controlled schools. In accordance with the School Admissions Code, these policies include processes and criteria that are fair, objective and transparent.

**Indicate for each equality group whether there may be a positive impact, negative impact, or no impact.**

<b>Equality Group</b>	<b>Positive</b>	<b>Negative</b>	<b>No impact</b>	<b>Reason</b>
<b>Age</b>	<b>X</b>			<ul style="list-style-type: none"> <li>• <b>Parents of 4 year olds can decide for their child to defer entry or start Reception full / part-time</b></li> <li>• <b>Requests from the parents of summer born children for their child to be admitted to</b></li> </ul>

				<p>Reception in the year after they turn five will be considered on a case by case basis</p> <ul style="list-style-type: none"> <li>Older applicants will be prioritised for admission to a three year old nursery place as they will have less time to spend in nursery</li> </ul>
Gender Reassignment			X	
Disability	X			<p>Provision is made for children with SEND to be admitted to school</p> <p>Provisions made within the policy for priority to be given to medical need</p>
Sex			X	
Religion and belief			X	
Pregnancy and maternity			X	
Race			X	
Sexual orientation			X	
Carers	X			Potential for child carers to claim for social priority for a school place based on need
Other equality issues – please state	X			<p>Children in care and children who have left care through adoption, a child arrangement order or special guardianship order, receive top priority for a school place by law, including children adopted from state care outside of England</p> <p>A translation service is on offer for parents who</p>

				might find language a barrier to understanding the literature and Surrey's Schools and Childcare service acts as a Choice Advice service to help parents understand the process
HR and workforce issues	X			Priority for children of staff with part time and full time employees being given equal priority.
Human Rights implications if relevant			X	

If you find a negative impact on any equality group you will need to complete stage one and move on to stage two and carry out a full EIA.

A full EIA will also need to be carried out if this is a high profile or major policy that will either effect many people or have a severe effect on some people.

Is a full EIA required?	Yes (go to stage two) X	No
If no briefly summarise reasons why you have reached this conclusion, the evidence for this and the nature of any stakeholder verification of your conclusion.		
Briefly describe any positive impacts identified that have resulted in improved access or services		

For screenings only:

Review date	
Person responsible for review	
Head of Service signed off	
Date completed	

- Signed off electronic version to be kept in your team for review
- Electronic copy to be forwarded to Equality and Diversity Manager for publishing



## Introduction and background

Using the information from your screening please describe your service or function. This should include:

- **The aims and scope of the EIA**
- **The main beneficiaries or users**
- **The main equality, accessibility, social exclusion issues and barriers, and the equality groups they relate to (not all assessments will encounter issues relating to every strand)**

The policies being considered under this EIA set out the criteria for admitting children to community and voluntary controlled schools. These are statutory policies required by legislation and in accordance with the School Admissions Code, these policies include processes and criteria that are fair, objective and transparent and that comply with equalities legislation and the Human Rights Act.

The main users of the policies will be parents applying for Surrey schools, schools.

The admission policy allows for children with SEND to be admitted ahead of other applicants. SEND admissions fall outside the scope of admissions legislation.

The admission criteria make provision for looked after children and children who have left care through adoption, a child arrangement order or special guardianship order, as a top priority for admission, along with children adopted from state care outside England. The second criterion for admission allows for children who have a social or medical need for a place at a particular school to be given priority, this might include a child who has a disability or a child who has caring responsibilities for a parent.

Most children start school in the year after they turn 4 years old but all children must be in school in the term after they turn 5 years old. By law the admission arrangements for entry to Reception allow for a parent of a 4 year old to defer their entry until later in the school year or arrange for them to start school part time. In addition, parents of summer born children may ask for their child's entry to reception to be deferred for a year and these cases are considered on an individual basis according to the circumstances. However, by law, these applicants would have to reapply for a place in the following year.

The arrangements for admission to a three year old nursery place allow nurseries to give a higher priority to older children who might have less time to spend in nursery. The proposed admission arrangements for a two year old nursery place provide for a fair allocation of places to children who are entitled to the extended nursery provision.

The policies and application procedure are widely publicised on Surrey County Council's website, in print and through publicity posters throughout the County and the closing dates are broadcast on local radio. Parents are encouraged to apply online and leaflets are sent out widely setting out how parents can apply and how they might obtain a paper copy of the application form. Schools act as a support and advisory point for parents and primary schools are asked to target parents of children in their nursery to make sure they apply for a Reception place. Primary schools are also asked to check the applications made to ensure that all children who are approaching Year 7 transition have made an application. Online application numbers are high at 98.7%, which demonstrates that most parents have the access and ability to apply online. However, paper forms are readily available for parents who do not have the access or ability to apply online to ensure that these parents have equal access to school places. There is no evidence that would indicate that these families are not currently accessing the service.

The County Council also employs a dedicated translation service for all written material and the Contact Centre is used to support parents who might have difficulty in understanding and applying the policy.

**Now describe how this fits into 'the bigger picture' including other council or local plans and priorities.**

Surrey County Council acts as admission authority for community and voluntary controlled schools, whilst the governing body of each school acts as the admission authority for academies and foundation, trust and voluntary aided schools. The admission arrangements for all schools must be determined by 28 February each year and the arrangements and processes to determine which children will be admitted must be lawful and comply with the School Admissions Code.

The over-arching aspect of admission arrangements is that they must be fair and objective, give every parent the opportunity to apply for schools that they want for their child, provide parents with clear information and provide support to parents who find it hardest to understand the system.

## Evidence gathering and fact-finding

**What evidence is available to support your views above? Please include a summary of the available evidence including identifying where there are gaps to be included in the action plan. Remember to consider accessibility alongside the equality groups**

98.7% of parents applied online in 2021 and paper forms were readily available to parents who could not or chose not to apply online

As part of the normal intake to schools in 2021, 37 places were offered at community and voluntary controlled schools to children in care or children who had left care through adoption, a child arrangements order or a special guardianship order.

As part of the normal intake to schools in 2021, 7 places were offered at community and voluntary controlled schools on exceptional grounds (social/medical need).

Sources of evidence may include:

- Service monitoring reports including equality monitoring data
- User feedback
- Population data – census, Mosaic
- Complaints data
- Published research, local or national.
- Feedback from consultations and focus groups
- Feedback from individuals or organisations representing the interests of key target groups
- Evidence from partner organisations, other council departments, district or borough councils and other local authorities

**How have stakeholders been involved in this assessment? Who are they, and what is their view?**

Schools which have changes being proposed have been consulted on the changes. All community and voluntary controlled schools have been sent confirmation of the published admission number that is to be proposed and have been offered the opportunity to query it if they felt it was incorrect or if they had anticipated a change.

The consultation is the opportunity to engage with parents and the wider school community. As part of the consultation process the proposed admission arrangements and coordinated schemes will be widely publicised both on the County Council website and in schools and nurseries. All forms of responses will be accepted including the standard response form, online responses and any other relevant correspondence.

## Analysis and assessment

**Given the available information, what is the actual or likely impact on minority, disadvantaged, vulnerable and socially excluded groups? Is this impact positive or negative or a mixture of both? (Refer to the EIA guidance for full list of issues to consider when making your analysis)**

Based on the assessment of the policies and the evidence, these policies will have an overall positive equality impact.

**What can be done to reduce the effects of any negative impacts? Where negative impact cannot be completely diminished, can this be justified, and is it lawful?**

No evidence of any negative impact.

**Where there are positive impacts, what changes have been or will be made, who are the beneficiaries and how have they benefited?**

It is proposed to give priority to children of staff whereby staff employees who work full and part time will be treated equally.

### Recommendations

**Please summarise the main recommendations arising from the assessment. If it is impossible to diminish negative impacts to an acceptable or even lawful level the recommendation should be that the proposal or the relevant part of it should not proceed.**

That the recommendations set out in the accompanying report are approved.

### Action Plan – actions needed to implement the EIA recommendations

Issue	Action	Expected outcome	Who	Deadline for action

- Actions should have SMART Targets
- Actions should be reported to the Directorate Equality Group (DEG) and incorporated into the Equality and Diversity Action Plan, Service Plans and/or personal objectives of key staff.

Date taken to Directorate Equality Group for challenge and feedback	
Review date	
Person responsible for review	Claire Potier
Head of Service signed off	Jane Winterbone
Date completed	20 September 2021
Date forwarded to EIA coordinator for publishing	

- **Signed off electronic version to be kept in your team for review**
- **Electronic copy to be forwarded to your service EIA coordinator to forward for publishing on the external website**

### **EIA publishing checklist**

- Plain English – will your EIA make sense to the public?
- Acronyms – check that you have explained any specialist names or terminology
- Evidence – will your evidence stand up to scrutiny; can you justify your conclusions?
- Stakeholders and verification – have you included a range of views and perspectives to back up your analysis?
- Gaps and information – have you identified any gaps in services or information that need to be addressed in the action plan?
- Legal framework – have you identified any potential discrimination and included actions to address it?
- Success stories – have you included any positive impacts that have resulted in change for the better?
- Action plan – is your action plan SMART? Have you informed the relevant people to ensure the action plan is carried out?
- Review – have you included a review date and a named person to carry it out?
- Challenge – has your EIA been taken to your DEG for challenge
- Signing off – has your Head of Service signed off your EIA?
- Basics – have you signed and dated your EIA and named it for publishing?

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# Surrey County Council

## Consultation on proposed admission arrangements for community and voluntary controlled schools for September 2023

### Introduction

Surrey County Council is consulting on proposed changes to admission arrangements for some community and voluntary controlled schools for September 2023.

Details of the changes being proposed are set out in this document.

The proposed admission arrangements for all community and voluntary controlled schools are set out in the following documents:

Enclosure 1	Admission arrangements for community & voluntary controlled schools
APPENDIX 1	Published admission numbers
APPENDIX 2	Schools to operate shared sibling priority
APPENDIX 3	Schools to be excluded when assessing nearest school
APPENDIX 4	Catchment map for Southfield Park Primary School
APPENDIX 5	Catchment map for Walton on the Hill Primary School
APPENDIX 6	Supplementary form for social/medical applicants
APPENDIX 7	Supplementary form for staff applicants

An equality impact assessment is included as **Enclosure 2**.

### What changes are being proposed?

#### 1. Removal of use of 'nearest school' for Hurst Park Primary School, Langshott Primary School, Meath Green Infant School and Tillingbourne Junior School

For September 2023, the local authority is proposing to remove use of 'nearest school' as a criterion for Hurst Park Primary School, Langshott Primary School, Meath Green Infant School and Tillingbourne Junior School.

Each of these schools would be recorded as following Surrey's standard admission criteria, as set out in Section 7 of Enclosure 1, as follows:

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. Any other children (with priority being based on the straight line distance from the child's home address to the school)

The removal of use of 'nearest school' makes the admission arrangements for these schools simpler and more transparent as it enables every family to understand how their application will be considered and prioritises children based on their proximity to the school.

Home to school distance is not being removed as a category for admission. For each of these schools, after siblings, priority will be based on straight line distance from the child's home address to the school.

Reasons for reviewing use of 'nearest school' within the admission arrangements for these schools are as follows:

- 'nearest school' is measured in a straight line from the child's home address. In this way, although this may be used to prioritise applicants, it does not necessarily reflect the school that is nearest by walking or road route or the one that is easiest for the child to get to
- having a school as a 'nearest school' does not guarantee admission
- this brings the admission criteria for these school into line with the majority of the remaining community and voluntary controlled schools
- the majority of schools do not give priority to children based on whether it is a child's nearest school

Modelling based on the last three intakes is set out for each of these schools below. Unless otherwise indicated, these proposals are supported by the Headteacher and Governing Bodies of these schools.

### **Hurst Park Primary School - Elmbridge**

Modelling for Hurst Park Primary School would indicate that, if the criterion of 'nearest school' was removed and priority had been based on straight line distance after siblings, the impact on the intake for the last three years would have been as follows:

- In 2021, there would have been no impact on the intake and the same children would have been admitted
- In 2020, three children in Hurst Park would have been displaced in favour of three children who had Chandlers Field Primary School as nearer
- In 2019, two children in Hurst Park would have been displaced in favour of three children who had Chandlers Field Primary School as nearer

In each of these years, the children who would have been displaced would have been able to secure a place at Chandlers Field Primary School, their next nearest school.

Pupil forecasts for the area indicate a similar level of pupil numbers in 2023 when compared to 2021, leading the local authority to conclude that the pattern of admission in 2023 is likely to be the same as in 2021 (although this is also dependent on preference patterns remaining the same). As such, there would likely be no or minimal impact on the intake in 2023 if the criterion for nearest school was removed. Thereafter, forecasts indicate that pupil numbers will fall in Molesey West and the surplus of places will increase, further negating the need to prioritise children on the basis of nearest school as any children who might be displaced would still be likely to secure a place at Chandlers Field Primary School.

### **Langshott Primary – Reigate & Banstead**

Modelling for Langshott Primary School would indicate that, if the criterion of 'nearest school' was removed and priority had been based on straight line distance after siblings, the impact on the intake for the last three years would have been as follows:



- In 2021, four children would have been displaced if nearest school had not used, but each of these would have gained a place at Horley Infant School, their second nearest school
- In 2020, nine children would have been displaced if nearest school had not been used, but each of these would have been eligible for a place at Burstow Primary School
- In 2019, seven children would have been displaced if nearest school had not been used but each of these would have been eligible for a place at Horley Infant School

It is apparent that, from the intakes for the past three years, any children who would have been displaced if 'nearest school' had not been used would have been eligible for an alternative school. It is also possible that the opening of Westvale Park Primary School and its participation in the coordinated admissions process in 2021 has lowered the impact on admission, as parents alter their preferences across the area, and that this pattern may continue in the future.

Pupil forecasts across the area indicate a small surplus of places and so the removal of 'nearest school' should not affect the local authority's ability to offer a school place, albeit it may alter the school offered for a small number of children.

### **Meath Green Infant School - Reigate & Banstead**

Modelling for Meath Green Infant School would indicate that, if the criterion of 'nearest school' was removed and priority had been based on straight line distance after siblings, the impact on the intake for the last three years would have been as follows:

- In 2021, there would have been no impact on the intake if 'nearest school' had not been used (likely due to the opening of Westvale Park Primary School and its participation in the coordinated admissions process in 2021)
- In 2020, six children would have been displaced if 'nearest school' had not been used but each of these addresses now has Westvale Park Primary School as their nearest school, so the pattern of admission for the area will have changed as a result of this new school
- In 2019, eleven children would have been displaced if 'nearest school' had not been used, but all but one of these now has Westvale Park Primary School as their nearest school, so the pattern of admission for the area will have changed as a result of this new school

It is apparent that the pattern of admission for this area has changed due to the opening of Westvale Park Primary School and that there is likely to be minimal impact on the intake to Meath Green Infant School if 'nearest school' is removed.

### **Tillingbourne Junior School**

Modelling for Tillingbourne Junior School would indicate that, if the criterion of 'nearest school' was removed and priority had been based on straight line distance after siblings, the impact on the intake for the last three years would have been as follows:

- In 2021, the school was undersubscribed and so the intake would have been the same had 'nearest school' not been used
- In 2020, five children living in Gomshall/Shere would have been displaced in favour of five children who lived in Farncombe

- In 2019, eight children living in Gomshall/Shere would have been displaced in favour of five children who lived in Farncombe/Godalming

Due to the potential impact on children in Gomshall and Shere, modelling was also done on the 2017 and 2018 intakes, as follows:

- In 2018, the school offered to all applicants and so the intake would have been the same had 'nearest school' not been used
- In 2017, one child living in Gomshall would have been displaced in favour of 1 child who live in Farncombe

In each of the years where children living in Gomshall/Shere would have been displaced, they would have been able to secure a place at Surrey Hills CofE Primary School. Shere CofE Infant has also been named as a feeder school to Holy Trinity CofE Junior School since 2018 and children who had this school as their nearest CofE school would also have been able to access a place there.

Year 3 forecasts for Tillingbourne Valley and Godalming indicate a fall in pupil numbers in 2022, levelling out subsequently for 3 to 4 years.

The Headteacher and Governing Body are not in support of this proposal as they are concerned at maintaining pupil numbers. However, with a projected deficit of Year 3 places across Tillingbourne Valley of 0.5 of a full time equivalent class until 2026/27 it is unlikely the school will face a shortage of pupils. The school also wishes to continue to serve Gomshall and Shere which are very much part of the established school community. However, with projected forecasts for Godalming showing a surplus of Year 3 places for the foreseeable future, the local authority does not anticipate that children from Godalming will displace children from Gomshall and Shere and that the pattern of admission is likely to remain similar to that for 2021.

## 2. Removal of use of 'nearest school' for Wallace Fields Junior School

For September 2023, the local authority is proposing to remove use of 'nearest school' within the admission criteria for Wallace Fields Junior School.

Wallace Fields Junior School will still be recorded as having school specific criteria, as set out in Section 8 of Enclosure 1, due to the feeder link that exists from Wallace Fields Infant School. The school's admission criteria would be as follows:

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. **Children who will have a sibling at Wallace Fields Infant School or Wallace Fields Junior School on the date of their admission**
5. **Children attending Wallace Fields Infant School**
6. Any other children

If the number of children who qualify under any criterion is greater than the number of places remaining available at the school, any remaining places will still be offered to children who meet the criterion on the basis of proximity of the child's home address to the nearest official school gate at either Wallace Fields Infant School or Wallace Fields Junior School.

The removal of use of 'nearest school' makes the admission arrangements for the school simpler and more transparent as it enables every family to understand how their application will be considered and prioritises children based on their proximity to the school.

Home to school distance is not being removed as a category for admission. After siblings and children attending the named feeder school, priority will be based on straight line distance from the child's home address to the school.

Reasons for reviewing use of 'nearest school' within the admission arrangements for these schools are as follows:

- 'nearest school' is measured in a straight line from the child's home address. In this way, although this may be used to prioritise applicants, it does not necessarily reflect the school that is nearest by walking or road route or the one that is easiest for the child to get to
- having a school as a 'nearest school' does not guarantee admission
- this brings the admission criteria for these school into line with the majority of the remaining community and voluntary controlled schools
- the majority of schools do not give priority to children based on whether it is a child's nearest school

Modelling for Wallace Fields Junior School based on the last three intakes would indicate that, if the criterion of 'nearest school' was removed and priority had been based on straight line distance after children attending the feeder school, there would have been no impact on the intake and no children would have been displaced.

This proposal is supported by the Headteacher and Governing Body of the school.

### **3. Introduction of a catchment area for Walton on the Hill Primary School in place of 'nearest school'**

For September 2023, the local authority is proposing to introduce a catchment for Walton on the Hill Primary School as set out in Appendix 5 of Enclosure 1. The catchment will replace use of 'nearest school' as a criterion.

The school will still be recorded as having school specific criteria, as set out in Section 8 of Enclosure 1. The school's admission criteria would be as follows:

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. **Children living in the defined catchment area of the school (see Appendix 5 for catchment map)**
6. Any other children

The catchment that has been proposed has been modelled on the area created by use of 'nearest school'.

Modelling for Walton on the Hill Primary School based on the last four intakes would indicate that, if the criterion of 'nearest school' was removed and priority had been

based on straight line distance after siblings, the impact on the intake would have been as follows:

- In 2021, there would have been no impact on the intake and the same children would have been admitted
- In 2020, two children would have been displaced if nearest school had not been used
- In 2019, one child would have been displaced if nearest school had not been used
- In 2018, there would have been no impact on the intake and the same children would have been admitted

Whilst the number of children affected is not significant in any year, Governors at the school are mindful of the geography of the area and the potential impact on the intake if 'nearest school' is removed and applications from the neighbouring village of Tadworth increase. Some children living in Tadworth live closer to the school than some children living in Walton on the Hill and so, if priority on the basis of 'nearest school' was removed, these children would displace children living in Walton on the Hill if no alternative proposal was put forward to protect their priority.

Given the location and oversubscription of other local schools it is also likely that, if children in Walton on the Hill were displaced by children in Tadworth, they would not be able to access another local school.

A catchment would serve the same purpose as priority on the basis of 'nearest school' whilst ensuring that parents could easily understand its boundaries and whether they fall within or outside the catchment.

This proposal is supported by the Headteacher and Governing Body of the school.

#### **4. Reigate Priory School – Reigate & Banstead**

For September 2023, the local authority is proposing to introduce a nodal point that will be used to measure home to school distance (and thereby priority for admission) for Reigate Priory School, that does not relate to a school gate. This change is reflected in bold in Section 8 of Enclosure 1.

A nodal point is a fixed geographical point, other than the location of the school, from which children may be afforded priority for admission, based on the distance from the child's home to the nodal point. A nodal point is part of a school's admission arrangements and must therefore be consulted upon, determined, and published in the same way as other admission arrangements.

For most schools, home to school distance is measured from the child's home to the nearest school gate available for pupils to use. However, Reigate Priory School is exploring a move to a new site which is about 0.7 miles south of the existing school site. To ensure that the pattern of admission does not change as a result of a site move, it is proposed that home to school distances, used to prioritise applicants, will be calculated based on a nodal point at the site of Reigate Priory, where the school is currently situated.

This proposal will ensure there is no change to the admission intake if the site move does go ahead but will have no impact on the intake if it does not, because the nodal point used to prioritise applicants will still be within the existing site of the school.

This proposal is supported by the Headteacher and Governing Body of the school. It is also supported by the Education Place Planning team as it ensures the school will still serve the area to the north of Reigate which does not have alternative Year 3 provision.

## **5. West Ashtead Primary School – Mole Valley**

For September 2023, the local authority is proposing to reduce the published admission number (PAN) at Year 3 for West Ashtead Primary School from 30 to 2. This change is reflected in Appendix 1 of Enclosure 1 which sets out the proposed PANs for all community and voluntary controlled schools for 2023 admission.

West Ashtead Primary School currently has a Year 3 PAN of 30. However, this reduction in PAN has been formally requested by the Headteacher and Governing Body of the school as the school is not filling to its PAN. A reduction will enable the school to still admit children at Year 3, but will provide the school with greater ability to maintain financial viability as they will be able to operate with just one class in KS2.

It is anticipated that there would still be sufficient places in the area if the PAN is decreased, as current forecasts indicate a projected surplus of primary places across the Ashtead and Leatherhead area from 2023. However, to help compensate for the reduction in PAN, there is a linked proposal to introduce a Year 3 PAN at Leatherhead Trinity Primary School (see section 6).

This decrease in PAN would have no impact on children who are currently on roll at the school.

## **6. Leatherhead Trinity Primary School – Mole Valley**

For September 2023, the local authority is proposing to introduce a Year 3 PAN of 4 at Leatherhead Trinity Primary School. This change is reflected in bold in Appendix 1 of Enclosure 1 which sets out the proposed PANs for all community and voluntary controlled schools for 2023 admission.

A Year 3 PAN at Leatherhead Trinity Primary School will help offset the reduction in Year 3 PAN at West Ashtead Primary School and will current help alleviate any pressure on places in Fetcham and Bookham at Year 3.

Surrey's Education Place Planning team are supportive of this proposal, as are the Headteacher and Governing Body of the school.

The introduction of a Year 3 PAN would have no impact on children who are currently on roll at the school.

## 7. Felbridge Primary School – Tandridge

For September 2023, the local authority is proposing to introduce a Year 3 PAN of 2 at Felbridge Primary School. This change is reflected in bold in Appendix 1 of Enclosure 1 which sets out the proposed PANs for all community and voluntary controlled schools for 2023 admission.

A Year 3 PAN at Felbridge Primary School will formalise the arrangement that already takes place, whereby two additional children are offered a place from the waiting list at Year 3. However, the existence of a published PAN will ensure parents know about the intake and they will be invited to apply for a place as part of the Junior intake to the school.

Surrey's Education Place Planning team are supportive of this proposal, as are the Headteacher and Governing Body of the school, who have requested this change.

The introduction of a Year 3 PAN would have no impact on children who are currently on roll at the school.

## 8. Priority for children of staff for community and voluntary controlled nurseries

For September 2023, the Local Authority is proposing to give priority to children of staff for entry to community and voluntary controlled nurseries, as set out in Section 20 of Enclosure 1.

This will align the criteria with those for entry to Reception in this regard.

The School Admissions Code permits admission authorities to give priority to children of staff in either or both of the following circumstances:

- where the member of staff has been employed at the school for two or more years at the time at which the application for admission to the school is made; and/or
- the member of staff is recruited to fill a vacant post for which there is a demonstrable skill shortage.

The definition of a member of staff and the conditions to qualify will be the same as those that apply for Reception, as set out in Section 11 of Enclosure 1.

## 9. Supplementary Information Form for Social/Medical applicants

For September 2023, the Local Authority is proposing to introduce a supplementary information form for parents to complete if they wish to apply on the basis of social/medical need, as set out in Appendix 6 of Enclosure 1.

This will ensure applicants can be guided through this process, enable them to understand what information they will need to provide to support a social/medical claim and give them opportunity to declare details of their case in more detail than is allowed on the application form.

The School Admissions Code allows for the use of supplementary information forms when they are needed to gather additional information that is not collected on the application form.

The supplementary information form is referenced in Sections 7 and 10 of Enclosure 1.

### **How can you respond to the consultation?**

The consultation on the admission arrangements for community and voluntary controlled schools and these proposed changes will run until Wednesday 1 December 2021. If you would like to take part, please complete an online response form available at [www.surreysays.co.uk](http://www.surreysays.co.uk). Alternatively, if you would prefer to respond on a paper form, please telephone the Surrey Schools and Childcare Service on 0300 200 1004 (Mon-Fri, 9am-5pm) to request a copy. Please note that only response forms which are fully completed with the respondent's name and address will be accepted.

### **What happens next?**

After the closing date, responses will be collated and presented to the County Council's decision-making Cabinet on 25 January 2022. It will decide whether to proceed with the proposed changes as well as determining the admission arrangements for all community and voluntary controlled schools for which no changes are proposed. Cabinet's decision will then need to be ratified by the full County Council on 8 February 2022. Once determined, the final admission arrangements for all community and voluntary controlled schools for 2023 will be placed on Surrey's website at [www.surreycc.gov.uk/admissions](http://www.surreycc.gov.uk/admissions).

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# Consultation on Surrey's admission arrangements for community and voluntary controlled schools for September 2023

## Outcome of consultation

### Response to consultation

1. By the closing date, 70 respondents had submitted an online response to the consultation, some of whom had answered more than one question.

2. The 70 responses were from:

Borough/District Councillor	1
Chair of Governors	1
Family member (other than parent)	1
Headteacher	2
Parent	52
School Governor	4
School staff member	4
Surrey County Councillor	1
Other	4
<b>TOTAL</b>	<b>70</b>

3. A summary of the responses to the individual school related questions within the consultation is set out below in Table A.

**Table A - Summary of responses to admission consultation for September 2023**

Question Number	Proposal	Document	Agree	Disagree	No Opinion
1	Removal of priority on the basis of 'nearest school' for Hurst Park Primary School	Enclosure 1	4	18	48
2	Removal of priority on the basis of 'nearest school' for Langshott Primary School	Enclosure 1	4	16	50
3	Removal of priority on the basis of 'nearest school' for Meath Green Infant School	Enclosure 1	5	16	49
4	Removal of priority on the basis of 'nearest school' for Tillingbourne Junior School	Enclosure 1	2	20	48
5	Removal of priority on the basis of 'nearest school' for Wallace Fields Junior School	Enclosure 1	2	15	53
6	Introduction of catchment area for Walton on the Hill Primary School to replace 'nearest school'	Enclosure 1	3	16	51
7	Introduction of a nodal point to measure home to school distance for Reigate Priory School	Enclosure 1	6	9	55

8	West Ashtead Primary School: Reduction of Year 3 PAN from 30 to 2	Enclosure 1, Appendix 1	4	35	31
9	Leatherhead Trinity Primary School: Introduction of a Year 3 PAN of 4	Enclosure 1, Appendix 1	4	13	53
10	Felbridge Primary School: Introduction of a Year 3 PAN of 2	Enclosure 1, Appendix 1	3	7	60
11	Introduction of priority for children of staff at Surrey's community and voluntary controlled nurseries	Enclosure 1	23	11	36
12	Introduction of a supplementary form for applicants applying on the basis of social/medical need	Enclosure 1, Appendix 6	28	2	40

### Analysis of responses to questions within the 2023 admission consultation

4. **Removal of priority on the basis of 'nearest school' for Hurst Park Primary School** - Overall, four respondents agreed with this proposal and 18 were opposed to it.

5. Of the four respondents who agreed with the proposal one was a Headteacher and three were parents.

6. Of the four respondents who agreed with the proposal, two gave reasons, as follows:

- Seems logical
- I live very close and it wasn't an option for me

7. None of the respondents who agreed indicated that they would be affected by the proposal.

8. Of the 18 respondents who were opposed to the proposal, the breakdown is as follows:

Borough/District Councillor	1
Family member (other than a parent)	1
Headteacher	1
Parent	10
Resident	3
School Governor (out of County school)	1
Surrey County Councillor	1
<b>Total</b>	<b>18</b>

9. Of the 18 respondents who were opposed to the proposal, 10 gave reasons, as follows:

- Families have to have priority if they live close to a school
- More families travelling in cars as they will be travelling from a greater distance, leading to increased traffic and parking
- Negatively impacts all the families who are currently in the catchment for Hurst Park including meaning they may have to travel further or not qualify for a priority group at the other schools in Molesey
- Easier for parents to take and collect children from a close school
- May mean parents have to travel miles to get to a school that is much further away
- Children should attend their nearest school
- Fewer children walking to school with parents
- All schools should give priority on the basis of nearest school to address the climate emergency
- Children could be placed at a school with children they don't know as they don't share the locality
- Practical logistical nightmare of not having children as a local school for working parents and those without transport
- Reason not clear for making the change or the likely impact and what would replace it

10. Six of the respondents who were opposed indicated that they would be affected by the proposal in the following ways:
- increased parking in the road where they live
  - sister may end up at a different school
  - more traffic, pollution and dangerous roads
  - may not be offered the local school
  - climate change affects everyone
11. **Removal of priority on the basis of 'nearest school' for Langshott Primary School** - Overall, four respondents agreed with this proposal and 16 were opposed to it.
12. Of the five respondents who agreed with the proposal, three were parents and one was a School Governor.
13. A governor at Trinity Oaks Primary School indicated their Governing Body's support on the basis that it would address their concerns about residents of 'The Acres' who were unable to secure a place at Trinity Oaks, being denied access to alternative local schools as a result of the 'nearest school' criterion at those schools. They believed the proposal would improve access to local schools for residents of The Acres, many of whom they believed were currently having to travel to schools some distance from home.
14. One of the parents who agreed indicated that they would be affected by the proposal as the school is one of their 4 nearest schools.
15. Of the 16 respondents who were opposed to the proposal, the breakdown is as follows:
- |  |           |
|--|-----------|
| Borough/District Councillor            | 1         |
| Headteacher                            | 2         |
| Parent                                 | 9         |
| Resident                               | 2         |
| School Governor (out of County school) | 1         |
| Surrey County Councillor               | 1         |
| <b>Total</b>                           | <b>16</b> |
16. Of the 16 respondents who were opposed to the proposal, seven gave reasons, as follows:
- This will result in more children being driven to school as more children will be attending schools further from home
  - We need less traffic not more
  - Children should attend their nearest school
  - Local children should have priority for local schools
  - Some parents may not have suitable access to transport
  - Removing the distance criteria could force families to travel further for schools, putting pressure on surrounding schools and creating a potentially stressful situation for parents
  - Reason not clear for making the change or the likely impact and what would replace it
17. One of the parents who was opposed indicated that they would be affected by the proposal on the basis that it might make it harder to get into local schools, but they also indicated that it might open up another option for a school place for them. The Surrey County Councillor who was opposed indicated that they would be affected by the proposal on the basis that climate change impacts everyone.
18. **Removal of priority on the basis of 'nearest school' for Meath Green Infant School** - Overall, five respondents agreed with this proposal and 16 were opposed to it.
19. Of the five respondents who agreed with the proposal, three were parents, one was a School Governor and one was a Headteacher.

20. A governor at Trinity Oaks Primary School indicated their Governing Body's support on the basis that it would address their concerns about residents of 'The Acres' who were unable to secure a place at Trinity Oaks, being denied access to alternative local schools as a result of the 'nearest school' criterion at those schools. They believed the proposal would improve access to local schools for residents of The Acres, many of whom they believed were currently having to travel to schools some distance from home.

21. Two of the respondents who agreed indicated that they would be affected by the proposal.

22. Of the 16 respondents who were opposed to the proposal, the breakdown is as follows:

Borough/District Councillor	1
Headteacher	1
Parent	10
Resident	2
School Governor (out of County school)	1
Surrey County Councillor	1
<b>Total</b>	<b>16</b>

23. Of the 16 respondents who were opposed to the proposal, five gave reasons, as follows:

- This will result in more children being driven to school as more children will be attending schools further from home
- We need less traffic not more
- Children should attend their nearest school
- Some parents may not have suitable access to transport
- Removing the distance criteria could force families to travel further for schools, putting pressure on surrounding schools and creating a potentially stressful situation for parents
- Reason not clear for making the change or the likely impact and what would replace it

24. The Surrey County Councillor who was opposed indicated that they would be affected by the proposal on the basis that climate change impacts everyone.

25. **Removal of priority on the basis of 'nearest school' for Tillingbourne Junior School** - Overall, two respondents agreed with this proposal and 20 were opposed to it.

26. Both of the respondents who agreed with the proposal were parents.

27. Neither of the respondents who agreed indicated that they would be affected by the proposal.

28. Of the 20 respondents who were opposed to the proposal, the breakdown is as follows:

Borough/District Councillor	1
Headteacher	2
Parent	13
Resident	2
School Governor (out of County school)	1
Surrey County Councillor	1
<b>Total</b>	<b>20</b>

29. Of the 20 respondents who were opposed to the proposal, 12 gave reasons, as follows:

- It seems crazy not to prioritise children who live closest to the school; the catchment area principle is not as clear and could leave children living nearby not able to attend the school because of catchment boundaries
- It makes common sense to send children to their closest school. Traffic is bad enough in the morning and if the council wants to send children further away this will only lead to chaos.
- This will result in more children being driven to school as more children will be attending schools further from home
- We need less traffic not more

- It is a local village school for local children
  - The current car/parking situation causes absolute havoc in Chilworth at school drop off/pick up time. Where will the extra cars park if families come from further afield?
  - Children should attend their nearest school
  - While my children are already there it seems unfair that nearby children might not get that school
  - There aren't many junior schools in the area and if priority isn't given to those living closer to the school then there may be some children who end up quite far away from their school
  - It is essential that children who have this school as their 'nearest school' retain priority. The prospect of going to another school for drop off and pick up for two working parents will cause much anxiety and stress.
  - This is our nearest primary school and I am concerned that if this priority is removed, we may end up having to send our children to school further away. With the younger children at the local infant school this would make things incredibly difficult for us and also add additional traffic onto the already very congested roads.
  - This will remove the community feel from the school, increase pollution, make parking at the school even worse and mean that the children won't be going to the local senior school with their school mates.
  - Some parents may not have suitable access to transport
  - Reason not clear for making the change or the likely impact and what would replace it
30. Six of the respondents who were opposed indicated that they would be affected by the proposal in the following ways:
- Tillingbourne is our nearest school
  - My youngest is due to go within the next few years.
  - With climate change becoming a huge issue I would have to spend all day driving around collecting children from different places increasing my carbon footprint hugely and potentially unable to get them to school on time which will in terms have a detrimental effect in their education.
  - My driveway is already constantly blocked, if the local children who walk to school get refused admission and families further away get into the school this will increase the number of cars to the village and traffic into an already congested school pick up time
  - This is a local village school and all local village children should be able to attend their local school.
  - Climate change affects everyone
  - We may not get a place for my youngest two children there if this priority is removed. Since it is our closest school this feels ridiculous.
  - Less community feel, less ability to park, more traffic
31. **Removal of priority on the basis of 'nearest school' for Wallace Fields Junior School -**  
Overall, two respondents agreed with this proposal and 15 were opposed to it.
32. Both of the respondents who agreed with the proposal were parents and neither indicated that they would be affected by the proposal.
33. Of the 15 respondents who were opposed to the proposal, the breakdown is as follows:
- |  |           |
|--|-----------|
| Borough/District Councillor            | 1         |
| Headteacher                            | 2         |
| Parent                                 | 8         |
| Resident                               | 2         |
| School Governor (out of County school) | 1         |
| Surrey County Councillor               | 1         |
| <b>Total</b>                           | <b>15</b> |
34. Of the 15 respondents who were opposed to the proposal, five gave reasons, as follows:

- This will result in more children being driven to school as more children will be attending schools further from home
- We need less traffic not more
- Children should attend their nearest school
- Local children should have priority for local schools
- Some parents may not have suitable access to transport
- Reason not clear for making the change or the likely impact and what would replace it

35. The Surrey County Councillor who was opposed indicated that they would be affected by the proposal on the basis that climate change impacts everyone.

36. **Introduction of catchment area for Walton on the Hill Primary School to replace 'nearest school'** - Overall, three respondents agreed with this proposal and 16 were opposed to it.

37. Of the three respondents who agreed with the proposal, all were parents.

38. Of the three respondents who agreed with the proposal, two gave reasons, as follows:

- Seems logical
- It makes sense because otherwise children in the village might lose out to people who actually live nearer Tadworth school than Walton

39. None of the parents who agreed indicated that they would be affected by the proposal.

40. Of the 16 respondents who were opposed to the proposal, the breakdown is as follows:

Borough/District Councillor	1
Headteacher	2
Parent	10
Resident	2
School Governor (out of County school)	1
<b>Total</b>	<b>16</b>

41. Of the 16 respondents who were opposed to the proposal, four gave reasons, as follows:

- This will result in more children being driven to school as more children will be attending schools further from home
- We need less traffic not more
- Children should attend their nearest school
- Reason not clear for making the change or the likely impact and what would replace it

42. One of the parents who was opposed indicated that they would be affected by the proposal on the basis that they live in the village and the reception year was completely full when they applied for their daughter.

43. **Introduction of a nodal point to measure home to school distance for Reigate Priory School** - Overall, six respondents agreed with this proposal and nine were opposed to it.

44. Of the six respondents who agreed with the proposal, all were parents.

45. Of the six respondents who agreed with the proposal, three gave reasons, as follows:

- If the measuring point is not kept at the current Priory School site this risks us and other parents to the north of the current site being without a junior school
- This seems like the only fair approach
- We have made infant educational choices for our children and chosen to live in this area on the basis that attending Priory for Junior school is a realistic option (so therefore that the entrance criteria to Priory would be determined by reference to the current site). The new site is further south in the borough. That area already has Sandcross School available for infant school children moving up to junior who live locally. If Priory's admissions measuring point moves to the

new site this would leave those children graduating from infant schools who live in the north of the borough without priority to a junior school.

- As a parent that would have been impacted had the school move taken place earlier, I am fully supportive of protecting the admissions of families in the Nutley Lane area that do not have another nearest school

46. Three of the parents who agreed indicated that they would be affected by the proposal.

47. Of the nine respondents who were opposed to the proposal, the breakdown is as follows:

Borough/District Councillor	1
Headteacher	1
Parent	5
Resident	1
School Governor (out of County school)	1
<b>Total</b>	<b>9</b>

48. Of the 9 respondents who were opposed to the proposal, only two lived within the area of Reigate and Redhill.

49. Of the 9 respondents who were opposed to the proposal, three gave reasons, as follows:

- The measuring point should be the location of the school. The school is proposed to move, and therefore the measuring point used should move with it, rather than become fixed
- There needs to be more clarity about the intention for this, how it would operate, and the perceived implications
- If the school moves 0.7 miles south, children from North Reigate will have to travel 0.7 miles south from the current location, potentially through the city centre. Yet some children who live closer to the new proposed location will have to travel to any other school but this, because the school's fictional location will be 0.7 miles north.
- The choice of decent schools for ages 7-11 is very limited in Reigate and Redhill. Reigate Priory School not surprisingly is the first choice for many. The fact that some other schools are closer does not guarantee the child will get a satisfactory level of education.
- Instead of using a nodal point, why not work on improving the quality of education in the remaining schools first or why not establish a new school at the new location?

50. Two of the parents who were opposed indicated that they would be affected by the proposal in the following ways:

- If the proposed measuring point is used, Sandcross school will be 2 miles from us and Reigate Priory will be 2.1 miles away. The quality of education in Sandcross and Reigate Priory is markedly different. If the proposed measuring point is not used, Reigate Priory will be potentially 1.4 miles away.
- Once the school has moved, the measuring point will distort applications to the school. This means some journeys will be unnecessarily long and the schools selected for children will not be optimised at the overall community level

51. **West Ashtead Primary School: Reduction of Year 3 PAN from 30 to 2** - Overall, four respondents agreed with this proposal and 35 were opposed to it.

52. Of the four respondents who agreed with the proposal, one was a Headteacher and three were parents.

53. Of the four respondents who agreed with the proposal, two gave reasons, as follows:

- I have a son going to school in 2025 and its one of our local schools
- If my local school is full this would be the nearest school in our area

54. Of the 35 respondents who were opposed to the proposal, the breakdown is as follows:

Borough/District Councillor	1
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Chair of Governors	1
Headteacher	1
Parent	26
Resident	2
School Governor (out of County school)	1
School Staff Member	3
<b>Total</b>	<b>35</b>

55. 24 respondents who were opposed to the proposal provided their reasons, as follows:
- Families at infant schools with siblings at West Ashtead will now be leaving earlier to ensure they have a space at West Ashtead
  - Why reduce primary schools when the demand is growing?
  - Reducing places will put greater pressure on places in West Ashtead
  - Where will children go to from St Giles?
  - The school should be doing everything it can to improve its Ofsted rating to draw in more pupils rather than reducing numbers to the detriment of current and future families
  - A reduction in PAN at West Ashtead will leave up to 30 children from St Giles fighting for a junior place with limited options
  - Leatherhead Trinity is not a suitable option – traffic into Leatherhead is already atrocious so adding extra cars will make it worse
  - It would cause the school to decline
  - With the proposal for further housing development this seems short sighted
  - Families will have to travel further afield to get their children in to school
  - It will reduce applications to Barnett Wood and St Giles infant schools due to fear of not getting into a primary school at Year 3
  - There is not enough capacity within existing place numbers to allow the removal of 28 spaces
  - The school is on a huge site – it would be a waste of resources to reduce it to one form of entry all the way through
  - One primary school can't meet local demand in Ashtead
56. The Governing Body at St Giles' also opposed the proposal. They strongly believe that the reduction in PAN at West Ashtead will have a direct impact on the sustainability of St Giles' C of E (A) Infant School, with almost immediate effect. Their research shows that with declining places in the area, local parents will seek to place their infant children at all through primary schools rather than risk not being able to get a place at Year 3. They believe that the planned PAN reduction at West Ashtead Primary School aggravates this prospect. Whilst the proposals are for 2023, their research shows that approval will cause parents in St Giles' current Year 1 class to seek to move children ahead of the West Ashtead Primary School PAN reduction being enacted. St Giles' will then be in the same "reduced income" position that West Ashtead seek to mitigate by reducing their PAN.
57. The Governing Body at St Giles asks that other ways of managing the impending fiscal deficit should be encouraged, such as soft federation, sharing of resources, staff or facilities and that Surrey adheres to its planning principles in the Surrey School Organisation Plan 2020-2030, which includes an obligation to promote and strengthen local links between schools that would benefit the schools and the community. They also believe that a reduction in PAN (with the consequential damage as described) is also contrary to the planning principles of the Surrey School Organisation Plan 2020-2030, namely, "to consider the challenges and actions that may need to be taken to ensure sustainability of existing small local schools". St Giles' C of E (A) Infant School is such a school.
58. They also believe that the effect of the PAN reduction is contrary to the statutory duties that local authorities have to provide school places that increase opportunities for parental choice (Education and Inspections Act 2006) and that the proposal diminishes St Giles' CofE (A) Infant School's Governing body's statutory responsibilities to plan, provide and fund school places for the faith sector. The Governing Body challenges the statement in the planning principles that it is too soon to quantify what effect, if any, the pandemic will have on the birth rate, housing or migration. Strong



anecdote shows that birth rate in the area has increased as a consequence of lockdown and any dip in the surplus of school places is to be short lived.

59. Of the 35 respondents who were opposed to the proposal, 27 indicated that they would be affected by it.
60. **Leatherhead Trinity Primary School: Introduction of a Year 3 PAN of 4** - Overall, four respondents agreed with this proposal and 13 were opposed to it.
61. Of the four respondents who agreed with the proposal, three were parents and one was a headteacher.
62. None of the respondents who agreed indicated that they would be affected by the proposal.
63. Of the 13 respondents who were opposed to the proposal, the breakdown is as follows:

Borough/District Councillor	1
Parent	10
Resident	1
School Governor (out of County school)	1
<b>Total</b>	<b>13</b>

64. Of the 13 respondents who were opposed to the proposal, four gave reasons, as follows:
- Leatherhead families do not want to send their children here
  - Will there really be sufficient places?
  - This proposal will result in overly big classes - better to maintain the number of classes, even if they have to operate at a slight loss due to some spare capacity, rather than have classes with numbers in mid-30s
  - We should not be looking at increasing two neighbouring schools to decrease numbers at the other (West Ashtead)
  - This is a decrease that will have a huge impact on local families and the other local primary schools, resulting in children having to travel further and parents needing to drive more. There is not enough provision within the existing number of year 3 places for Leatherhead Trinity to remove their provision, particularly as for local families the alternative is West Ashtead which is trying to do the same thing
  - If there is already an established school in the local area this should not be a consideration
  - This will also affect the local pollution and traffic with more families having to travel further for their primary schools to either Greville or Leatherhead Trinity instead of their potentially nearest school, or local option
65. Two of the parents who were opposed indicated that they would be affected by the proposal. One indicated their reason was on the basis of increased traffic; the increased pollution; housing prices; housing needs and local jobs.
66. **Felbridge Primary School: Introduction of a Year 3 PAN of 2** - Overall, three respondents agreed with this proposal and 7 were opposed to it.
67. Of the three respondents who agreed with the proposal, two were parents and one was a headteacher.
68. None of the respondents who agreed gave reasons or indicated that they would be affected by the proposal.
69. Of the 7 respondents who were opposed to the proposal, the breakdown is as follows:

Borough/District Councillor	1
Parent	4
Resident	1
School Governor (out of County school)	1

**Total 7**

70. None of the respondents who were opposed gave reasons or indicated that they would be affected by the proposal.

71. **Introduction of priority for children of staff at Surrey's community and voluntary controlled nurseries-** Overall, 23 respondents agreed with this proposal and 11 were opposed to it.

72. Of the 23 respondents who agreed with the proposal, the breakdown is as follows:

Borough/District Councillor	1
Headteacher	2
Parent	17
School Governor (out of County school)	1
School Staff Member	1
Surrey County Councillor	1
<b>Total</b>	<b>23</b>

73. Of the 23 respondents who agreed with the proposal, nine gave reasons, as follows:

- Agree but would be keen to know what happens for NHS workers
- It seems daft for a worker to drop their child at one nursery on their way to another setting
- Logistics
- Lowers emissions
- Will encourage good quality candidates

74. Four respondents who agreed indicated that they would be affected by the proposal on the basis of them working as a member of staff.

75. Of the 11 respondents who were opposed to the proposal, the breakdown is as follows:

Parent	8
Resident	1
School Governor	2
<b>Total</b>	<b>11</b>

76. Of the 11 respondents who were opposed to the proposal, five gave reasons, as follows:

- Having too many children of staff in the staff surroundings can create a difficult atmosphere for non-staff children and potential conflicts of interest especially in smaller nurseries.
- This introduces serious conflict of interest issues and should not be a defining reason for assigning places. Priority should not be granted on the basis of employment but need. Need should be established in individual circumstances rather than by being assumed as a result of employment. Benefitting employees will not necessarily have focus on the interests all the children but rather their own child.
- Where will the rest of the children go?
- Many people work in the public sector and do not receive priority for schools or the services they work in
- Priority should be given to local children

77. Three of the parents who were opposed indicated that they would be affected by the proposal on the following grounds:

- Not a nursery worker and may affect son's placement
- It will deprioritise other families in an unfair way

78. **Introduction of a supplementary form for applicants applying on the basis of social/medical need-** Overall, 28 respondents agreed with this proposal and 2 were opposed to it.

79. Of the 28 respondents who agreed with the proposal, the breakdown is as follows:

Borough/District Councillor	1
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Headteacher	2
Parent	21
Resident	1
School Governor	2
School Staff Member	1
<b>Total</b>	<b>28</b>

80. Of the 28 respondents who agreed with the proposal, nine gave reasons, as follows:
- It has become more prevalent for parents to apply to schools on the basis of their child having a particular need without that need having been diagnosed at the point of the application - they know that the social/medical need will give them a better chance of getting a place
  - Without the SIF it may not be clear how severe the child's requirements might be, with the result that a child may not get the right educational/emotional support at a particular school.
  - Full details should be provided when seeking a priority place
  - Clarity/transparency
  - There should be proof and reasoning behind any supplementary admission regardless of the reason
  - Seems logical
  - All entry criteria should be backed by evidence and proof
  - The information is confidential so families should be willing to justify their 'need' especially if it is to gain a place over another child due to this need
81. Of the two respondents who were opposed to the proposal, one was a parent and one was a resident. Neither gave a reason or indicated that they would be affected by the proposal.
82. **Admission arrangements for which no change was proposed** - Overall, 6 respondents chose to make specific comments on other aspects of admission arrangements in Surrey.

#### **Within scope of this consultation**

83. One respondent asked why The Greville was not mentioned in the consultation
84. Two respondents suggested that travel requirements needed to be taken in to account when considering admissions policies needed to ensure the impact on the environment was taken in to account.
85. One respondent suggested that it would be helpful to see on a map the catchment area for each school.

#### **Outside scope of this consultation**

86. One respondent asked about the admission arrangements for Reigate School which is an academy.
87. One respondent suggested that a new Ofsted inspection should be arranged for West Ashted Primary School.

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**SURREY COUNTY COUNCIL****CABINET****DATE: 25 JANUARY 2022****REPORT OF CABINET MEMBER: DENISE TURNER- STEWART, CABINET MEMBER FOR EDUCATION AND LEARNING****LEAD OFFICER: RACHAEL WARDELL, EXECUTIVE DIRECTOR FOR CHILDREN, FAMILIES AND LIFELONG LEARNING****SUBJECT: DEVELOPING LOCAL SPECIAL EDUCATIONAL NEEDS AND DISABILITY (SEND) PROVISION IN SURREY TO MEET DEMAND FROM 2023/24 ONWARDS****ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ ENABLING A GREENER FUTURE/ EMPOWERING COMMUNITIES****Purpose of the Report:**

Surrey's latest sufficiency modelling projections to 2030-2031, which are based on the previous three year's trends from academic years 2018-2019 to 2020-2021, indicate significant growth in the total number of pupils with Education, Health and Care Plans (EHCPs) resident in Surrey over the forecast period. This projected growth is expected to reach its peak in 2026-27 and 2027-28, before reducing slightly thereafter. By 2030-31, the total number of Surrey EHCP pupils in National Curriculum Years (NCY) 0-14 (age 4-19 years), is projected to be more than 2,500 higher than the 2020-21 total.

Surrey's existing maintained specialist provision, which includes specialist school places in SEN Units in mainstream schools and in Special Schools/ academies, has over 3,700 places and is full.

Between 2019 and 2021 Surrey's Cabinet approved the strategy for three phases of the SEND Capital Programme with a combined capital investment of £79.6m to expand the local specialist estate at pace to ensure local children and young people can have their educational needs met close to home and within state maintained provision wherever possible. This investment is already delivering 1,600 additional specialist school places towards the projected demand of 5,100 by 2025 (ANNEX 1). More than 500 of these were delivered between 2019-2021.

By 2030-2031, the local area's Specialist Education Estate is projected to require more than 800 additional places on top of the planned growth delivered by the first three phases of the SEND Capital Programme. The significant increase in demand requires in-county provision of up to 6,000 maintained specialist school places for Surrey pupils aged 4-19 years by September 2030. (ANNEX 2) Based on latest sufficiency modelling and engagement work with schools, the potential to deliver 872 additional places has been identified (ANNEX 4).

A further expansion of the Specialist Education Estate is necessary to achieve our long-term ambition to ensure that Surrey resident pupils receive a full time high quality specialist education closer to home, more connected to local communities and local support services. This report seeks support for this further expansion and delegated authority to manage the Capital pipeline.

## Recommendations:

It is recommended that Cabinet:

1. Approves in principle the use of SEND Capital funding against the programme of adaptation and refurbishment of Surrey County Council (SCC) owned assets and state maintained schools for Phase 4 of the programme. This is in order to deliver up to 872 additional Specialist School Places in Surrey from September 2023 onwards.
2. Delegates the decision to transfer the £60m SEND Capital funding from pipeline to budget to the Capital Programme Panel, based on approval of individual business cases once schemes, locations and costs are confirmed.
3. Approves the delegation of authority to allocate resources from the approved £60m budget required for individual projects to the Cabinet Members for Education & Learning, Resources and Land & Property, following Capital Programme Panel approval.

## Reason for Recommendations:

Following national legislative changes brought about by the 2014 Children & Families Act and revised Special Educational Needs and Disabilities (SEND) Code of Practice, 2015, Surrey has seen the number of Education, Health and Care Plans (EHCPs) as a percentage of the 4-19 general school age population increase from 3.4% to 4.1% between 2018-2021. This figure is projected to increase to over 5% of the 4-19 general population by 2024, resulting in the projected demand for up to 6,000 maintained specialist school places. (Annex 3)

The sustained increase in demand for specialist provision has resulted in over-reliance on the independent school sector and out of county placements, which frequently also involves excessive home to school travel distances for EHCP pupils outside of resident districts and boroughs.

The Department for Education expects Local Authorities (LA) to manage their specialist estates efficiently to avoid detriment to schools' educational offers, creating disadvantage to children and young people who have SEND or to the LA's financial position. This means ensuring the availability of maintained specialist school places that are appropriately matched to SEN need-type, phases of education and geographic location so that all of Surrey's statutory school age children with an EHCP that require a full-time specialist setting in either a mainstream SEN Unit or Special School have a named placement, ready for the beginning of each academic year.

The recommended Phase 4 SEND Capital investment completes the planning for sufficiency of specialist school places from September 2023 to 2031.

## Executive Summary:

### Context

1. The SEND Capital Programme is aligned with Surrey's Community Vision 2030, which seeks to realise the local area's ambition that everyone benefits from education, skills and employment opportunities that help them to succeed in life.

2. Surrey's SEND Partnership Strategy 2019-2022 is ambitious about improving outcomes for children and young people with special educational needs and disabilities (SEND) and the whole system approach to achieve the step change needed. This requires educational settings, health commissioners and providers, Surrey County Council's social care and education services working together with children and their families to meet needs. This needs to be delivered within national funding that has not kept pace with demand.
3. The 2021/22 High Needs budget assumes an overspend of £24m. Latest projections are for an additional overspend of £9m in-year. Whilst this is being contained by a corporate contingency budget this year, significant cost containment is required in future years to reduce the overspend and achieve a balanced in-year position. The Council's SEND transformation strategy sets out the planned trajectory to try and achieve this, with the SEND Capital Programme the biggest single contributor to the cost containment required. (ANNEX 1)
4. As of September 2021, Surrey has a current cohort of 1,678 pupils educated in the independent sector at a cost of c£70m per year. In order to provide sufficient maintained specialist school places for those that need them and ensure a more equitable deployment of limited resources, more than 800 additional places in Surrey's maintained schools are critical from September 2023 onwards.
5. An average Non-Maintained Independent placement costs around £50k, whereas a Maintained specialist placement costs approximately £20k, so each Maintained specialist placement has the potential to contain cost of around £30k per annum. Based on current cost and benefit assumptions, £60m Capital investment is estimated to deliver an additional 712 specialist school places. This would achieve annual cost containment of approximately £21.4m. If 872 additional Specialist School Places are created under Phase 4 of the programme and filled, this will represent an annual cost avoidance of approximately £26.2m.
6. The majority of Surrey's existing specialist school provision is graded by Ofsted as Good or Outstanding. This provision enables better long term outcomes for pupils educated closer to home by local providers, who successfully support local children and young people to live, learn and grow up locally to achieve their potential. Improved investment in Surrey's specialist education estate will support local schools to continue to deliver high quality inclusive education to some of the county's most vulnerable children and young people.
7. The recently commissioned Specialist Education Estate Fit for Purpose Accommodation Review ("the Review") explored analysis of Health & Safety compliance against each of Surrey's existing 81 specialist provision assets, which comprise of 25 special schools and 51 SEN Units in mainstream primary and secondary schools. This was undertaken by a specialist consultancy team of project managers, surveyors, cost consultants and engineers.
8. BB104 compliance (the Department for Education's non-statutory area guidelines for buildings and grounds in specialist school provision) was also assessed to identify over provision or shortfall schools and existing sites where future expansion is possible. This also took into account the quality and fitness for purpose of existing provision for current pupil numbers per establishment and highlighted key risks associated with potential development including relevant material planning considerations.
9. The Review has informed an up to date understanding of the current Specialist Education Estate, including benchmarking for cost per pupil place and identified sixteen Special Schools and twenty-nine SEN Units in mainstream Primary and

Secondary Schools with potential to expand. These would be subject to full feasibility studies and effective mitigation of identified planning risks.

10. An Expression of Interest exercise was then initiated in October 2021 to begin to shape the notional programme for Phase 4 (ANNEX 4). Mainstream Primary and Secondary Schools and Special Schools were encouraged to submit applications for new and/or expanded specialist provision, based on the shared understanding of demand by SEN need-type, phase of education and geographical location.

11. Thirty two applications were received and assessed by a Quality Assurance Panel of senior SCC officers from relevant SEND, Education and Land & Property departments. A high proportion of the applications were from mainstream schools without current specialist school provision keen to support the county-wide inclusion plan through increasing the availability of places for children and young people with SEND to access in the county. The Quality Assurance Panel rejected a number of applications on the following basis:

- Settings that have not progressed sufficiently to date on their school improvement journeys, and therefore more work and LA support is required to ensure the increased likelihood of successful Ofsted inspection outcomes
- Concerns around opening new specialist provision in very small schools where SEND pupils would be well above planned admission numbers.
- Sites with known and existing contentious planning issues where approval by the Planning Authority would be unlikely to be achieved
- Cost prohibitive schemes that would only provide a very small number of additional specialist school places and would not represent value for money.

All notional schemes approved in principle in the proposed fourth phase of the programme will be subject to feasibility and full business case development work with applicant schools to ensure project viability.

12. The proposed Phase 4 SEND Capital Programme will require significant partnership working across schools and settings, health commissioners and providers, as well as the Council's SEND, Education Place Planning, Commissioning and Property teams. The scale of the ambition to deliver more than 800 specialist school places on top of the planned growth from Phase 1-3 of the SEND Capital Programme is considerable.

13. Key to achieving this will be:

- Maintained schools able to support and retain pupils with a greater range of needs.
- Reducing placement breakdown/increasing stability in local provision and improving outcomes for children who can continue to go to the same school as their siblings and their friends.
- Increased school devolution to promote creativity, innovation and better use of resources aligned with need.
- Strategic forward planning to ensure Inclusion and Additional Needs teams and Commissioning teams are identifying pupils currently educated in the independent sector to access named maintained placements at the point of Key Stage Transfer, or in-year as appropriate.
- Strategic forward planning to ensure that young people in non-specialist places in maintained schools where that place is at risk are found maintained specialist placements in Surrey rather than NMI and / or out of county.
- The distribution of new specialist school provision that reduces SEND home to school travel distance so that a higher proportion of pupils can attend the nearest most appropriate school that can meet their needs.



14. Pupil-level analysis of SEND transport patterns per Surrey district and borough was undertaken by Edge-ucate for Surrey resident pupils who currently attend specialist provision in SEN Units in mainstream primary and secondary schools and special schools (ANNEX 5). This was in order to shape the proposed Phase 4 programme by geographical location with the objective of reducing home to school travel distances and costs.
15. The assessed geographical location of up to 872 new additional specialist school places delivered through the proposed Phase 4 of the SEND Capital Programme is critical to ensure long-term sustainability. This is to ensure that SEND home to school transport times are reduced in line with Department for Education recommendations, improving congestion and traffic flow around the county.

### **DELIVERY OF ADDITIONAL SPECIALIST SCHOOL PLACES AND INTENDED BENEFITS TO SURREY'S CHILDREN, YOUNG PEOPLE AND RESIDENTS**

16. Benefits realisation ensures Surrey's maintained specialist education provision is fit for purpose and creates additional employment/supported internship opportunities for residents around areas of expansion.
17. Children, young people, and families can access the same level of high-quality support wherever they live in Surrey. We have a good, shared understanding of our children and young people who have SEND in Surrey and our support offer matches their identified needs.
18. Expanding Surrey's specialist provision aligns with the Preparation for Adulthood programme and strategy for Post-16 to create local further education and employment pathways such as apprenticeships and supported internships. This enables young people who have SEND to make a successful transition to adulthood and secure employment.
19. Capacity created locally will also make certain that SEND home to school transport distance and costs are reduced so that pupils attend their closest most appropriate school with shorter journey times. Opportunities for developing independent travel skills can be maximised as a result of children and young people being educated closer to home. This will also address local congestion around school sites as well as traffic flow around the county, which will be of benefit to Surrey's Green Agenda.
20. The distribution and occupancy of current Special Schools and SEN Units in mainstream schools clearly illustrates that there is insufficient provision of Autism and Communication & Social Interaction Needs, Moderate Learning Difficulties, Severe Learning Difficulties and Social Emotional Mental Health Needs Special places.
21. The approved remedification and expansion programme will ensure that additional places are matched appropriately to need type, phases of education and geographic locations.

<b>Consultation:</b>
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22. The consultation approach for Phase 4 of the SEND Capital Programme is a continuation of the development of Surrey's SEND Partnership Strategy, which was subject to full public consultation and reviewed by the Council's Cabinet on 29 January 2019. Consultees included education providers, SEND System-partners (Children and Adult Education Services, Social Care Services and Health providers), parent carers, children and young people, local districts, and boroughs.

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23. The Council has undertaken further engagement activities with schools in 2021, including encouraging settings to provide 'Expressions of Interest' (EOI) for capital expansion and targeted discussions with schools as well as Phase Councils. Different phases of schools have been included within this process, including mainstream maintained and academy primary, secondary and special schools. Comments and expressions of interest received from previous phases of the programme as well as lessons learned have also been used in the development of this report for approval.
  24. Public consultation will be carried out for each approved project going forward in line with statutory Planning Consultations and Judicial Review periods for Land & Property developments.
  25. Further public consultation will also be undertaken for each approved project in line with Department for Education statutory processes for Making Significant Changes to Maintained Schools or an Open Academy by Mutual Agreement and Free School Presumption (Section 10 Consultation) processes. This public-facing work needs to demonstrate that fair and open local consultation has been undertaken with all those who could be affected by the proposed change, and that the Local Authority or Academy Trust has considered all responses received. The Lead Cabinet Member for Education & Learning and the Regional Schools Commissioner (or the Secretary of State as appropriate) will need evidence that they have been consulted and will consider any reasonable objections from them.

#### **Risk Management and Implications:**

26. Sufficiency data requires close monitoring and frequent ratification to ensure projected demand for learners with EHCPs is up to date and accurate. This is mitigated by triangulation with local intelligence which ensures appropriate projections of supply of specialist school places per district and borough as well as quadrant, which are aligned with need as well as agreed capital and revenue projections for the Council.
27. Specific timescale risks associated with the statutory process including Making Significant Changes to Schools (DfE guidance, October 2018), planning and procurement could mean that permanent expansion projects are not delivered in readiness for the beginning of an academic year. This risk has been mitigated by forward planning statutory Education processes alongside and Land & Property processes.
28. The SEND Capital Programme's delivery will continue to be monitored by Surrey's Children, Families & Learning Capital Board and jointly planned by Education and Land & Property partners in regard to continued business justification, financial viability, progress, risks, and issues as appropriate.
29. Targeted conversations with Headteachers and Governing Bodies of LA Maintained Schools and Multi-Academy Trust Chief Executive Officers took place in mid-November 2021 after the expression of interest exercise was initiated through communications with schools in the previous month. This was to further ascertain and promote interest in school expansion with settings that have leadership capacity on top of 'business as usual'. These conversations resulted in highly positive feedback in the form of significantly increased numbers of applications submitted by

mainstream schools and academies keen to work with the LA to establish new SEN provision, compared to previous phases of the programme. (Potentially up to 872 additional places).

30. All building and refurbishment projects are required to include risk, issue, and quality registers. At a programme level estimated costs include allowances for design development and construction risk and are based on current costs. (i.e., exclude inflation) Estimated costs exclude uplifts for meeting the Operationally Carbon Net Zero target. These will be subject to approval from the CFL Capital Programme Board and reported by exception for decision-making.
31. Evaluative processes for measuring the success of SEND Capital investment are employed in reviewing the impact and lessons learned from Phase 1-3 projects. Learning from experience is critical so that previous lessons learned can be applied, with the goal of seeking opportunities to continue to implement improvements throughout each phase of the programme. It is the responsibility of all officers involved with the SEND Capital Programme to look for lessons in order to drive sustainable change and progression.
32. A Programme Risk Register will be used to identify, manage, and mitigate programme risks. This is managed by the Programme Leads for Education and Land & Property. In addition, each individual approved project within the programme will have a comprehensive costed risk, issue, and quality register. These will be managed by the Land & Property Schools Project Management teams.
33. Early discussions and Pre-Application consultation with the Planning Authority and Procurement ensure that potential contentious planning conditions and routes through procurement frameworks are mitigated early. Monthly programme review meetings between the Programme Leads and Planning were established under Phase 3 of the programme for this purpose.

#### **Financial and Value for Money Implications:**

34. The financial pressures on the DSG and High Needs Block (HNB) continue to be a key focus of the SEND Transformation programme. At the end of 2020/21, following a year end overspend of £34.5m, the cumulative deficit on the HNB now stands at £83m with an overall DSG deficit balance of £63.7m when offsetting other block surpluses.
35. The current budget contains an assumed overspend of £32.7m which is matched by a General Fund contribution to the offsetting reserve. This will mean the deficit, and offsetting reserve will be over £115m by the end of 21/22.
36. The budget this year assumed an overspend of £23.8m with a further £9m contingency contained, initially, within corporate budgets. This means that at present, the forecast outturn will be within that overall budget allocation, although any further increase in pressure will result in additional overspend which is not budgeted for.
37. Remaining approved projects from Phases 1-3 of the Capital programme (ANNEX 1) are estimated to deliver over £24.3m of cost containment over the next five years.

The creation of additional SEND provision in Surrey therefore remains one of the largest contributors to containing costs.

38. The Capital investment required to complete all projects identified within this fourth phase of the programme is estimated at £74m. There is currently £60m available within the Capital Programme Pipeline.
39. Transferring the £60m from the current pipeline into a Core budget, would enable schemes to be progressed up to that value. Further work will continue to determine how the additional £14m could be funded. The recent Spending Review announced £2.6bn of new capital investment in High Needs provision over a three-year period. Further detail is expected to be announced in the Spring around individual LA allocations. The full £74m is based on the development of up to 872 additional specialist school places in new specialist SEN Units in mainstream schools, special school expansions and a new SEN School. (Annex 4). If external grant funding is not secured the Council would need to consider the benefits of allocating additional capital funding.
40. Annex 4 sets out the possible schemes which could be delivered with the available £60m funding envelope. This would deliver an additional 712 specialist school places. If the further £14m were to be identified, this would increase cost containment potential by approximately £5m.
41. A sustainable specialist estate will be developed to provide fit for purpose facilities for Surrey's pupils who have SEND and require a specialist school placement, providing cost effective solutions to support revenue cost containment to the Dedicated Schools Grant's High Needs Budget. The investment will be funded from the pipeline capital programme budget within Land & Property in order to progress this next phase of the SEND Capital Programme.
42. The total cost of the approved SEND Capital Programme is projected to be £153.6m:

<b>Programme Phase</b>	<b>Investment £'m</b>
Phase 1	39.9
Phase 2	21.3
Phase 1 & 2 expanded schemes	6.9
Phase 3	11.5
Phase 4	74
<b>TOTAL</b>	<b>£153.6m</b>

43. This is funded by:

<b>Approval period</b>	<b>Investment £'m</b>
24 September 2019	33.2
29 September 2020	36.0
26 January 2021 (repurposed capital allocation)	10.4
25 January 2022	60.0*
<b>SUB TOTAL</b>	<b>139.6</b>
Additional funding required	£14.0m
<b>TOTAL</b>	<b>£153.6m</b>

\* This has been assumed in the capital programme contained in the Medium-Term Financial Strategy

44. Each individual project will be required to demonstrate value for money at cost per pupil place and benefits realisation achieved, in addition to being subject to robust cost challenge and scrutiny to drive optimum value as it progresses.

#### **Section 151 Officer Commentary:**

45. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
46. As such, the Section 151 Officer supports the recommendations of this report as the future of the DSG HNB is a significant factor in the Council's medium term financial position. Expanding local SEND provision and reducing reliance on the NMI sector is the single biggest contributor to returning the DSG High Needs Block to financial sustainability.
47. Each project will require a business case to be approved through Capital Programme Panel (CPP) to ensure appropriate scrutiny of costs, benefits and timescales.

#### **Legal Implications – Monitoring Officer:**

48. Part 3 of the Children and Families Act 2014 places a duty on the local authority to support children and young people in England with special educational needs or disabilities and to keep under review the educational provision in its area for those children and young people.
49. The best value duty is contained in s3 of the Local Government Act 1999 as a result of which the Council is under a duty to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. The relevant guidance states that Councils should consider overall value, including economic, environmental and social value when reviewing service provision.
50. Under Section 2 (1) of the Local Authorities (Land) Act 1963 a local authority has extensive development powers and may, for the benefit or improvement of its area, erect, extend, alter, or re-erect any building and construct or carry out works on land.

#### **Equalities and Diversity:**

51. The SEND Partnership Strategy 2019-2022, to which the SEND Capital programme aligns, was subject to a full Equalities Impact Assessment (EIA) published on 21 January 2019. This EIA has been reviewed and remains relevant to the activity outlined in this Cabinet paper.

52. Phase 4 of Surrey’s SEND Capital Programme is expected to have a positive impact on Equalities and Diversity, as a result of increasing the number of Surrey children and young people who will have their additional needs better met by local schools in their local area.

53. Due consideration will be given to the Equalities and Diversity impacts of individual schemes as they progress into approved projects. Individual Equalities Impact Assessments are undertaken in line with statutory consultation periods aligned with the Department for Education statutory processes for Making Significant Changes to Maintained Schools or an Open Academy by Mutual Agreement.

**Other Implications:**

54. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	<p>The programme of capital investment directly supports both the Surrey Corporate Parenting Strategy 2020 and SEND Partnership Strategy 2019-2022.</p> <p>Increasing the sufficiency of provision in Surrey for children and young people who have SEND and/or who are looked after will enable better long-term outcomes, with children closer to home and more connected to local communities and support services.</p> <p>Local capital investment improves value for money through the strengthening of collaboration with local providers, as well as other local authorities to manage the market more effectively.</p>
Safeguarding responsibilities for vulnerable children and adults	<p>The council has a duty to promote and improve safeguarding in education as well as educational outcomes for all children and young people who are vulnerable or disadvantaged. The creation of additional specialist capacity closer to home supports highly effective joint agency monitoring to safeguard children, to reduce placement breakdown and increased demand on care services.</p>
Environmental sustainability	<p>The provision of specialist school places closer to home will reduce the average journey times for learners with EHCPs. This also supports the development of sustainable independent travel skills for pupils with SEND, which is aligned with Preparation for Adulthood outcomes. These benefits also involve maximising local business opportunities and the social value they create across the county, including how local communities can be best supported and enhancing communications both internally and externally.</p>
Compliance against net-zero emissions target and future climate compatibility/resilience	<p>Design philosophy that has been adopted to create new or refurbish and extend existing buildings will support low energy consumption, reduce solar gain, and promote natural ventilation. Any proposals will be in line with this policy and any new building will be to the standards in the local planning authority’s adopted core planning strategy. Commitment to drive forward the transition to a zero carbon built environment, through the pursuit of lower operational energy use, increased supply of renewable energy to Surrey’s buildings and reduced embodied carbon – the GHG emissions associated with non-operational phases like construction.</p>
Public Health	<p>No significant implications arising from this report.</p>

## What Happens Next:

### 55. Timescales:

- a. W/C 10 January 2022 and onwards: Site visits to notional schemes approved in principle looking to establish new SEND Provision
- b. Tuesday 1 February 2022: Notification to successful applicant schools
- c. W/C 7 February 2022: Significant Change processes start with schools and academies
- d. February 2022 SCC Land & Property commence Feasibility on Notional Phase 4 schemes
- e. June 2022: Lead Cabinet Member and Regional Schools Commissioner decisions on Phase 4 Significant Changes to LA Maintained Schools and Academies
- f. Completion of Phase 1-3 SEND Capital programme approved projects to approved timescales

56. Business cases will be taken to Capital Programme Panel to seek approval for scheme budgets. Subsequent decisions about resource allocation for approved schemes will be expedited through delegated authority to Lead Cabinet Members for Education & Learning, Resources and Land & Property.

57. Issues/ Risks/ Outcomes will be communicated via the CFL Capital Board alongside monthly SEND Transformation Board and Lead Cabinet Member Briefings

**Report Author:** Liz Mills, Director of Education & Lifelong Learning,  
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### Consulted:

#### Internal:

- CFL Capital Programme Board
- SEND Transformation Board
- Cabinet Members Denise Turner-Stewart and Becky Rush
- Directors of Education, Liz Mills and Land & Property, Simon Crowther
- Strategic Finance Business Partner CFL, Daniel Peattie
- Deputy Strategic Finance Business Partner ELLC, Louise Lawson
- Education, Commissioning and Land & Property Staff

#### External:

- Maintained mainstream primary schools
- Maintained mainstream secondary schools
- Maintained special schools
- Surrey SEND Partnership Board

### Annexes:

- Annex 1: SEND Capital Programme Phases 1-3 Project delivery status
- Annex 2: SEND Capital Programme Phase 4 (Notional schemes, subject to full business case development)

- Annex 3: Surrey Education, Health and Care Plans (EHCPs) per percentage of the 4-19 general school age population
- Annex 4: SEND Capital Strategy Cost Containment to DSG High Needs Block
- Annex 5: Home to School Travel patterns for Surrey EHCP pupils in Specialist School Placements

**Sources/background papers:**

Surrey SEND Partnership Strategy 2019-2022

Surrey SEND Sufficiency Strategy 2020

Surrey School Organisation Plan 2020-2030

Surrey SEND Commissioning Strategy 2021

Surrey SEND Transformation Programme update 2021

Executive Summary Surrey Specialist Estate Fit for Purpose Accommodation Review 2021

Schools' Expression of Interest Applications for SEND Capital Programme Phase 4  
December 2021

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## Annex 1: SEND Capital Programme Phases 1-3 - Approved Projects' Delivery Status

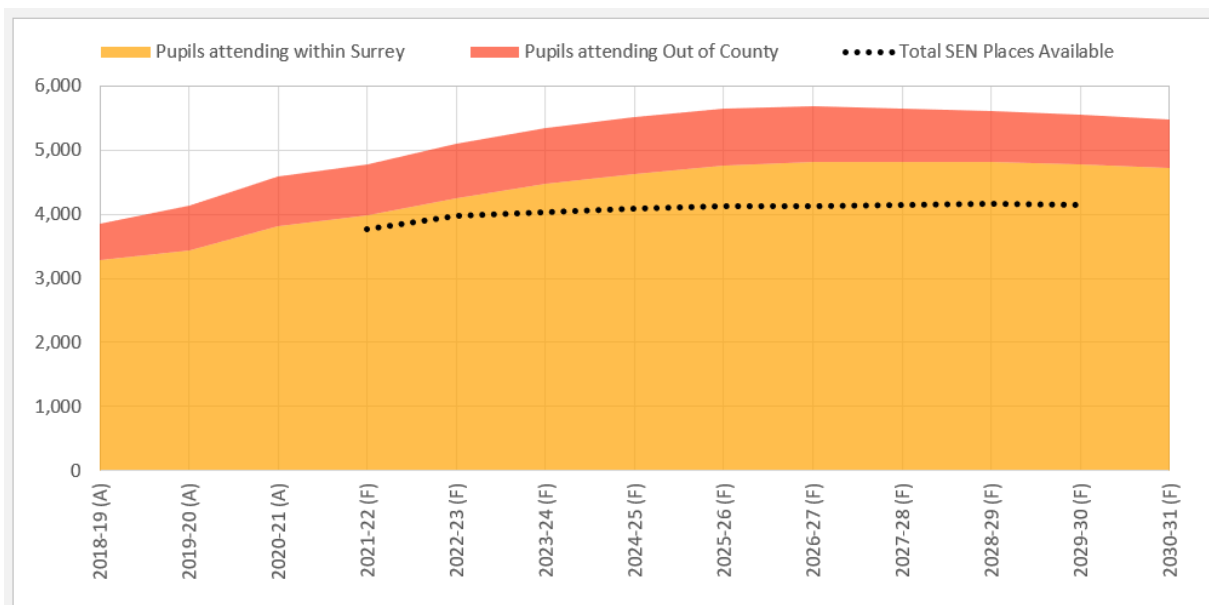
Project number	Placement name	Placement Type	SEN Need-Type & DFE Designation	Surrey School Designation	Phase of Education	Quadrant	District/ Borough	Project	Total additional places	New places Sept 22	Target Delivery of works	Delivery Status
1	Woodfield School	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary 11-16 years	SE	Reigate & Banstead	Secondary Bulge Class	10	0	Sept 2019	Delivered
2	Linden Bridge Academy	Special School	Autism and Communication & Interaction Needs	Complex Social Communication Needs	All Through 4-16 years	NE	Epsom & Ewell	Primary Bulge Class	8	0	Sept 2019	Delivered
3	Philip Southcote School	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary & Post 16 11-19 years	NW	Runnymede	Secondary Bulge Class	10	0	Sept 2019	Delivered
4	Freemantles School	Special School	Autism and Communication & Interaction Needs	Complex Social Communication Needs	All Through 4-19 years	NW	Woking	Secondary Bulge Class	16	0	Sept 2019	Delivered
5	Pond Meadow Academy	Special School	Severe Learning Difficulties	Severe Learning Difficulties	All Through 2-19 years	SW	Guildford	Secondary Bulge Class	14	0	Sept 2019	Delivered
6	Brooklands School, Wray Park site	Special School	Severe Learning Difficulties	Severe Learning Difficulties	Primary 2-11 years	SE	Reigate & Banstead	Primary Bulge Class	8	0	Sept 2019	Delivered
7	Walton Leigh School	Special School	Severe Learning Difficulties	Severe Learning Difficulties	Secondary 11-16 years	NE	Elmbridge	Secondary Bulge Class	11	0	Sept 2019	Delivered
8	Bell Farm Primary School	SEN Unit/ Resourced Provision	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Primary 4-11 years	NE	Elmbridge	New SEN Unit	21	2	Sept 2020	Delivered
9	Worplesdon Primary School	SEN Unit/ Resourced Provision	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Primary 4-11 years	SW	Guildford	New SEN Unit	21	0	Sept 2020	Delivered
10	Brooklands School, Alexander Road site	Special School	Autism and Communication & Interaction Needs	Complex Social Communication Needs	Primary 4-11 years	SE	Reigate & Banstead	Special School Expansion	70	11	Feb 2022	Contract
11	Freemantles School	Special School	Autism and Communication & Interaction Needs	Complex Social Communication Needs	All Through 4-19 years	NW	Woking	Special School Expansion	72	9	Mar 2023	Planning
12	Meadhurst Primary School	SEN Unit/ Resourced Provision	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Primary 4-11 years	NE	Spelthorne	Redesignation from SLCN to ASD and Expansion	29	5	Part 1 Sept 2021 Part 2 Sept 2022	Delivered Feasibility
13	Fox Grove Academy	Special School	Autism and Communication & Interaction Needs	Complex Social Communication Needs	All Through 4-19 years	SE	Mole Valley	DfE Delivery: new Special Free School	152	32	Dec 2021	Delivered
14	Betchwood Vale Academy	Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	All Through 4-19 years	SE	Mole Valley	DfE Delivery: new Special Free School	180	0	Sept 2024	Design
15	SCC funded ASD Special Free School West of County	Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	All Through 4-19 years	TBC	TBC end of January 2022	New Special Free School	200	0	Sept 2024	Feasibility
16	Limpfield Grange School (Girls)	Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Secondary & Post 16 11-19 years	SE	Tandridge	Special School Expansion (Post 16)	40	9	Sept 2023	Feasibility
17	Sunnydown School (Boys)	Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Secondary 11-16 years	SE	Tandridge	Special School Refurbishment	4	0	April 2021	Delivered
18	Woodfield School	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary 11-16 years	SE	Reigate & Banstead	Special School Expansion	60	10	Sept 2022	Planning
19	The Abbey Academy	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary 11-16 years	SW	Waverley	Special School Expansion	60	13	June 2023	Planning
20	Three Rivers Academy	SEN Unit/ Resourced Provision	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Secondary 11-16 years	NE	Elmbridge	New SEN Unit	30	8	Jan 2023	Feasibility
21	Philip Southcote School (Main site)	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary 11-19 years	NW	Runnymede	Special School Expansion	26	11	Jan 2023	Planning
22	Philip Southcote School at The Meads External works at The Meads	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary 16-19 years	NW	Runnymede	Relocation of Post 16	30	10	Sept 2021 May 2022	Delivered Planning
23	Philip Southcote at Chertsey High School	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary 11-16 years	NW	Runnymede	Special School Expansion - new satellite site	20	4	Sept 2021	Delivered
24	Philip Southcote at Kings International College	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary 11-16 years	NW	Surrey Heath	Special School Expansion - new satellite site	20	4	Sept 2021	Delivered
25	Chandlers Field School	SEN Unit/ Resourced Provision	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Primary 4-11 years	NE	Elmbridge	New SEN Unit	25	6	Oct 2021	Delivered
26	Bramley Oak Academy	Special School	Social, Emotional & Mental Health Needs	Social, Emotional & Mental Health Needs	Primary 5-11 years	SW	Guildford	Special School Expansion	49	0	Part 1 April 2021 Part 2 Nov 2023	Delivered Design
27	West Hill Academy	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Primary 4-11 years	SE	Mole Valley	Special School Expansion	30	14	Part 1 Sept 2021 Part 2 Sept 2022	Delivered Design
28	Manor Mead School at Virginia Water	Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Primary 4-11 years	NE	Spelthorne	2 year Temporary Expansion	60	20	Part 1 Sept 2021 Part 2 Sept 2022	Delivered Feasibility
29	Wishmore Cross Academy	Special School	Social, Emotional & Mental Health Needs	Social, Emotional & Mental Health Needs	Primary & Secondary 7-16 years	NW	Surrey Heath	Special School Expansion	28	0	Sept 2021	Delivered
30	The Park Academy	Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary 11-16 years	NW	Woking	Special School DfA Compliance	2	0	Sept 2021	Delivered
31	Fox Grove Academy	Special School	Autism and Communication & Interaction Needs	Complex Social Communication Needs	All Through 4-19 years	NE	Elmbridge	Temporary Accommodation Sept 21-Dec 21	64	0	Sept 2021	Delivered
32	Sunnydown School	Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Secondary 11-16 years	SE	Tandridge	Special School Expansion	40	0	TBC	Feasibility
33	Temporary Sponsor/s to be confirmed by end of January 2022	Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Secondary 11-16 years	NE/NW	TBC end of January 2022	2 year Temporary Expansion arrangements for SCC funded ASD Special School West of County	100	40-50 TBC	Sept 2022	Feasibility
34	Temporary Sponsor/s to be confirmed by end of January 2022	Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Secondary 11-16 years	NE/NW	TBC end of January 2022	2 year Temporary Expansion arrangements for delayed Betchwood Vale Academy	86	50	Sept 2022	Feasibility
<b>Programme Total</b>									<b>1,518</b>	<b>268</b>		

Current approved projects within the SEND Capital Programme will deliver approximately 300 additional specialist school placements for Surrey resident EHCP Pupils from September 2022. This will achieve 49% cost containment to Surrey's DSG High Needs Budget target for the financial year.

Cost Containment to DSG HNB Revenue							
	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	Notes
Number of additional specialist school places	290	300	273	189	163	92	From approved projects in SEND Capital Programme Phase 1-3. Phase 4 would deliver additional places that could be phased in from 2023/2024 onwards and would be in addition to these totals.
Total cost containment target for DSG HNB	£28,000,000	£12,300,000	£13,200,000	£13,000,000	£4,800,000	£3,300,000	Phase 4 would deliver additional cost containment from 2023/2024 onwards as projects are likely to be delivered between 2023-2025.
Potential Part Year cost containment from SEND Capital programme	£5,800,000	£6,000,000	£5,460,000	£3,780,000	£3,260,000	£1,840,000	Part year due to school terms running from September to July.
Additional places as % of total cost containment	21%	49%	41%	£29%	68%	56%	From approved projects in SEND Capital Programme Phase 1-3 only. Phase 4 would increase to % of total cost containment from 2023/2024 onwards.

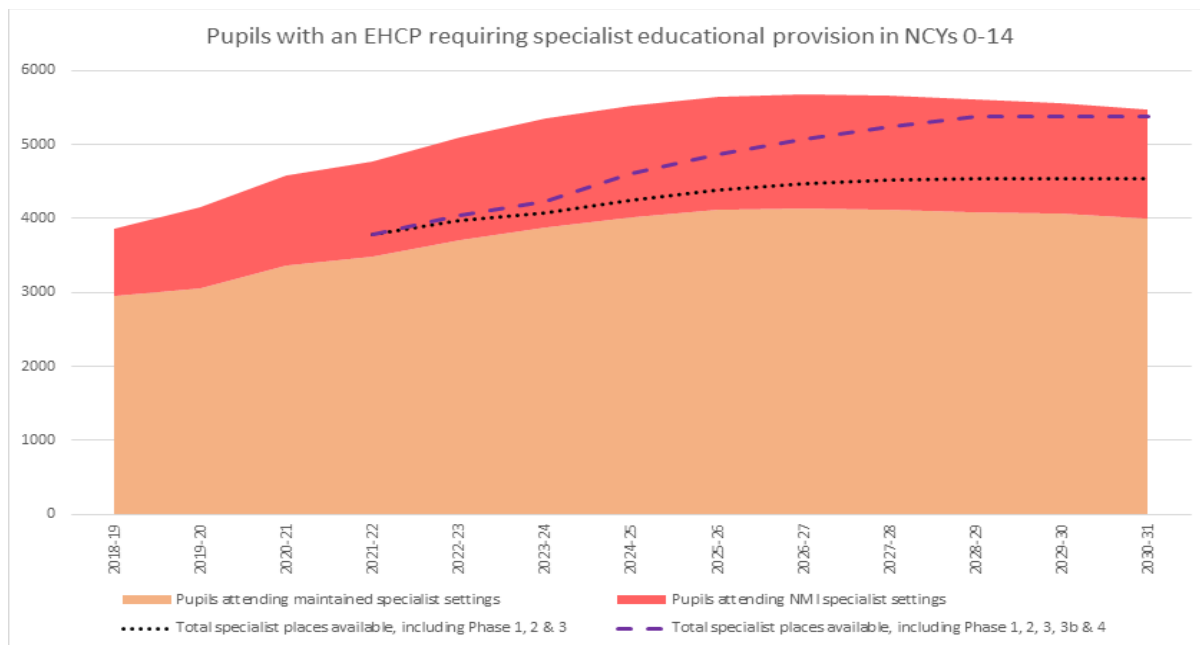
**Annex 2: Surrey Projected Demand for Specialist School Placements**

**Table 1: Projected shortage of Specialist School Placements for Surrey resident EHCP Pupils, with average annual deficit of 34% year on year throughout the planning period**



Source: edge-ucate SEN

**Table 2: Impact of planned growth from the current SEND Capital Programme and notional Phase 4 on demand for Specialist School Placements for Surrey resident EHCP Pupils**



Source: edge-ucate SEN

Phase 4 of the SEND Capital Programme will close the gap between sufficiency of maintained specialist school placements across the county and the further reduce over-reliance on the independent sector.

**Annex 3: Surrey Education, Health and Care Plans (EHCPs) per percentage of the 4-19 general school age population**

All Surrey EHCP pupils age 4-19 years (NCY0-NCY14)													
Actuals				Forecast/ Projected need									
Year	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	2029 - 2030	2030 - 2031
General Population age 4-19 years	233,662	235,934	238,716	240,582	242,290	243,000	243,274	243,003	241,938	240,334	238,253	236,084	233,530
EHCP Count NCY0-14	8,013	8,845	9,729	10,372	11,117	11,719	12,132	12,447	12,609	12,609	12,527	12,387	12,241
EHCPs per % general age 4-19 population	3.4%	3.7%	4.1%	4.3%	4.6%	4.8%	5%	5.1%	5.2%	5.2%	5.2%	5.2%	5.2%
EHCP Growth year on year	~	10.3%	10%	6.6%	7.1%	5.4%	3.5%	3%	2.6%	0%	-0.6%	-1.1%	-1.2%

Source:  edge-ucate SEN

## Annex 4: SEND Capital Programme Phase 4 (Notional schemes, subject to full business case and cost plan development)

Placement Type	SEN Need- Type & DFE Designation	Surrey School Designation	Phase of Education	Quadrant	Project	Project Type	Total additional places	Target Delivery of works	Notional Cost (Capital)	Cost per Pupil Place (Capital)	Cost per Pupil Place (Revenue)	Total Annual Placement Cost (Revenue)	DSG HNB Cost Containment Potential
Existing SEN Units	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Primary	NE & NW	Redesignation from dual SEN need to ASD and re-provision of space to fit for purpose standard *	Modular expansion & refurbishment	10	Sep 2023	£3m	£0.3m *	£13,252	£132,520	£300k
Mainstream SEN Unit	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Primary	NE, NW, SE, SW	New SEN Units	Modular Expansion & Refurbishment	94	Sep 2023	£4.45m	£0.47m	£13,252	£1,245,588	£2.2m
Mainstream SEN Unit	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Secondary	NE, SE	New SEN Units	Modular Expansion & Refurbishment	84	Sep 2023	£7.3m	£0.87m	£14,000	£1,176,000	£2.52m
Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Primary	NE	Special School Expansion	New build	60-80	Sep 2026	£10m	£0.125m	£17,534	£1,052,040	£2.4m
Special School	Autism and Communication & Interaction Needs	Complex Communication & Interaction Needs	Primary	SE, SW	Special School Expansion	Remodelling & Refurbishment	50	Sep 2024	£2.95m	£0.59m	£21,616	£1,080,750	£1.5m
Special School	Severe Learning Difficulties	Severe Learning Difficulties	Primary	SE, NW	Special School Expansion	Modular Expansion/ Refurbishment	40-60	Sep 2023/24	£4.1m	£0.10m	£23,051	£1,383,035	£1.8m
Special School	Social, Emotional & Mental Health Needs	Social, Emotional & Mental Health Needs	Primary	SW	Special School Expansion	Modular expansion	49	Sep 2024	£6m	£0.12m	£29,995	£1,467,785	£1.47m
Special School	Autism and Communication & Interaction Needs	Communication & Interaction Needs	Secondary	NE, SE	Special School Expansion	Modular Expansion & Remodelling	140	Sep 2023/24	£9.12m	£0.65m	£19,297	£2,701,580	£4.2m
Special School	Autism and Communication & Interaction Needs	Complex Communication & Interaction Needs	Secondary	SE, SW	Special School Expansion	Remodelling & Refurbishment	25	Sep 23	£0.5m	£0.2m	£22,347	£558,675	£0.75m
Special School	Severe Learning Difficulties	Severe Learning Difficulties	Secondary	NE, SE	Special School Expansion	Modular Expansion, Remodelling & Refurbishment	100	Sep 24	£7m	£0.7m	£23,716	£2,371,558	£4.5m
Special School	Moderate Learning Difficulties	Learning & Additional Needs	Secondary	NE, NW, SE, SW	Special School Expansion	Modular expansion & refurbishment	40	Sep 2023	£2.35	£0.58	£21,154	£848,160	£2.85m
<b>Pipeline Subtotal</b>							<b>712</b>		<b>£56.77m</b>	<b>£3.23m surplus</b>			
Special School	Social, Emotional & Mental Health Needs	Social, Emotional & Mental Health Needs	Secondary	NE/NW	New Special School (Free School Presumption)	New build	160	Sep 2026	£17m	£0.10m	£26,038	£4,156,080	£4.8m
<b>TOTAL</b>							<b>872</b>		<b>£73.77m</b>			<b>£18,181,881</b>	<b>£29.29m</b>

712 additional specialist school places are deliverable within the £60m capital investment for Phase 4. Options for securing the additional £14m required to deliver new 160 place SEMH Special School provision are being explored. There are opportunities, subject to Regional Schools Commissioner approval and agreement with Trusts, to explore expansion of existing secondary SEMH provision by up to 70 places which could be delivered at a faster pace by 2024/2025.

The Specialist Education Estate Review provides clear benchmarking for cost per pupil place, based on the different development approach required to deliver the proposed Phase 4 of the programme. Phase 3 of the programme's delivery was based on an average cost of around £29k per place and this is because the majority of projects were achieved through utilising and adapting capacity within undersubscribed mainstream primary and secondary schools and available SCC owned assets.

By comparison, the proposed Phase 4 programme is based on an average cost of approximately £75k per place. The reason for this is that the programme includes both new build and provision within existing assets (i.e., requiring refurbishment or remodelling) as well as a number of modular solutions, with a range of costs that reflect different scope of work to deliver the additional specialist school places.

**Annex 5: Current Home to School Travel Patterns for Surrey Resident EHCP Pupils attending Specialist School Placements**

**Table 1: Surrey resident pupil travel patterns to Special Schools per District & Borough**

		Home Residence											
District		Elmbridge	Epsom and Ewell	Guildford	Mole Valley	Reigate and Banstead	Runnymede	Spelthorne	Surrey Heath	Tandridge	Waverley	Woking	OOC
Special School location	Elmbridge	8%	1%	0%	1%	0%	9%	13%	1%	0%	0%	3%	0%
	Epsom and Ewell	10%	23%	1%	9%	9%	2%	6%	0%	3%	0%	0%	2%
	Guildford	3%	1%	31%	7%	2%	7%	4%	15%	1%	25%	17%	3%
	Mole Valley	14%	31%	7%	33%	16%	3%	5%	2%	12%	5%	4%	6%
	Reigate and Banstead	1%	9%	0%	15%	39%	1%	0%	1%	37%	0%	0%	4%
	Runnymede	12%	6%	1%	2%	0%	20%	14%	2%	0%	1%	4%	6%
	Spelthorne	10%	1%	0%	1%	0%	12%	9%	0%	0%	0%	1%	0%
	Surrey Heath	5%	1%	13%	1%	1%	11%	11%	50%	1%	8%	17%	25%
	Tandridge	3%	6%	3%	15%	17%	1%	3%	0%	31%	1%	1%	26%
	Waverley	8%	2%	30%	5%	1%	5%	4%	10%	1%	52%	10%	27%
	Woking	10%	5%	11%	4%	1%	23%	8%	16%	0%	5%	40%	1%
	OOC	15%	14%	2%	8%	13%	5%	22%	4%	16%	4%	3%	N/A

**Table 2: Surrey resident pupil travel patterns to SEN Units in Mainstream Schools per Surrey District & Borough**

		Home Residence											
District		Elmbridge	Epsom and Ewell	Guildford	Mole Valley	Reigate and Banstead	Runnymede	Spelthorne	Surrey Heath	Tandridge	Waverley	Woking	OOC
SEN Units in Mainstream School location	Elmbridge	47%	9%	0%	3%	0%	0%	7%	0%	0%	0%	2%	0%
	Epsom and Ewell	8%	51%	2%	2%	9%	1%	5%	0%	0%	0%	7%	22%
	Guildford	3%	2%	32%	0%	1%	1%	0%	5%	0%	10%	4%	7%
	Mole Valley	15%	30%	10%	77%	16%	0%	2%	3%	5%	1%	13%	4%
	Reigate and Banstead	1%	2%	0%	13%	48%	0%	0%	3%	30%	0%	0%	0%
	Runnymede	17%	0%	0%	0%	0%	87%	27%	11%	0%	0%	27%	7%
	Spelthorne	5%	0%	0%	0%	0%	6%	53%	0%	0%	0%	4%	11%
	Surrey Heath	0%	0%	5%	0%	0%	0%	1%	62%	0%	0%	0%	11%
	Tandridge	0%	0%	0%	3%	22%	0%	1%	0%	65%	0%	0%	26%
	Waverley	1%	2%	45%	2%	3%	0%	0%	16%	0%	88%	9%	11%
	Woking	3%	0%	3%	0%	0%	4%	4%	0%	0%	1%	36%	0%
	OOC	0%	4%	2%	0%	0%	0%	0%	0%	0%	0%	0%	N/A

**Table 3: Special School travel patterns by SEN need-type – Primary Provision**

SEN Need Type	Stay in District and attend Maintained Provision	Stay in Quadrant and attend Maintained Provision	Go Out of County	Go to Independent Sector Placements	Travel 6 Miles or More
Cognition & Learning Needs	31%	59%	9%	14%	61%
Social, Emotional & Mental Health Needs	11%	29%	34%	41%	90%
Communication & Interaction Needs	31%	53%	19%	32%	69%
Sensory & or Physical Needs	14%	22%	57%	43%	78%
Total	28%	51%	19%	28%	69%

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**Table 4: Special Schools travel patterns by SEN need-type – Secondary Provision**

SEN Need Type	Stay in District and attend Maintained Provision	Stay in Quadrant and attend Maintained Provision	Go Out of County	Go to Independent Sector Placements	Travel 6 Miles or More
Cognition & Learning Needs	34%	57%	10%	18%	47%
Social, Emotional & Mental Health Needs	15%	31%	32%	42%	83%
Communication & Interaction Needs	26%	47%	19%	38%	68%
Sensory & or Physical Needs	18%	43%	44%	37%	76%
Total	27%	48%	19%	32%	64%

**Table 5: Special Schools travel patterns by SEN need-type – Total**

SEN Need Type	Stay in District and attend Maintained Provision	Stay in Quadrant and attend Maintained Provision	Go Out of County	Go to Independent Sector Placements	Travel 6 Miles or More
Cognition & Learning Needs	33%	58%	10%	17%	52%
Social, Emotional & Mental Health Needs	14%	31%	33%	42%	85%
Communication & Interaction Needs	28%	50%	19%	36%	68%
Sensory & or Physical Needs	17%	36%	48%	39%	76%
Total	27%	49%	19%	31%	66%

**Table 6: Specialist SEN Units in Mainstream Primary Schools travel patterns by SEN need-type**

SEN Need Type	Stay in District and attend Maintained Provision	Stay in Quadrant and attend Maintained Provision	Go Out of County	Go to Independent Sector Placements	Travel 6 Miles or More
Cognition & Learning Needs	69%	87%	0%	0%	25%
Social, Emotional & Mental Health Needs	57%	64%	0%	0%	43%
Communication & Interaction Needs	57%	80%	1%	0%	37%
Sensory & or Physical Needs	48%	61%	2%	0%	44%
Total	58%	78%	1%	0%	36%

**Table 7: Specialist SEN Units in Mainstream Secondary Schools travel patterns by SEN need-type**

SEN Need Type	Stay in District and attend Maintained Provision	Stay in Quadrant and attend Maintained Provision	Go Out of County	Go to Independent Sector Placements	Travel 6 Miles or More
Cognition & Learning Needs	64%	91%	0%	0%	18%
Social, Emotional & Mental Health Needs	33%	58%	0%	0%	25%
Communication & Interaction Needs	63%	84%	0%	0%	22%
Sensory & or Physical Needs	42%	61%	0%	0%	61%
Total	57%	79%	0%	0%	28%

**Table 8: Specialist SEN Units in Mainstream Primary & Secondary Schools travel patterns by SEN need-type – Total**

SEN Need Type	Stay in District and attend Maintained Provision	Stay in Quadrant and attend Maintained Provision	Go Out of County	Go to Independent Sector Placements	Travel 6 Miles or More
Cognition & Learning Needs	68%	88%	0%	0%	24%
Social, Emotional & Mental Health Needs	46%	62%	0%	0%	35%
Communication & Interaction Needs	59%	81%	1%	0%	33%
Sensory & or Physical Needs	46%	61%	1%	0%	51%
Total	58%	78%	1%	0%	34%



## SURREY COUNTY COUNCIL

## CABINET

DATE: 25 JANUARY 2022



REPORT OF: BECKY RUSH, DEPUTY LEADER AND CABINET MEMBER FOR FINANCE AND RESOURCES

LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR FOR RESOURCES (\$151 OFFICER)

SUBJECT: 2021/22 MONTH 8 (NOVEMBER) FINANCIAL REPORT

ORGANISATION STRATEGY: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/TACKLING HEALTH INEQUALITY/ENABLING A PRIORITY AREA: GREENER FUTURE/EMPOWERING COMMUNITIES

<b>Purpose of the Report:</b>
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This report provides details of the County Council's 2021/22 financial position as at 30<sup>th</sup> November 2021 (M8) for revenue and capital budgets, and the expected outlook for the remainder of the financial year.

**Key Messages – Revenue**

- **At M8, the Council is forecasting a full year £8m deficit** against the revenue budget. This represents a £9m improvement from M7, **due to the release of £8.8m contingency for the Dedicated Schools Grant (DSG) High Needs Block offset.**

The details are shown in Annex 1 and summarised in Table 1.

- Contingencies built into the 2021/22 budget exceed the forecast deficit and so a balanced outturn is anticipated. However, it is still the expectation that Directorates make efforts to manage overspends within their budget envelopes.

**Key Messages – Capital**

- The M8 position shows a forecast spend of £184.9m against a budget of £202m, a variance of £17.1m.
- Details are set out in paragraphs 14 to 16 and Table 3.

<b>Recommendations:</b>
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It is recommended that Cabinet:

1. Note the Council's forecast revenue and capital budget positions.

<b>Reason for Recommendations:</b>
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This report is to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval of any necessary actions.

## Revenue Budget:

1. **At M8, the Council is forecasting a full year £8m deficit against budget.**
2. Table 1 below shows the forecast revenue budget outturn for the year by service.

**Table 1 - Summary revenue budget forecast variances as of 30<sup>th</sup> November 2021**

Directorate	21/22 Outturn		Annual Budget	Forecast Variance	Change in forecast since last month
	2021/22 YTD M8	Forecast at M8			
	£m	£m	£m	£m	£m
Adult Social Care	262.4	383.9	380.7	3.2	0.0
Public Service Reform & Public Health	20.0	34.1	34.1	0.0	0.0
Children, Families and Lifelong Learning	158.5	229.1	222.0	7.0	(0.1)
Comms, Public Affairs & Engagement	1.2	1.7	1.7	0.0	0.0
Community Protection Group	28.0	38.6	38.0	0.6	0.0
Customer & Communities	5.6	11.3	11.6	(0.2)	0.0
Environment, Transport & Infrastructure	84.4	131.0	135.0	(4.1)	(0.1)
People & Change	4.0	6.8	6.6	0.2	0.0
Prosperity Partnerships & Growth	0.8	1.3	1.3	0.0	0.0
Resources	47.5	71.4	70.3	1.1	0.0
Central Income & Expenditure	15.9	78.0	78.0	0.0	0.0
<b>Total before DSG High Needs Block Offset</b>	<b>628.3</b>	<b>987.3</b>	<b>979.3</b>	<b>8.0</b>	<b>(0.2)</b>
DSG High Needs Block Offset	0.0	32.7	32.7	0.0	(8.8)
<b>Total Budget Envelopes</b>	<b>628.3</b>	<b>1,020.0</b>	<b>1,012.0</b>	<b>8.0</b>	<b>(9.0)</b>
Central Funding	(702.9)	(1,012.0)	(1,012.0)	0.0	0.0
<b>Overall after central funding</b>	<b>(74.6)</b>	<b>8.0</b>	<b>0.0</b>	<b>8.0</b>	<b>(9.0)</b>

*Note: Numbers have been rounded which might cause a difference.*

3. The **forecast deficit of £8m** predominantly consists of:
  - **Adult Social Care:** The forecast overspend remains at £3.2m due to growth in care package commitments since the budget was set offset by a number of one-off or likely temporary measures this year. No change from M7.
  - **Children, Families and Lifelong Learning (CFL):** There is a £7.0m forecast overspend. This is an £0.1m improvement from M7, with no material changes in individual variances.  
  
The CFL Directorate continues to work to mitigate the projected costs to support both the in-year position and reduce the impact on future trajectories in the MTFS.
  - **Environment, Transport & Infrastructure (ETI):** There is a £4.1m forecast underspend, a £0.1m improvement from M7, with no material changes in individual variances.
  - **Community Protection Group:** Forecast overspend remains at £0.6m, no change from M7. The pressure is primarily due to an unfunded national firefighters pay award and historic costs in the coroner's service in addition to increased Covid-19 related costs.
  - **Resources:** Forecast overspend remains at £1.1m, no change from M7. The pressure relates to anticipated overspends in a few of services, primarily within legal services relating to external legal fees for childrens' safeguarding cases, the non-achievement of efficiencies within Business Operations and a number of pressures within the Land & Property budgets.

- **DSG High Needs Block (HNB):** Forecast overspend remains at £32.7m. There has been no change in the underlying forecast since M7, however the contingency held for an increased contribution to the offsetting reserve has been released to meet the £8.8m forecast overspend. The variance has therefore reduced by £8.8m since M7.

Further details on the in-year position are set out below.

## DSG update

4. The table below shows the projected forecast year end outturn for the HNB at M8. There is no change in the underlying forecast from M7.

**Table 2 - DSG HNB Summary**

2021/22 DSG HNB Summary	
	£'m
DSG High Needs Block Grant (exc Academies)	156.5
Forecast outturn	189.2
Deficit/(surplus)	32.7
Budgeted overspend	(23.8)
Deficit/(surplus)	8.8
High Needs Block contingency budget	9.0
Remaining contingency budget after release to cover deficit	0.2

5. The forecast includes £28m of cost containment. Of this £19.7m has already been delivered or is on track to do so. £2.6m is on track for delivery with some further work needed to achieve it and £6m is at risk based on current projections. Of that £6m, £5m has been included as not achievable in the variance at Month 8.
6. In addition to the cost containment not achieved, there have been additional costs of £8.5m mostly for Non-Maintained Independent (NMI) provision. These costs and not achieved cost containment are offset by £4.7m of additional in-year mitigations which are being implemented to contain the forecast.

Work continues to try and mitigate this to within budget.

## Covid-19 update

7. For M8, the Directorates forecast a gross impact from Covid-19 of £100.9m (which is an £0.9m increase from M7). This is offset by £73.4m of specific grants, leaving a net impact of £27.5m. There were no new grants in M8 (the previous period saw the receipt of the Household Support Fund £5.3m & ASC Workforce Recruitment and Retention Fund £2.7m).
8. Directorates began the year with a budget allocation of £15.1m to cover Covid-19 costs, and a further £4.3m has been allocated in a budget reset at M6, providing £19.4m specifically to cover the Covid-19 impact on the budget. In total, Directorates can absorb £21.3m of the £27.5m impact, using the £19.4m of Covid-19 allocation and a further £1.9m from other budgets. A balance of £6.2m is therefore currently flagged as a risk against the £11m Covid-19 reserve (which is an increase of £0.6m from M7 relating to CFL and additional costs for alternative SEN, and movers into Surrey within SEND).

9. A further reset will be considered as the forecast develops over the remainder of the year as certainty on the impact and potential mitigations increases. Individual decisions to approve use of the reserve may be taken in specific/ urgent circumstances.

### Digital Business & Insights (DBI) ERP Implementation “MySurrey”

10. The total increased revenue and capital cost of delivering the programme to a revised April 2022 go-live date for the implementation of the DBI project was set out in a report to the Cabinet in December 2021. The financial implications of the delay to go-live of the MySurrey system represents a total cost increase of £3.2m, comprising £1.25m in revenue costs and £1.91m in capital costs and will impact both the current and next financial years.
11. The additional revenue requirement of £1.25m was agreed to be funded from the corporate contingency budget for 2021/22. This budget is held to offset unexpected expenditure and mitigate inherent risks within the budget. The MySurrey implementation is a corporate programme bringing improvements across the Council. It is felt appropriate to utilise this corporate budget to cover these one-off corporate additional costs and enable the completion of the implementation of the new system.
12. It is anticipated that £450k of these additional costs will be incurred in the current financial year, with a further £800k during the early part of 2022/23. It is therefore proposed that the full £1.25m is funded from the corporate contingency budget for 2021/22, setting aside £800k to fund the costs anticipated next financial year. The £1.25m will reduce the contingency budget available to mitigate the projected overall Council overspend for 2021/22, however the level of contingency continues to exceed the forecast deficit and so a balanced outturn overall is anticipated.
13. The additional capital budget will be built into the capital programme. The resultant additional borrowing costs will be funded from within the Central Income and Expenditure budget initially, on the basis that once ongoing efficiencies are realised as a result of the new system, these costs are off-set before the recognition of efficiencies against other service budgets.

### Capital Budget

14. **Forecast of £184.9m; £17.1m less than the budget of £202m, (£6.8m decrease from M7).** The overall position at M8 mainly relates to a net slippage and reprofiling of £15.1m and a net underspend of £2.0m.
15. Table 3 below provides a summary of the forecast full-year outturn at M8. It is proposed that the M9 forecast is used as a baseline to reset the Capital Programme for 2021/22 to provide a stable and deliverable budget for the remainder of the year.

**Table 3 - Summary Capital Budget**

Strategic Capital Groups	Annual Budget £m	M8 Outturn Forecast £m	M8 Forecast Variance £m	Change from M7 to M8 £m
<b>Property</b>				
Property Schemes	77.6	66.7	(10.9)	0.0
ASC Schemes	1.7	1.5	(0.2)	0.0
CFLC Schemes	1.2	0.9	(0.3)	(0.1)
<b>Property Total</b>	<b>80.5</b>	<b>69.1</b>	<b>(11.4)</b>	<b>(0.1)</b>
<b>Infrastructure</b>				
Highways and Transport	91.7	89.6	(2.1)	(3.0)
Infrastructure and Major Projects	6.5	5.3	(1.2)	(0.8)
Environment	4.4	6.7	2.3	0.0
Community Protection	3.1	2.3	(0.8)	(0.5)
<b>Infrastructure Total</b>	<b>105.7</b>	<b>103.9</b>	<b>(1.8)</b>	<b>(4.3)</b>
<b>IT</b>				
IT Service Schemes	15.8	11.9	(3.9)	(2.4)
<b>IT Total</b>	<b>15.8</b>	<b>11.9</b>	<b>(3.9)</b>	<b>(2.4)</b>
<b>Total</b>	<b>202.0</b>	<b>184.9</b>	<b>(17.1)</b>	<b>(6.8)</b>

16. The **change of £6.8m from M7 to M8** mainly relates to:

- **Highways and Transport – net £3m slippage**, of which £1.7m reflects a forecast slippage on Active Travel funded by grant, £0.4m slippage in Street Lighting LED Conversion, £0.6m on low emission buses and £0.3m slippage in Smallfield Safety Scheme - funded by CIL. All slippage is expected to be reprofiled into 2022/23. There is also £1.1m of accelerated spend offsetting the total Slippage, £0.8m in Bridge Strengthening & Earthworks and £0.3m in Flooding & Drainage.
- **Infrastructure & Major Projects - £0.8 slippage**, mainly due to £0.5m slippage in Electric Vehicle Charge Points, partly grant funded and to be re-profiled into 2022/23. There is also a £0.3m slippage in Farnham Schemes.
- **Community Protection - £0.5m slippage**, further delays in Vehicle & Equipment Replacement, to be re-profiled into 2022/23.
- **IT - £2.4m decrease** - relates to purchases for the Unicorn Network. This is due to the negotiation of a discount of £1.1m and slippage of £1.3m due to delays to anticipated receipt of the equipment until June 2022.

To establish a stable and deliverable baseline for assessment at full year outturn, the budget for the year will be reset based on M9 forecasts.

**Consultation:**

17. Executive Directors and Cabinet Members have confirmed the forecast outturns for their revenue and capital budgets.

**Risk Management and Implications:**

18. Risk implications are stated throughout the report and each relevant director or head of service has updated their strategic and or service risk registers accordingly. In addition, the Corporate Risk Register continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council and the sustainability of the Medium-Term Financial Strategy. In the light of the financial risks faced by the Council, the Leadership Risk Register will be reviewed to increase confidence in Directorate plans to mitigate the risks and issues.

**Financial and Value for Money Implications:**

19. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus.

**Section 151 Officer Commentary:**

20. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
21. The Council has a duty to ensure its expenditure does not exceed the resources available. The Section 151 Officer confirms the financial information presented in this report is consistent with the Council's general accounting ledger and that forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.

**Legal Implications – Monitoring Officer:**

22. The Council is under a duty to set a balanced and sustainable budget. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available whilst continuing to meet its statutory duties.
23. Cabinet should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Cabinet and Council and they must take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.

**Equalities and Diversity:**

24. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary. In implementing individual management actions, the Council must comply with the Public Sector

Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

25. Services will continue to monitor the impact of these actions and will take appropriate action to mitigate additional negative impacts that may emerge as part of this ongoing analysis.

<b>What Happens Next:</b>
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The relevant adjustments from the recommendations will be made to the Council's accounts.

**Report Author:**

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**Consulted:**

Cabinet, Executive Directors, Heads of Service

**Annex:**

Annex 1 – Forecast revenue budget as at 30<sup>th</sup> November 2021.

Forecast revenue budget as of 31<sup>st</sup> November 2021

Service	Cabinet Member	Year to date Budget £m	Year to date Actual £m	Year to date variance £m	Full Year Gross budget £m	Full year net budget £m	Full Year net forecast £m	Full Year net forecast variance £m
Education and Lifelong Learning	D Turner-Stewart	32.8	34.0	1.2	199.5	24.2	24.5	0.2
Family Resilience	C Curran	23.4	20.1	(3.3)	36.3	33.3	35.7	2.4
Corporate Parenting	C Curran	67.7	64.3	(3.4)	116.5	103.7	108.0	4.3
Quality and Performance	C Curran	6.0	5.6	(0.4)	11.1	9.0	9.1	0.1
Commissioning	C Curran	33.3	34.3	0.9	130.3	51.9	52.1	0.2
CFLC Exec Director	C Curran	(0.1)	0.3	0.4	(0.2)	(0.2)	(0.3)	(0.1)
<b>Children, Families and Lifelong Learning</b>		<b>163.1</b>	<b>158.5</b>	<b>(4.6)</b>	<b>493.6</b>	<b>222.0</b>	<b>229.1</b>	<b>7.0</b>
Public Health	S Mooney	19.9	19.7	(0.2)	33.4	33.4	33.4	0.0
Insight & Analytics	S Mooney	0.4	0.3	(0.1)	0.8	0.7	0.7	0.0
<b>Public Health and PSR</b>		<b>20.4</b>	<b>20.0</b>	<b>(0.3)</b>	<b>34.2</b>	<b>34.1</b>	<b>34.1</b>	<b>0.0</b>
<b>Adult Social Care</b>	S Mooney	<b>254.8</b>	<b>262.4</b>	<b>7.6</b>	<b>516.6</b>	<b>380.7</b>	<b>383.9</b>	<b>3.2</b>
Highways & Transport	M Furniss	38.9	34.2	(4.6)	71.3	58.3	56.5	(1.8)
Environment	M Heath	49.0	47.6	(1.4)	75.9	73.5	71.0	(2.5)
Infrastructure, Planning & Major Projects	M Heath	1.9	2.1	0.2	5.2	2.8	2.8	(0.0)
Leadership Team	M Heath	0.3	0.4	0.1	0.4	0.4	0.6	0.2
<b>Environment, Transport &amp; Infrastructure</b>		<b>90.1</b>	<b>84.4</b>	<b>(5.7)</b>	<b>152.8</b>	<b>135.0</b>	<b>131.0</b>	<b>(4.1)</b>
Fire and Rescue	M Nuti	21.2	23.3	2.2	36.1	31.7	32.1	0.4
Trading Standards	M Nuti	1.4	1.4	(0.0)	3.9	2.0	2.1	0.0
Emergency Management	M Heath	0.3	0.3	0.0	0.5	0.5	0.5	(0.0)
Health & Safety	M Nuti	0.3	0.2	(0.1)	0.7	0.5	0.5	(0.0)
Armed Forces & Resilience	M Nuti	0.1	0.1	0.0	0.1	0.1	0.1	0.0
Coroners	M Nuti	2.1	2.6	0.5	3.4	3.1	3.4	0.3
<b>Community Protection</b>		<b>25.4</b>	<b>28.0</b>	<b>2.6</b>	<b>44.6</b>	<b>38.0</b>	<b>38.6</b>	<b>0.6</b>
<b>People &amp; Change</b>	T Oliver	<b>4.4</b>	<b>4.0</b>	<b>(0.3)</b>	<b>6.7</b>	<b>6.6</b>	<b>6.8</b>	<b>0.2</b>
Comms, Public Affairs & Engagement	T Oliver	1.1	1.2	0.0	1.7	1.7	1.7	0.0
PPG Leadership	T Oliver	0.2	0.2	0.0	0.3	0.3	0.3	0.0
Economic Development	T Oliver	0.7	0.6	(0.1)	1.1	1.1	1.1	0.0
<b>Prosperity, Partnerships and Growth</b>		<b>0.9</b>	<b>0.8</b>	<b>(0.1)</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>0.0</b>
Community Partnerships	M Nuti	0.9	0.7	(0.2)	1.5	1.5	1.4	(0.1)
Customer Services	M Nuti	1.8	1.7	(0.2)	2.9	2.7	2.7	(0.1)
AD Culture & Active Surrey	M Nuti	5.0	3.3	(1.7)	17.2	7.2	7.1	(0.1)
C&C Leadership	M Nuti	0.0	0.0	(0.0)	0.1	0.1	0.1	0.1
<b>Customers and Communities</b>		<b>7.8</b>	<b>5.6</b>	<b>(2.1)</b>	<b>21.7</b>	<b>11.6</b>	<b>11.3</b>	<b>(0.2)</b>
Land and Property	N Bramhall	15.6	16.8	1.2	34.4	24.4	24.8	0.3
Information Technology & Digital	B Rush	7.1	7.1	(0.0)	11.4	10.7	10.7	(0.0)
Business Operations	B Rush	(0.1)	(0.4)	(0.4)	(0.1)	(0.1)	(0.2)	(0.1)
Joint Orbis	B Rush	11.3	10.3	(0.9)	16.9	16.9	17.2	0.4
Finance	B Rush	4.0	3.7	(0.3)	11.7	5.9	5.9	(0.0)
Legal Services	B Rush	3.2	3.5	0.2	5.3	4.9	5.3	0.5
Democratic Services	B Rush	2.4	3.4	1.0	3.8	3.6	3.6	(0.0)
Executive Director Resources	B Rush	1.4	2.1	0.7	2.1	2.1	2.3	0.2
Twelve15	B Rush	(1.1)	(1.5)	(0.3)	19.6	(1.9)	(2.0)	(0.0)
Corporate Strategy and Policy	B Rush	1.6	1.5	(0.0)	2.4	1.9	1.9	(0.0)
Transformation and Strategic Commissioning	B Rush	1.0	0.8	(0.2)	1.4	1.4	1.4	(0.0)
Performance Management	B Rush	0.1	0.1	(0.0)	0.2	0.2	0.2	(0.0)
PPE	B Rush	0.0	0.0	0.0	0.4	0.4	0.4	0.0
<b>Resources</b>		<b>46.4</b>	<b>47.5</b>	<b>1.1</b>	<b>109.5</b>	<b>70.3</b>	<b>71.4</b>	<b>1.1</b>
<b>Corporate Expenditure</b>	B Rush	<b>22.8</b>	<b>15.9</b>	<b>(6.9)</b>	<b>113.9</b>	<b>78.0</b>	<b>78.0</b>	<b>0.0</b>
<b>Total before DSG High Needs Block Offset</b>		<b>637.1</b>	<b>628.3</b>	<b>(8.8)</b>	<b>1,496.7</b>	<b>979.3</b>	<b>987.3</b>	<b>8.0</b>
<b>DSG High Needs Block Offset</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>32.7</b>	<b>32.7</b>	<b>32.7</b>	<b>0.0</b>
<b>Total Budget Envelopes</b>		<b>637.1</b>	<b>628.3</b>	<b>(8.8)</b>	<b>1,529.4</b>	<b>1,012.0</b>	<b>1,020.0</b>	<b>8.0</b>
<b>Central funding</b>		<b>(700.9)</b>	<b>(702.9)</b>	<b>(2.0)</b>		<b>(1,012.0)</b>	<b>(1,012.0)</b>	<b>0.0</b>
<b>Total Net revenue expenditure including DSG HNB</b>		<b>(63.8)</b>	<b>(74.6)</b>	<b>(10.8)</b>	<b>1,529.4</b>	<b>0.0</b>	<b>8.0</b>	<b>8.0</b>



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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