


Notice of Meeting

Cabinet



<u>Date and Time</u>	<u>Place</u>	<u>Contact</u>	<u>Web:</u>
Tuesday, 31 October 2023 2.00 pm	Council Chamber, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF	Huma Younis or Sarah Quinn huma.younis@surreycc.gov.uk or sarah.quinn@surreycc.gov.uk	Council and democracy Surreycc.gov.uk  @SCCdemocracy

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

Deputy Cabinet Members: Maureen Attewell, Jordan Beech, Paul Deach

If you would like a copy of this agenda or the attached papers in another format, e.g. large print or braille, or another language, please email Huma Younis or Sarah Quinn on huma.younis@surreycc.gov.uk or sarah.quinn@surreycc.gov.uk.

This meeting will be held in public at the venue mentioned above and may be webcast live. Generally the public seating areas are not filmed. However, by entering the meeting room and using the public seating area or attending online, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If webcast, a recording will be available on the Council's website post-meeting. The live webcast and recording can be accessed via the Council's website: <https://surreycc.public-i.tv/core/portal/home>

If you would like to attend and you have any special requirements, please email Huma Younis or Sarah Quinn on huma.younis@surreycc.gov.uk or sarah.quinn@surreycc.gov.uk. Please note that public seating is limited and will be allocated on a first come first served basis.

AGENDA

1 APOLOGIES FOR ABSENCE

2 MINUTES OF PREVIOUS MEETING: 26 SEPTEMBER 2023

(Pages
1 - 6)

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 (25 October 2023).

b PUBLIC QUESTIONS

The deadline for public questions is seven days before the meeting (24 October 2023).

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

To consider any reports from Select Committees, Task Groups, Local Committees and any other Committees of the Council.

6 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING (Pages 7 - 10)

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 CABINET MEMBER OF THE MONTH (Pages 11 - 18)

To receive an update from Marisa Heath, Cabinet Member for Environment.

8 SURREY CLIMATE CHANGE ADAPTATION AND RESILIENCE STRATEGY (Pages 19 - 28)

The Surrey Climate Change Strategy (2020) identified the need to develop actions to increase Surrey's resilience to Climate Change. The Surrey Climate Change Adaptation and Resilience Strategy helps Surrey County Council and partners manage climate impacts and risks in a more efficient and coordinated manner. Cabinet is asked to approve the Surrey Climate Change Adaptation and Resilience Strategy.

(The decisions on this item can be called-in by the Communities, Environment and Highways Select Committee)

9 LOCAL ENTERPRISE PARTNERSHIP (LEP) INTEGRATION

(Pages
29 - 38)

From 1 April 2024, the Government will cease providing funding to Local Enterprise Partnerships (LEPs) and the functions previously held by LEPs will transfer to Upper Tier Local Authorities. In Surrey, this means the functions of Coast to Capital LEP and Enterprise M3 LEP will transfer to the County Council. This report sets out the key implications for the council, proposes a set of principles to guide the approach to LEP integration, and outlines the steps being taken to put the council in a strong position to take advantage of these new functions to deliver improved outcomes more effectively for local businesses and residents.

(The decisions on this item can be called-in by the Communities, Environment and Highways Select Committee)

10 CONVERGENT SCREEN TECHNOLOGIES AND PERFORMANCE IN REALTIME (COSTAR): DRIVING INNOVATION AND CREATIVITY IN THE UK'S SCREEN AND PERFORMANCE INDUSTRIES - CAPITAL FUNDING APPROVAL

(Pages
39 - 48)

This report seeks Cabinet approval for a one-off £3m (plus a SCC held contingency of £0.3m) capital contribution to a successful CoSTAR (Convergent Screen Technologies and Performance in Realtime) National Lab grant application. This will co-fund a Satellite Studio and Incubator Space in Surrey.

(The decisions on this item can be called-in by the Communities, Environment and Highways Select Committee)

11 2023/24 MONTH 5 (AUGUST) FINANCIAL REPORT

(Pages
49 - 58)

This report provides details of the County Council's 2023/24 financial position, for revenue and capital budgets, as at 31st August 2023 (M5) 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)

12 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.

13 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, 23 October 2023

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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Anyone is permitted to film, record or take photographs at Council meetings. Please liaise with the committee manager prior to the start of the meeting so that the meeting can be made aware of any filming taking place.

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

Thank you for your co-operation.

QUESTIONS AND PETITIONS

Cabinet and most committees will consider questions by elected Surrey County Council Members and questions and petitions from members of the public who are electors in the Surrey County Council area.

Please note the following regarding questions from the public:

1. Members of the public can submit one written question to a meeting by the deadline stated in the agenda. Questions should relate to general policy and not to detail. Questions are asked and answered in public and 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 an 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.

**MINUTES OF THE MEETING OF THE CABINET
HELD ON 26 SEPTEMBER 2023 AT 2.00 PM
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
*David Lewis
*Mark Nuti
*Denise Turner-Stewart
*Sinead Mooney
Marisa Heath
*Kevin Deanus

Deputy Cabinet Members:

*Maureen Attewell
*Rebecca Paul
*Paul Deach
*Jordan Beech

**PART ONE
IN PUBLIC**

136/23 APOLOGIES FOR ABSENCE [Item 1]

Apologies were received from Marisa Heath.

137/23 MINUTES OF PREVIOUS MEETING: 25 JULY 2023 [Item 2]

These were agreed as a correct record of the meeting.

138/23 DECLARATIONS OF INTEREST [Item 3]

There were none.

PROCEDURAL MATTERS [Item 4]

139/23 MEMBERS' QUESTIONS [Item 4a]

There were four member questions. The questions and responses were published in a supplement to the agenda.

140/23 PUBLIC QUESTIONS [Item 4b]

There were four public questions. The questions and responses were published in a supplement to the agenda.

141/23 PETITIONS [Item 4c]

There were none.

142/23 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]

There were none.

143/23 REPORTS FROM SELECT COMMITTEES , TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]

There were none.

144/23 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 6]

The Cabinet Member for Property and Waste informed members that a decision had been taken so that residents could now bring small amounts of construction waste from do-it-yourself activities free of charge to community recycling centres in accordance with the changes to the Controlled Waste Regulations 2012 as proposed by Government. This would take effect from 1 September 2023.

RESOLVED:

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

145/23 CABINET MEMBER OF THE MONTH [Item 7]

The Cabinet Member for Property and Waste provided the Cabinet with an update on the work she and the services she supports had been undertaking. The following key points were raised:

- The commercial property investment portfolio now consisted of 16 assets, and brings in an annual passing rent of £16.12m. Whilst similar property portfolios had an average running yield of 5.35%, as a result of our successful implementation of strategy to maximise revenue, the council's portfolio was returning 6.85%.
- A Facilities Management (FM) Procurement exercise has been run by Land and Property with separate procurements being held for Hard FM and Soft FM. Mace Operate Ltd had been the successful bidder for both the Hard and Soft FM contracts with service delivery commencing from mid-November. The new operating model would bring benefits including improving the customer experience for service users.
- With regards to capital projects, Children's homes in Epsom and Walton had been completed, a new Shaw Family Contact Centre in Woking had been completed and handed over to operations and the SEND programme would be delivering 234 additional specialist school places by the end of 2023.
- With regards to waste an update was given on the Suez contract which would be extended to 2029. SUEZ had also installed defibrillators at all Surrey community recycling centres.

Members commended the reuse initiatives being utilised at CRCs including donating walking aids collected at community recycling centres to Ukrainian based organisations for use in medical rehabilitation. The Cabinet Member for Children and Families commented that medical aids collected at CRCs were also donated to hospitals and the council's adult social care service. Members commended the vast amount of work being undertaken by the land and property team to deliver education provision and library improvements.

The Leader thanked the Executive Director for Environment, Transport and Infrastructure and the Director for Waste for their negotiations around the Suez contract.

RESOLVED:

That the Cabinet Member of the Month update be noted.

146/23 YOUTH JUSTICE PLAN [Item 8]

The report was introduced by the Cabinet Member for Children and Families who explained that there was a duty on the local authority to formulate and implement a Youth Justice Plan for Surrey. The plan had been circulated with partners and had been approved by the Surrey's Youth Justice Board. It was explained that the Surrey Youth Justice Service was an ambitious and outcomes-focused service, demonstrating passion and purpose in its approach to reducing offending, supporting children, families and victims and creating a safer environment for Surrey's residents in the process.

The Deputy Cabinet Member for Children and Families welcomed the plan and the work undertaken by the Youth Justice Service and in particular the Targeted Youth Team who start work with young people as soon as they enter custody. The Deputy Cabinet Member for Environment highlighted the work of the Skill Mill which found transformative and inspiring ways to engage with young people through various schemes.

RESOLVED:

1. That Cabinet approves the 2023/24 Youth Justice Plan ahead of its consideration by Full Council on 10 October 2023.

Reasons for Decisions:

An annual youth justice plan is a statutory requirement for local authorities. This plan has been prepared following national guidance from the Youth Justice Board.

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

147/23 2023/24 MONTH 4 (JULY) FINANCIAL REPORT [Item 9]

The Cabinet Member for Finance and Resources introduced the report explaining that at Month 4, the Council was forecasting an overspend of £21.1m against the 2023/24 revenue budget approved by Council in February 2023. In addition, £19.2m of net risks to the forecast position had been

quantified. Directorates would be taking action to mitigate the forecast overspend and maximise the opportunities to offset risks, in order to contain costs within available budget envelopes. With regards to the Capital position, the Month 4 position showed a forecast spend of £292.1m against a budget of £326.4m, spend of £34.3m less than budget, mainly due to projected slippage in programmes within Highways & Transport and Land & Property. The Cabinet Member highlighted recommendation 2 within the report regarding approval of £3.5m of additional revenue spend.

The Leader stated that the council was facing a challenging economic climate with huge increases in costs due to inflation. The council had managed the budget efficiently over the past 5 years and would be working hard to secure finances over the next few months.

RESOLVED:

1. That Cabinet notes the Council's forecast revenue and capital budget positions for the year and the need for mitigating actions to be developed to offset the projected revenue overspend.
2. That Cabinet approves £3.5m of additional revenue spend (as set out in paragraph 9), in response to the Council's recognition of the need to accelerate the improvements in service delivery in the following specific areas:
 - in-house Intensive Family Support Service
 - Quality Assurance and Performance in childrens' services
 - Surrey LINK Card; and
 - Surrey's street scene

This temporary increase in spend is proposed to be funded from the Council's contingency budget. Ongoing implications of these additional investments will be considered and factored into the 2024/25 budget planning process where appropriate and affordable.

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.

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

148/23 EXCLUSION OF THE PUBLIC [Item 10]

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.

149/23 FUTURE WASTE TREATMENT AND DISPOSAL SERVICES [Item 11]

The Cabinet Member for Property and Waste introduced the Part 2 report which contained 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 the authority holding that information) and Paragraph 5: Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

RESOLVED:

1. That Cabinet confirms its acceptance of the statement of position with DEFRA.

Reasons for Decisions:

See exempt minute [E-15-23]

(The decisions on this item can be called-in by the Communities, Environment and Highways Select Committee)

150/23 PROPERTY TRANSACTION- DISPOSAL OF PROPERTY IN EPSOM [Item 12]

The Cabinet Member for Property and Waste introduced the Part 2 report which contained 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 the authority holding that information).

RESOLVED:

1. That Cabinet approves the sale of Karibu, Wells House, Spa Drive, Epsom KT18 7LR.

Reasons for Decisions:

See exempt minute [E-16-23]

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

151/23 PUBLICITY FOR PART 2 ITEMS [Item 13]

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

Meeting closed at 14:40

Chairman

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SURREY COUNTY COUNCIL**CABINET****DATE:** 31 OCTOBER 2023**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

Annexes:

Annex 1 – Delegated Decisions taken

Sources/background papers:

None

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Annex 1

CABINET MEMBER DECISION

CABINET MEMBER FOR HIGHWAYS AND COMMUNITY RESILIENCE – 26 SEPTEMBER 2023

1. COUNTYWIDE INTEGRATED TRANSPORT SCHEMES PRIORITISATION PROCESS AND 24/25 DELIVERY PROGRAMME

(i) Resolved:

The Cabinet Member approved:

- a. The proposed prioritisation process set out in Annex A of the report;
- b. The proposed ITS schemes to be funded from the 2024/25 Countywide Integrated Transport Scheme budget set out in Annex B of the report; and
- c. To delegate authority to the Highways Engagement and Commissioning Manager to make any minor amendments to the schemes which may be required to ensure that the schemes are progressed, in consultation with the relevant Divisional Member and where required, the Cabinet Member.

(ii) Reason for decision

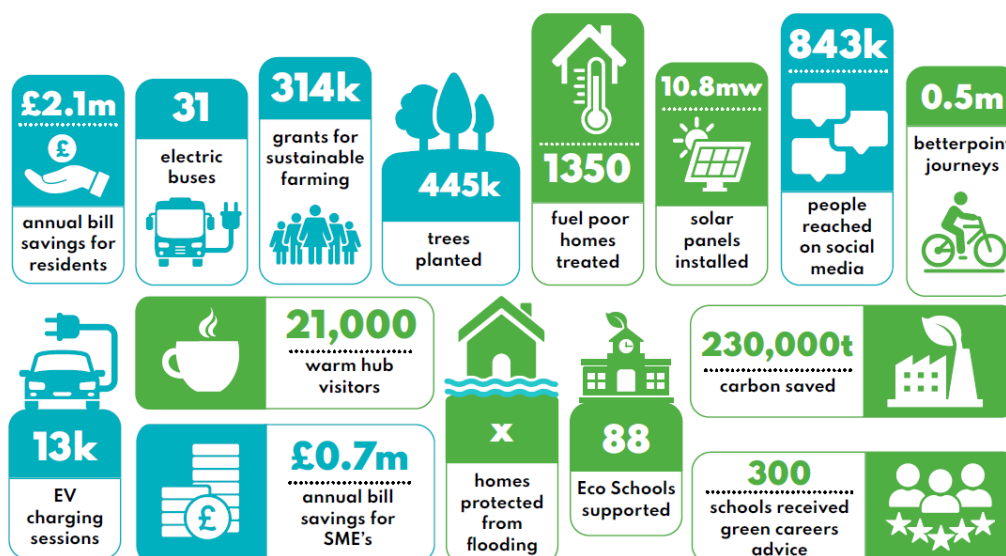
Cabinet established the Countywide ITS budget in February 2022, as part of changes to highway decisions, and requested that officers develop a prioritisation process for the fund. The prioritisation process has since been reviewed and amended by a cross-party Member Reference Group, to ensure that no one is left behind and that all communities have an opportunity to access this programme of works. The revised prioritisation process now needs to be agreed so that schemes can be approved and progressed to the design and delivery stage.

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Meeting the challenge head on

You will have heard earlier about the progress that is being made towards meeting our 2030 and 2050 net zero targets and the many challenges we face. Despite these challenges SCC, Surrey District and Borough Councils and our partners are still delivering, often for the most vulnerable residents, communities and businesses. Some achievements in the financial year 2022/3 were:

Figure 1: Summary of project successes



Working together always delivers more

Partnerships are key to ensuring we deliver the best results for residents, communities and businesses. The Greener Futures Reference Group, a cross party group set up to ensure SCC delivers the best possible outcomes for this agenda, is key to progressing our work on climate change, the environment and nature recovery. The multi-agency Greener Futures Board and Greener Futures Local Authority Partnership Steering Group, bring together a multitude of organisations to link up activity to deliver greater impact for Surrey. These partnerships have been instrumental in moving the agenda forward.

Looking to the future, the new University of Surrey Institute for Sustainability will co-chair the Greener Futures Board with SCC to support the scale up action needed and the essential cross political party and multi-agency approach that is needed.

Investing in the environment and climate change supports the vulnerable, saves residents money and helps ensure No One is Left Behind

You will also no doubt have heard about how much net zero is going to cost and the negative impact it could have on residents and businesses at a time when the cost of living is at the top of everyone's minds. What you may not have heard about are all the additional benefits that can be achieved by; investing in net zero and climate change action; caring for our local environment; taking measures to save resources; and improving our streets and green and blue spaces to support biodiversity.

Some of the initiatives are supporting fuel poor households to reduce bills, reduce waste and cut food bills through community fridges and working with businesses to help cut costs.

Hear what the residents think:

'A great weight is lifted, and I can now sleep easier knowing I am protected.' - **Caterham Resident receiving support through the Caterham on the Hill Property Flood Resilience Scheme.**

7 *"I am very pleased to have been a part of the scheme and to have had the work carried out ... Thank you for including me in the programme."* **Mr West from Reigate & Banstead received external wall park home insulation and his EPC increased 2 bands from G to E. Expected to save 1.7 tCo2e, 6467 kW of energy, and £274 on energy bills annually.**

"...My home is in fact a lot warmer than I was told to expect and the insulation also has the added bonus of keeping the heat out in the summer. I have a few communication issues, deafness, tremors which can be so severe that I can't use a keyboard etc. But the staff at Action Surrey were very friendly, helpful and patient with me. I have nothing but praise for the scheme." **Surrey Heath resident receiving external wall park home insulation.**

"Feedback is overwhelmingly positive. People are grateful for the opportunity to meet, chat and be fed." **Kings Church, Epsom & Ewell**

"People are very thankful and happy to have a place to warm up. One of our regular customers comes with her 1 year old daughter and spends several hours at the cafe. Sadly, she cannot afford to put heating on during the day, but our door is always open." **Haslemere & District Community Centre**

"For us, the Warm Hubs are also about building community, as well as offering a warm space for people to come and have some free food and snacks. The film nights work particularly well for parents with younger children, who enjoy the Disney film and free food at the interval. The Family Feast - a free 2-course meal - has also been very popular and attracted a good mix of people right across the age range. Next month, we will also be running a Soft Play Zone for the Under Fives and a Tea Party for the Over 60s." **Leatherhead Community Hub**

"I just wanted to say a HUGE thank you to you all for arranging both the installation of the 5 solar panels and additionally the upgrade of my circuit board as part of the project. There is absolutely no way I could have afforded to have this done and this is a huge weight off my mind so I cannot thank you all enough for arranging this to be funded within the grant. And although being only 15 miles from central London, with no mains gas and no opportunity to site LPG or oil and being totally reliant on electricity, I now have the peace of mind of reduced energy bills as well as being environmentally friendly from input from the solar panels. Thank you, thank you, thank you."

Tandridge resident who received loft insulation and solar panels and is expected to save approximately £600 on energy bills a year.

"A great way to install solar panels. I am already encouraging friends and family across the country to get their local council to get such a scheme going." **Chris, Egham**

Projects include:

Work to decarbonise Surrey - Over the last 2 years £2.8M annual savings have been made by Surrey residents and businesses, mostly low-income households or those experiencing fuel poverty. Though some Government funding has stopped, officers are developing several new initiatives for which grant funding has been obtained including; a One Stop Shop for domestic retrofit coupled with a potential loan scheme for homeowners, a loan scheme for SME businesses and feasibility assessments for heat networks.

Solar Together – The relaunch of Solar Together saw overwhelming interest from homeowners in Surrey. In total, 2,176 solar proposals have been accepted, with 81 installations already completed. This should result in up to £14M investment from residents.

Home Upgrade Grants (HUG2) – The Home Upgrade Grant, which supports residents who are ‘off grid’ and dependant on more expensive fuels, is now in its second phase and work is well underway. Feedback from the responsible Government department suggests Surrey are leading the way in distributing this grant to those who need it most, with £275,000 measures already approved in the first few months.

Warm Hubs - Following last year’s overwhelmingly positive feedback to our “Warm Hubs” scheme which saw community venues support over 21,000 visitors through winter, we are launching a combined “Warm Welcome” campaign from 1 November alongside SCC Libraries.

38 community hubs in key locations across the county are already signed up to the scheme which will be live on our website late October and further promoted through our Cost of Living mailer to all Surrey residents. Surrey Community Action (SCA) and Citizens Advice will offer face to face energy advice and debt support at venues, and SCA are also developing a “bill busting” session for residents to support them to save money on their energy bills. We will also be promoting our online Surrey Energy Advice tool both through the Warm Welcome venues and as part of a wider campaign.

New for this year, we have also secured funding to offer free boiler servicing and gas appliance checks to low-income households. Where a failure is identified, residents will be further connected to available grants and funding for a repair or replacement.

Figures from last year to March 2023:

Deliverable	Achieved
Households provided with winter resilience, PSR, CO safety and energy advice information via direct mailer	482,000
CO & fire safety leaflets distributed at warm hubs	3,000
Domestic safe & well visits carried out	1,569
Residents provided with CO alarms	529
Residents supported with face to face energy & debt advice	2,592
Residents accessing personalised online advice	602
Residents provided with safe and warm place during winter	21,921
Residents provided with free meals	4,748
Fuel vouchers distributed	£19,845, 567 households
Winter essential items distributed (socks, gloves, flasks & wheat bags)	4003
Electric blankets distributed	259

Case Study:



Guildford

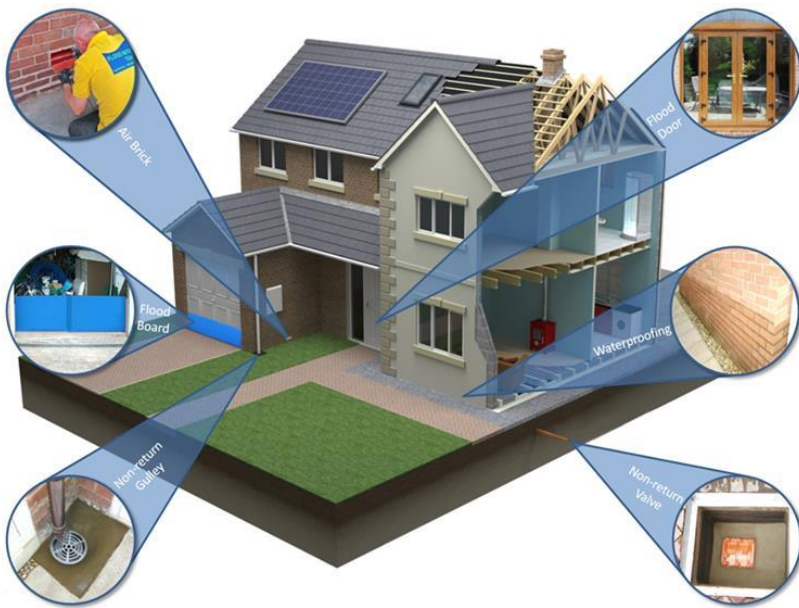
During 2022:

- 6,344 residents supported
- 10.04 tons of food waste prevented
- 25 tons of CO₂e emissions prevented
- Partners: Waitrose Aldi, Sainsbury, Tesco, M&S, Hoxton Bakehouse, Gails, Black Sheep
- *'It's only worth getting out of bed on Tuesday & Thursday to come to ZERO for the fridge. I really like it here, I like the people.'*



7

Protecting residents from flooding and the impacts of climate change - Property Flood Resilience: Caterham on the Hill. By the end of this year, we will have installed Property Flood Resilience measures to 162 homes and businesses in Caterham on the Hill in Tandridge. In June 2016 the area suffered from serious flash flooding following 70mm of rain falling in 2 hours. Through working closely with the community and Flood Action Group, we developed a scheme to install Property Flood Resilience equipment which is designed to prevent water getting into buildings during flooding. This includes flood proof doors, non-return valves and airbrick covers. The scheme has been delivered by SCC alongside Whitehouse Construction and attracted £2m of Grant funding.



Your Fund Surrey – There are a variety of green projects that have recently been successful in securing funding through Your Fund Surrey, evidencing the keenness and ambition to reach net zero across the county. Funding has already been agreed to support the Head2Head Theatre Charity, Oxted, in installing on-site renewable energy generation and retrofitting their premises to make them more energy efficient and enable them to support more residents. The charity is dedicated to supporting young people with special educational needs, autism, and those that have life threatening and/or life limiting conditions. Each year, they provide live entertainment in an accessible format to more than 5,000 young people and a further 20,000 through their online channel.

The Basingstoke Canal Society have also been successful in securing funding for a state-of-the-art electric canal boat and supporting charging infrastructure, replacing their existing diesel boat.

The society's main remit is to preserve and develop the environmental sustainability of the canal, the move to a more sustainable canal boat will support them in their mission.

Members are also funding solar panels for community organisations via their YFS small community projects allocation. 6 solar panel projects, totalling £119k, have been supported so far in Guildford, Woking, Surrey Heath and Elmbridge.

It's about growing the economy too - Funding and Environmental Benefits for Farmers event supporting farmers to make the most of new Government Grants and to reduce costs:

At the end of September, I welcomed more than half of our seventeen SCC tenant farmers to a networking event held at Woodhatch Place. The agenda was to update Surrey farmers about the environmental grants available to benefit their business and biodiversity on their land. Collaborating with the Forestry Commission, Natural England and Catchment Sensitive Farming, colleagues gave talks on topics including the benefits of woodland and hedgerow creation and accessing funding. This was the first event of its kind and was hugely well received. The farmers are keen to meet two to three times a year – they have much to discuss. Future items requested included grants for solar panels, holding tanks for water storage, mobile abattoirs, best practice in selling direct to local markets and alternative cropping. A few messages we've received:

"we found the event very useful and informative and we're looking forward to the next one!"
"just a note to say you held a super conference today. Most informative, with excellent speakers. The catering was fantastic. Moving forward I reckon a couple of these a year would be a great tool for us all to use"



Helping organisations decarbonise and grow the green economy

LoCASE was funded by the European Regional Development Fund and delivered in partnership with Kent County Council. The scheme, now closed, offered grants of up to £20,000, up to 40% of eligible costs to enable organisations to implement energy efficiency measures or investments to grow the green economy. The scheme was highly successful in Surrey with:

- 1,240.04tCO₂e saved annually
- 787 organisations informed on their sustainability journey
- 229 organisations receiving funding
- £1,913,782 in grants claimed
- Enabling total annual savings of £821,230
- Helping an investment of £1,224,648 in the green economy

LoCASE case study - Crumbs



Crumbs fight food waste by using unsold loaves and misshapen breads in the brewing process to make a range of beers. The LoCASE team helped the business by putting them in touch with the University of Surrey for work on their product lifecycle, getting them to apply to CREST awards which they won last year enabling further work with the University of Surrey, getting them in touch with Sustainable Business Network to inspire other businesses to get involved in the circular economy, finally getting them to apply to LoCASE for a grant toward marketing and an EV van. The project has resulted in sales growth, a further reduction in environmental impact for

deliveries and job creation of 2 FTE. The business is absolutely delighted.

Some of the messages from happy businesses, charities, CIC:

- *'Thank you again for all your advice, support, and amazing guidance'* – **Cocoon kids**
- *'Thanks so much! I'm really chuffed, and it wouldn't have all been possible without you guys, so thanks again!'* - **Hampton Digital Services**
- *'We are very grateful to LoCASE for the grant opportunity. Excellent timing because our new electricity contract started on 1st April and the cost has increased by some 130%. Thank you again.'* - **West Horsley Village Hall**
- *'Great news. Thank you for assistance. Excited does not describe how I feel right now.'* - **The Running Stream**

A3 EV Grant



In September, we soft launched the A3 EV Grant. The scheme offers grants of up to £10,000 to help organisations switch their diesel van to a new electric van. To be eligible they need to drive 150 journey a year on the A3 section between University of Surrey and A31 to Farnham junctions. Vans must be purchased through an accredited dealer - we have now recruited 36 commercial van dealers across the South. The scheme has been designed to help lower air pollution in the Guildford area, as the section of the A3 that runs through Guildford exceeds the amount of nitrogen dioxide (NO₂) emissions level – it has the highest recorded nitrogen dioxide (NO₂) concentration of anywhere on the Strategic Road Network in England (excluding London). The scheme is part of Electric Towns and Cities initiative (ETCI)- Guildford, which also includes a rapid EV charging network and active travel programme and is financed by National Highways and delivered in partnership with SCC and Guildford Borough Council.

Rural England Prosperity Fund

Micro or small businesses (less than 50 employees and annual turnover under £8.5 million), voluntary organisations, registered charities and community groups can apply for Rural England Prosperity Fund grant of up to £50,000, and up to 50% of capital projects costs. The scheme is

only available in the rural areas of Tandridge, Waverley and Guildford. The objectives are to support rural development, help job creation, drive growth and community enterprise. The Rural England Prosperity Fund is financed by DEFRA as part of the levelling up agenda, administered and managed by Surrey County Council on behalf and for the District and Boroughs of Tandridge, Guildford and Waverley.

... and supporting our schools

Eco Schools - Surrey has been recognised as the highest performing county in England for Eco Schools. The 88 Schools in Surrey have Green Flag status – the highest accreditation in the scheme. The pupil-led scheme is the largest education programme in the world which helps sustainability become an integral part of school life. Across Surrey, Eco Schools have developed various projects that have a positive environmental impact, including wildlife ponds, growing vegetables, tree planting, energy reduction schemes, boosting recycling, and much more. These projects are leading to a variety of benefits, including an energy saving of 648,330 kWh of electricity, diverting 111,645 tonnes of waste from landfill, created 8,322 m² of habitat, and 7,400 pupils participating in active travel.



Sandfield Primary School Green Living Wall – Sandfield Primary School set out to create a living wall on their main school gates.

This project was made possible through the Member’s Community Allocation Fund, demonstrating how the fund can stimulate a multitude of environmental benefits. This project was designed with sustainability and community participation in mind. Pupils had the opportunity to contribute to the establishment of the living wall by getting involved in the planting process. The urban greening project employs various strategies to mitigate, eliminate, and closely monitor air pollution in the vicinity of the school. Situated at the bustling intersection of Tork Road and Stoke Road, Sandfield frequently experiences traffic congestion and subsequent pollution.

The Ivy screens are low maintenance plants that act as a natural barrier to help purify, block and divert the flow of polluted air, and can also provide more habitats for birds and insects - boosting local biodiversity.



Schools Solar Power Purchase Agreement - A pilot scheme selling electricity generated by council owned solar to three schools is underway, generating savings for the school and a good return on investment for SCC and could be extended if successful. Work is ongoing to determine the grid connection feasibility of six potential solar farms on SCC land.

SUDS in Schools: Laleham Church of England School - The Department for Education recently awarded SCC funding to install Sustainable Drainage Systems (SUDS) in schools that fell within the Rivers were installed around the school in Thames Scheme Area. One of those schools was Laleham Church of England who were extremely enthusiastic to take up this offer and make the most of the educational opportunity they provide while reducing the surface water runoff from the buildings. Working with SUDS Planter, specially designed planters and water butt a way that maximised the educational and wildlife benefits, while at the same time storing and managing rainwater from the roof. In addition, there was an opportunity to revive and safely enliven a nature pond that was no longer used. This pond now holds water taken from a school garage roof and is used to teach the children about nature and biodiversity.

7



SURREY COUNTY COUNCIL**CABINET****DATE: 31 OCTOBER 2023****REPORT OF CABINET MEMBER: MARISA HEATH, CABINET MEMBER FOR ENVIRONMENT****LEAD OFFICER: CAROLYN MCKENZIE, DIRECTOR FOR ENVIRONMENT****SUBJECT: SURREY CLIMATE CHANGE ADAPTATION AND RESILIENCE STRATEGY****ORGANISATION STRATEGY PRIORITY AREA: ENABLING A GREENER FUTURE**

8

Purpose of the Report:

The Surrey Climate Change Strategy (2020) identified the need to develop actions to increase Surrey's resilience to Climate Change. Surrey will need to adapt to significant changes in our climate that are already impacting on our infrastructure, services, communities and ecosystems. The strategy presented in this report, 'the Surrey Climate Change Adaptation and Resilience Strategy (Surrey Adapt)', was developed with partners, and helps Surrey County Council and those partners to manage climate impacts and risks in a more efficient and coordinated manner. The Strategy delivers on the council's priority of enabling a greener future, but will also contribute towards a safer, more secure and resilient county across multiple sectors and services. This Cabinet report introduces the Strategy for approval by Council.

Recommendations:

It is recommended that Cabinet:

1. Approve the Surrey Climate Change Adaptation and Resilience Strategy.

Reason for Recommendations:

The impacts of climate change are already being felt across Surrey and will worsen in the coming years. The Surrey Climate Change Adaptation and Resilience Strategy "Surrey Adapt" sets out Surrey's collective approach to avoiding, reducing and adapting to these increasing risks. This includes planning for and adapting to: floods; droughts and water insecurity; heatwaves and prolonged changes in temperature extremes; wildfires; and other potential knock-on impacts of climate change on human health, disease burden, impacts on infrastructure and the natural environment.

Background and context

1. On 9 July 2019, Surrey County Council declared a 'climate emergency' and committed to work with partners to agree Surrey's collective response. We are already tackling carbon reduction through Surrey's Climate Change Strategy and Delivery Plan and associated net zero targets. However, alongside mitigating further climate change, there is a real imperative to prepare and adapt to the considerable climate change impacts that we are already experiencing. The strategy presented in this report, "Surrey Adapt," sets out Surrey's response to the hazards, risks, vulnerabilities, and opportunities posed by the impacts of climate change.
2. Climate change adaptation is about responding to the climate impacts and risks that we are already facing and that will amplify in coming years. Responding to these impacts effectively goes beyond the capacity of reactive emergency management alone and require long term resilience in all that residents, businesses and authorities do.
3. The past few decades have brought increasing climate risks and extreme weather events to Surrey, with impacts felt most strongly by the most vulnerable. This includes one of the most severe heatwaves reaching over 40°C for the first time ever, along with record-breaking fire seasons as well as simultaneously contending with regular flood events. These extreme weather events have seen infrastructure and services severely impacted, as well as residents, businesses and wider communities feeling the effects.
4. The County Council and partners have already seen an increase in demand for services at particular times of the year, whether from increased need for highway maintenance in the face of increased road defects arising from extreme heat in the summer to extreme cold in the winter, to increased demand for community facilities in cold temperatures – and the resulting warm hubs programme launched last year. Therefore, on one level, there is a need for the Council and its partners to ensure that their services are ready to respond to this increased demand and ensure resilience to the impact of changing weather patterns.
5. On another level, however, regions that adapt more effectively and earlier than others will become increasingly attractive from an investment perspective (from both businesses but also relevant financing bodies – banks, insurance etc.) and well-adapted areas will be able to benefit economically both from being resilient but also from opportunities presented from the changing climate (e.g., diversification in agricultural sectors, tourism etc).
6. Finally, a strong well-coordinated response by Surrey County Council and partners (as presented by this strategy) is essential to maximise Surrey's

chances of accessing the additional investment needed in our infrastructure, transport, and flood risk management. In addition, well-designed adaptation responses have multiple benefits for nature, communities, health and wellbeing as well as reducing the need for disaster response and mitigating higher insurance premiums into the future. In doing so, the Strategy helps us achieve the community Vision for Surrey 2030 by addressing a key corporate risk to all our services.

The Strategy

7. The proposed Strategy sets out a vision and 9 priority programmes that will support our ability to manage the climate risks that we are already facing.

The **vision** sets out an ambition for a “***Surrey adapted to a changed climate - resilient and prepared across communities, ecosystem, infrastructure and the economy***”.

8. The 9 priority programmes are set out below, alongside an additional cross cutting programme:

1. Climate Resilient Organisations
2. Partnerships for Resilience
3. Climate Resilient Biodiversity and Natural Resources
4. Climate Resilient land use, Agriculture and Food System
5. Climate Resilient and Healthy Communities
6. Climate Resilient Buildings and Planning
7. Climate Resilient Transport, Energy and Infrastructure
8. Climate Resilient Water Resources
9. Climate Resilient Economy

Cross cutting - Enabling Change (Governance, Finance and Communications)

9. The strategy also includes a set of underlying principles guiding how Surrey will approach adaptation and resilience in a changing climate. It is based on national and international best practice and a growing evidence base including from impacts already being experienced in Surrey.

10. The Strategy, produced in collaboration with key partner organisations, presents a ‘direction’ for both Surrey and Surrey County Council. A more detailed action plan will be developed in the next 6 months, with specific actions per directorate over the next 18 months (taking us into early 2025) being developed as more is known about our risks and issues and the most appropriate ways of responding.

11. The following are some key areas of focus from the Strategy:

- Undertaking climate risk and vulnerability assessments for key priority locations and sectors for example key towns
- Integration of climate risk into policy, planning and infrastructure design alongside work already on going with partners covering climate change mitigation and nature recovery

- Strengthening of partnerships with major stakeholders such as utilities and government agencies such as the Environment Agency, Natural England and the Forestry Commission to enable joint delivery
- Developing a targeted approach to support more vulnerable groups to adapt such as schools and care homes, as well as specific geographical areas ensuring a just approach and that no one is left behind
- Incorporation of climate resilience in the Council's and partners' engagement with the business sector
- Developing a collective approach, with partners, to engagement and communication to communities that raises awareness of the risks but also what action can be taken to adapt.

More details can be found in the full strategy in **Annex 1**.

Consultation:

12. Public consultation was undertaken in the development of the Climate Change Strategy in 2021 which also covered aspects of climate change risks, impacts and adaptation. In the development of this strategy, there has been extensive engagement within Surrey County Council and with Borough and District councils - via officers, and the Greener Futures Boards. Multiple sessions and member seminars have taken place with members over the past year.
13. Once Cabinet have considered the report, the intention is to publish the strategy and as part of the strategy, will engage with communities as appropriate to specific projects or workstreams.
14. See **Annex 2** for further details of consultation and engagement that has taken place.

Risk Management and Implications:

15. Although this paper doesn't commit the Council to any expenditure, adapting to climate change may require additional costs in the future. These can be minimised by early consideration of measures for adaptation in the design of infrastructure and services and by scheduling improvements into planned maintenance cycles which reduces both disruption and costs.
16. Any additional investment by the Council would be subject to normal decision making governance, and further analysis will be undertaken during the development of business cases for such decisions. Ultimately, the actions identified within the strategy enable the Council and partners to manage risk better, and avoid and reduce impacts, with our communities, businesses and partners.
17. In addition, updated climate science projections indicate that climate change may be happening faster than originally predicted. The Strategy, and the subsequent action plans will continue to be responsive to changes in evidence and inform decision-making. Corporate and Directorate risk

registers will provide the vehicle for highlighting the need for accelerated action if impacts affect services more quickly than projected.

18. The above risks will be monitored through the Greener Futures Steering Group internally and the Greener Futures Board externally, and where decisions on changes to service or policies is required, they will be taken through appropriate governance.

Financial and Value for Money Implications:

19. Revenue resource requirements within ETI for the implementation phase of the strategy are reflected in the Council's updated Medium Term Financial Strategy (MTFS). This resource will support the other directorates in implementing strategy requirements using their existing staff and budgets. Any future additional resources would be considered as part of the wider budget through the usual governance processes.
20. No additional capital expenditure is requested at this time with actions contained within existing MTFS budgets. In some service areas, future adaptation may require investment – for instance, in some cases, adapting the Council's estate may require investment to ensure design and construction are climate proofed. In all cases, any additional investment identified will be subject to the usual governance processes, and in this case, normal governance for capital investment. However, in most cases, up-front investment in climate adaptation should save money in the medium to long term and therefore be self-funding, although each project will be subject to its own value for money assessment. Any future potential additional investment identified over and above current MTFS levels will be subject to it being affordable within the council's capital programme.
21. The strategy sets out how the Council will ensure all services are assessing cost increases due to climate risks and considering the opportunity to mitigate these through their own decision-making and investment.

Section 151 Officer Commentary:

22. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.
23. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 remains uncertain. With no clarity on central government funding 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 the stable provision of services in the medium term.

24. The costs of implementing this strategy are covered within existing MTFS budgets. As such, the S151 Officer supports the approval of this strategy.

Legal Implications – Monitoring Officer:

25. The Climate Change Adaptation Strategy has evolved from the Climate Change Delivery Plan approved by the Cabinet in October 2021. There are no further legal implications.

Equalities and Diversity:

26. As stated in the Equalities Impact Assessment, climate impacts tend to amplify existing factors driving inequality in our communities and are therefore likely to place additional pressure on those already the most vulnerable, further exacerbating inequalities in our communities. As such, because this strategy seeks to mitigate the impact of climate change, its development should serve to reduce the detrimental impacts of climate change in terms of equalities and diversity.

27. There is no foreseen negative impact on residents with protected characteristics arising from the specific interventions identified by the strategy, but in some areas, further information is needed as more detailed work is carried out with the directorates and partner organisations to develop the action plan to follow.

Other Implications:

28. 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	Not applicable
Safeguarding responsibilities for vulnerable children and adults	Not applicable
Environmental sustainability	Directly responds to positive co-benefits for this area.
Compliance against net-zero emissions target and future climate compatibility/resilience	Directly responds to positive co-benefits for this area, and develops the strategy for this area on resilience for the County.
Public Health	Directly responds to positive co-benefits for this area.

What Happens Next:

29. Next steps, provided the strategy is approved, will include, as set out in the strategy:

- A “Surrey Adapt” launch event is being planned for winter 2023;
- Further support and collaboration with the districts and boroughs of Surrey;
- More detailed risk assessments and action plan development with the Surrey County Council Directorates over the next 18 months;
- A plan for resourcing will need to be developed and agreed with the Cabinet Member for Environment, Executive Director for ETI and CLT as this is a corporate issue.

30. The Strategy will be hosted as an accessible HTML set of pages on the Surrey County Council website (with a short PDF summary for download or print purposes). Engagement opportunities will be sought in partnership with district and boroughs climate change officers and teams working on resilience, climate change or sustainability issues.

Report Author: Sarah Birch, Climate Change Adaptation Specialist,
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Consulted:

See Annex 2 for details of consultation.

Annexes:

Annex 1. Surrey Climate Change Adaptation and Resilience Strategy

Annex 2. List of Consultation and Engagement activities

Sources/background papers:

Surrey Climate Change Risk and Opportunities Assessment Report 2021

Surrey Climate Change Strategy¹

¹ [Surrey's climate change strategy - Surrey County Council \(surreycc.gov.uk\)](https://www.surreycc.gov.uk)

Annex 1. Surrey Climate Change Adaptation and Resilience Strategy

The strategy can be found at the following link:

<https://www.surreycc.gov.uk/community/climate-change/what-are-we-doing/adaptation-strategy/ nocache>

Annex 2. Surrey Climate Change Adaptation and Resilience Strategy – List of consultations

1 November 2022	Strategy Sector Workshop: Nature Based Solutions, Countryside and Agriculture (SCC Countryside and Environment staff; Surrey Wildlife Trust, SE Rivers Trust, Surrey Hills AONB, D&Bs)
4 November 2022	Strategy Sector Workshop: Planning and Place-Making (SCC Planning staff, D&Bs)
9 November 2022	Strategy Sector Workshop: Health and Wellbeing (SCC Public Health, NHS)
11 November 2022	Strategy Sector Workshop: Critical Infrastructure, Housing and Built Environment (SCC low carbon, spatial planning, transport, historic environment, asset planning staff, D&Bs)
15 October 2022	Surrey Adapt Workshop (included both SCC, and D&B staff, as well as invitees from: National Trust; Thames Water; SES Water; Affinity Water; DEFRA; MET Office; NHS; Network Rail; Surrey Wildlife Trust; Surrey Hills AONB.
6 October 2022	Surrey Local Resilience Forum SLRF (Working Day focussed on climate change impacts, risks and adaptation needs, linked to the emergency services and resilience responses)
17 October 2022	Corporate Leadership Team presentation on climate change impacts and heatwaves in collaboration with emergency services
28 November 2022	Members seminar (Joint seminar with wildfire response from summer heatwaves, and introduction of climate change adaptation and need for strategy)
27 February 2023	Members seminar (Introduce adaptation strategy concepts and outline for awareness)
2 March 2023	SCC Districts & Boroughs Climate Change Officers Forum (presentation on high level strategy)
9 March 2023	Greener Future Member Reference Group (Introduce high level strategy, inputs, and advice on scrutiny and process)
22 March 2023	Greener Futures Partnership Steering Group Draft document and adaptation high level strategy presented
April 2023 – by email	Adaptation Working Group and Climate Change Officers reps Draft strategy for technical comments
17 April 2023	Surrey Flood Risk Partnership Board Draft document and adaptation strategy presented

26 April 2023	SCC Greener Futures Steering Group (Presented Draft Strategy for Scrutiny)
17 May 2023	GF Member Reference Group (Presented high level summary of strategy)
June 2023 – by email	Draft document distributed for comment to the “Surrey Adapt” group of subject experts who attended the broader Surrey Adapt Workshop in winter of 2022.
June-July 2023	Flood Risk Partnership Board (Presented a summary of the strategy to all the one-one Flood Risk Catchment Management Priority Setting meetings with all the District and Borough in Surrey, and sent the draft document to these groups for comments)
3 July 2023	Informal Cabinet – ICAB (Briefing note on the strategy presented for noting)
10 July 2023	Greener Futures Partnership Board Special Workshop on the Adaptation Strategy
July 2023 – by email	GF Partnership Board – Final Draft strategy distributed for final comment
12 September 2023	Corporate Leadership Team - CLT (Briefing note on the strategy presented)
19 September 2023	Informal Cabinet – ICAB (Briefing note on the strategy presented)
October	Present Cabinet Report and full document for Cabinet Approval .

SURREY COUNTY COUNCIL**CABINET****DATE: 31 OCTOBER 2023****REPORT OF CABINET MEMBER: MATT FURNISS, CABINET MEMBER FOR HIGHWAYS, TRANSPORT AND ECONOMIC GROWTH****LEAD OFFICER: MICHAEL COUGHLIN, EXECUTIVE DIRECTOR FOR PARTNERSHIPS, PROSPERITY & GROWTH****SUBJECT: LOCAL ENTERPRISE PARTNERSHIP (LEP) INTEGRATION****ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT, THRIVING COMMUNITIES, ENABLING A GREENER FUTURE, NO-ONE LEFT BEHIND****Purpose of the Report:**

The Government announced changes to how economic growth functions will be delivered in local areas on 4 August 2023. From 1 April 2024, the Government will cease providing funding to Local Enterprise Partnerships (LEPs) and the functions previously held by LEPs will transfer to Upper Tier Local Authorities (UTLAs). In Surrey, this means the functions of Coast to Capital LEP and Enterprise M3 LEP will transfer to the County Council and delivery of economic activity will be undertaken on a single Surrey footprint.

'Growing a sustainable economy from which everyone can benefit' is one of the council's four strategic priorities, and the integration of LEP functions will significantly enhance the council's ability to deliver against this priority, as well as having interdependencies with other strategic priorities.

This report sets out the key implications for the council, proposes a set of principles to guide the approach to LEP integration, and outlines the steps being taken to put the council in a strong position to take advantage of these new functions to deliver improved outcomes more effectively for local businesses and residents.

Recommendations:

It is recommended that Cabinet:

1. Welcome the announcement from government regarding the transition of LEP responsibilities; that will provide a single economic vision and enable the Surrey-wide provision of business support and economic growth activities and services.

2. Approve the adoption and application of the proposed principles that will guide the council's approach to the integration of LEP functions, as set out in paragraph 12.
3. Approve the approach outlined for the LEP integration process and engagement with key partners and stakeholders.
4. Delegate authority to the Executive Director responsible for Economic Growth to lead the negotiation and integration process, in consultation with the Lead Cabinet Member.
5. Receive a further report on the integration of LEP functions before 1 April 2024.

Reason for Recommendations:

To bring the significant strategic decision of the government and its consequent implications and opportunities to the attention of Cabinet and to ensure a smooth and effective approach to the transfer and integration of LEP functions for Surrey into the County Council.

Executive Summary:

Introduction

1. The Levelling Up White Paper¹ has established the government's commitment to extending devolution across England to empower local democratically elected leaders via a process of County Deals based on a Devolution Framework.
2. As part of further accelerating the devolution process, the Chancellor during the Spring Budget (15 March 2023), announced that the government was "minded to" withdraw central government support (core funding) for LEPs.
3. Following a nine-week consultation to fully understand the implications of the 'minded to' decision if it were to be taken², on 4 August 2023, the Government confirmed the decision, announcing that from April 2024 the sponsorship and funding of LEPs will cease. Government's view is that there is scope for greater join-up, efficiencies, and clarity for the private sector by these functions being discharged within Upper Tier Local Authorities (UTLA)/Mayoral Combined Authorities.
4. The government's decision to transfer core LEP functions and acknowledge that UTLAs as the appropriate strategic level for economic growth functions to be held is seen as particularly relevant to Surrey given that the county has historically been divided across two LEPs, creating challenges in terms of strategic coherence across the County and confusion and complexity for local businesses. Whilst SCC is not a Lead Accountable Body for either LEP, we are in regular contact with the Lead Accountable Bodies for both LEPs and are

¹ [Levelling Up the United Kingdom](#), HM Government, (2 February 2022)

² [Local Enterprise Partnerships: information gathering exercise](#), HM Government, (4 August 2023)

working closely with them to ensure the distribution of assets to support Surrey's future economic outcomes and are confident that some assets will be obtained.

5. The council is well placed to take on these additional functions from the LEPs, having, for example:
 - Established "Growing a sustainable economy" as one of the council's four strategic priorities,
 - Established the One Surrey Growth Board, Surrey Business Leadership Forum and Surrey Skills Forum, in partnership,
 - Invested in, developed and supported capacity and expertise within the Economy & Growth team,
 - Commissioned or produced key economic strategies and research reports, including *Surrey's Economic Future*, *Surrey Towns Analysis*, and most recently the *Surrey Skills Plan*,
 - Fostering business connections within our leading-edge sectoral clusters (Cyber Security, Games, Animal and Plant Health),
 - Developed a strategic "Place" focus around Surrey town footprints that could act as an enabler for a future economic infrastructure investment/regeneration function,
 - Agreeing a civic agreement with the University of Surrey.

Background to Local Enterprise Partnerships (LEPs)

6. LEPs were established in 2011 and originally conceived as local business-led partnerships between the private and public sector that would drive local economic growth and productivity.
7. A LEP's role is primarily to be a strategic body, bringing together leaders from business, local government, education and other key local stakeholders to set and achieve economic opportunities and address challenges at a local level, informed by rich business intelligence and a robust place focus.
8. The role of LEPs increased significantly in 2015 when they were given responsibility for £12 billion local growth deal funding over six years (Enterprise M3 received: £219.1m³ Coast to Capital received: £304.26m⁴). They also led the development of strategic economic plans and local industrial strategies.

LEP Integration Process

9. From April 2024, the government's sponsorship and funding of LEPs will cease, with UTLAs (and Combined Authorities) taking on the functions currently delivered by LEPs.
10. The government has previously published 'guidance on the process for integrating the functions and role of LEPs'⁵, which sets out broad expectations on the future role of LEPs integrated with local democratic institutions. These include:

³ ['Growth Deals 3 Factsheet- Enterprise M3'](#), HM Government, (2016)

⁴ ['Growth Deals 3 Factsheet- Coast to Capital'](#), HM Government, (2016)

⁵ ['Local Enterprise Partnerships: Integration guidance'](#), HM Government (4 April 2022)

- a. Embed a strong, independent and diverse local business voice into local democratic institutions.
- b. Carry out strategic economic planning that clearly articulates an area's economic priorities and sectoral strengths. This should involve building and maintaining a robust local evidence base that identifies local strengths and challenges, future opportunities and the actions needed to support priority sectors, aligned to the relevant levelling up missions.
- c. Continue to deliver a number of functions on behalf of government departments, including:
 - **Growth Hubs**, on behalf of the Department for Business and Trade;
 - **Careers Hubs**, on behalf of the Department for Education;
 - **International trade and investment activity**, provision of local business intelligence, grant funding and levelling-up focused projects, on behalf of the Department for International Trade;
 - **Local Digital Skills Partnerships**, on behalf of the Department for Digital, Culture, Media and Sport;
 - **Local skills analysis** via Skills Advisory Panels, on behalf of the Department for Education; and
 - **Monitoring and assurance** pertaining to existing local growth programmes and funds for which LEPs are responsible.

11. The integration of LEP functions into UTLAs is to 'be undertaken as quickly as possible, ensuring a smooth and orderly transition'⁶. There is an expectation that decisions on the transfer of assets should be agreed by LEPs, Accountable Bodies, and respective local authorities by March 2024, however the guidance is not prescriptive in the approach local areas should take. There is a significant degree of flexibility given to allow for local solutions to be agreed by relevant parties and the guidance also recognises that practical elements of integration and the transfer process may need to extend beyond March 2024.

12. We are aware of the more complicated geography associated with the transfer from two LEPs and recognise the need to co-ordinate a number of partners to secure a smooth and orderly transition. In consultation with our Growth Board, key partners and Lead Accountable Bodies we have developed a set of "LEP Integration Guiding Principles" to provide clarity of our approach:

- a. We welcome the recognition of the Surrey geography as the basis for cohesive and co-ordinated Surrey-wide delivery of economic development functions.
- b. We remain focused on delivering improved economic outcomes for Surrey in partnership with our key stakeholders.
- c. We will continue to place the One Surrey Growth Board, Surrey Business Leadership Forum and Surrey Skills Leadership Forum at the centre of our strong governance framework, placing business at the heart of decision making.
- d. Any transfer of LEP assets (including funding, staff, data and Intellectual Property) will be focused on Surrey's sustainable economic growth.

⁶ ['Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions'](#), HM Government, (4 August 2023)

- e. 1st April 2024 will be our “go-live” date, giving certainty to businesses and local stakeholders.
- f. We will continue to drive improvements in our approach, reviewing and adapting to ensure maximum economic benefits for Surrey.
- g. We are aware of the potential personal impacts of the changes and are committed to acting with sensitivity.

Business voice

- 13. Embedding a strong, independent and diverse local business voice into decision making will be an important feature of the arrangements going forward and is a priority for government as part of the integration process. LEPs have historically been required to have a “business-led” board responsible for overall strategic direction of the LEP, establishing targets, priorities, and monitoring progress.
- 14. Government guidance states that existing LEP boards should become integrated with democratic institutions, either by preserving ‘the current LEP board as a sub-board or merge the LEP board into an existing or new internal business board(s)’⁷. Business board members must be appointed through an open process and be able to provide a constructive check and challenge on local economic decision making using their private sector perspective.
- 15. A strategic business board will not be the only representative source of “business voice” that influences the council, given that membership will be circa 15 organisations. There are over 63,000 Surrey businesses, so consideration will need to be given to how the council and an integrated business board operates with a focus on a wider dialogue with businesses and other business groups (such as Surrey Chambers of Commerce, local Federation of Small Businesses, and Surrey branch of the Institute of Directors).
- 16. Further government guidance is expected in January on “business voice”, and in anticipation of that, the council intends to instigate a review of One Surrey Growth Board Terms of Reference and membership (including alignment with associated working groups, such as Surrey Business Leaders Forum) to ensure alignment with national requirements.

Growth Hubs

- 17. Growth Hubs have been delivered by LEPs on behalf of the Department for Business and Trade (previously the Department for Business, Energy, and Industrial Strategy). They replaced the national Business Link service, which comprised an overarching website, national telephone number and regional presence through dedicated offices.
- 18. They are designed to:
 - a. Promote advantages of seeking business support.
 - b. Simplify process of accessing support for SMEs – first entry point and channel nationally-provided scheme into local businesses.

⁷ [Local Enterprise Partnerships: Integration guidance](#), HM Government (4 April 2022)

- c. Improve co-ordination of local business support service in line with local and national economic policy goals.
- d. Fill any gaps in support services with bespoke offering where needed.

19. Growth Hubs primarily provide a 'front window' for businesses, bringing together agencies and organisations that provide business support, playing broker and facilitator roles. The principles of funding require Growth Hub services to be free of charge, impartial, and to make services available through a range of channels, including the national helpline and face-to-face where feasible.

20. The council meets the gateway criteria set by Department for Business and Trade to receive core funding to deliver Growth Hub Services (e.g., 'A strong and effective accountable body' and a delivery area with a minimum of 22,000 business and population of 500,000⁸).

21. The creation of a Surrey Growth Hub presents a new opportunity for the council to develop a new business-facing support service that for the first time is aligned to the geographic footprint of the county. This will bring greater clarity and coherence for local businesses, and there are clear synergies with existing council services and programmes for greater join-up.

22. In anticipation of taking on responsibility for a Surrey Growth Hub, the council has begun to undertake research and engagement with local businesses and stakeholders to better understand their needs and help shape how the council can support them. This insight will be used to help inform decisions about future service provision of a Surrey Growth Hub, as well as the council's wider business-facing presence through refreshed branding and online platform.

Careers Hubs

23. As reported to Cabinet in July 2023, following earlier negotiations with the national Careers and Enterprise Company, the transfer of Careers Hub functions to the County Council took effect from 1 September 2023, bringing together the Surrey elements of the Careers Hubs for which Enterprise M3 and Coast to Capital previously had responsibility.

Enterprise Zones

24. An EM3 multi-site Enterprise Zone (EZ⁹) operates across three locations - one in Surrey (Longcross) and two in Hampshire (Basing Hill and Whitehill & Borden). Enterprise Zones are designated areas that provide businesses with tax breaks and additional government support. All business rates growth generated by Enterprise Zones is retained by the relevant LEP and local authorities in the areas for 25 years to reinvest in local economic growth that directly benefits the Enterprise Zone.

⁸ '[Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions](#)', HM Government, (4 August 2023)

⁹ '[EZ3 Enterprise Zone](#)', Enterprise M3

25. Government guidance on Enterprise Zones is limited and references that ‘where LEPs cease operations, areas should reach locally agreeable and workable solutions to ensure a smooth transition of functions’¹⁰. Further engagement will be sought with the EZ3 Programme Steering Group (including representatives from Surrey County Council, Hampshire County Council, Enterprise M3, Homes England) to set out proposals for future arrangements for the Zone including the financial returns flowing from it.

Financial implications

26. In order to ensure an effective transition, we need to have a comprehensive assessment of liabilities, resources and assets associated with both LEPs; this information will also minimise negative financial impact. To this end we are currently working jointly with the Lead Accountable Bodies and the respective LEPs on a standardised submission of relevant information including funding agreements.

27. It is not possible to assess the full financial implications of LEP integration at this stage, as this is dependent on discussions with and securing the requested information from Enterprise M3, Coast to Capital, their Accountable Bodies and Government. Once received, it will form the basis of further discussions and negotiations on residual funding, assets and staffing (e.g. TUPE), and their financial implications for the Council and we have started conversations with Legal, People and Change and Finance teams to ensure we are considering all implications.

28. The government is expected to announce revenue funding for UTLAs to support them to deliver the functions currently delivered by LEPs during financial year 2024/25, however they have not guaranteed further funding beyond this period, which will be subject to future Spending Review decisions. (For reference, in 2023/24 annual LEP core funding was £250,000). The earliest we are likely to hear having any confirmation of funding awards and amounts would be within the Autumn Statement (22 November 2023)

29. LEPs Growth Hub and Careers Hub functions have historically attracted a set level of grant funding from Government, with a requirement to complete annual performance reports based on nationally agreed Key Performance Indicators. The level of funding for both Hubs beyond 2023/24 is subject to future government spending decisions.

30. Due to the uncertainty regarding the likely funding award for 2024/25 and the distribution of assets and liabilities associated with the transition it is not possible to give assurances about any financial implications at this stage. Whilst some activities are likely to be transferred as part of a discrete contract which would have funding associated with it (e.g. Growth Hub delivery), other core functions may not. At the time of writing, the detail of responsibilities and associated resources likely to be required to deliver them is not available; this will therefore be included within a future report to be brought early in 2024.

¹⁰ [‘Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions’](#), HM Government, (4 August 2023)

31. Both the County Councils Network (CCN) and South East Strategic Leaders (SESL) are lobbying government for earlier and greater clarity and guidance particularly on the historic and future assets and liabilities of LEPs.

Stakeholder and partner engagement

32. Since the Government announcement on the 4 August, officers have engaged with counterparts in Hampshire County Council (Accountable Body for Enterprise M3) and Brighton & Hove City Council (Accountable Body for Cast to Capital) and will continue to do so to ensure a smooth and orderly transition by April 2024.

33. An update on the government announcement has been shared and discussed with external partners via:

- a. Surrey Business Leaders' Forum (7 September 2023)
- b. One Surrey Growth Board (11 September 2023)
- c. Surrey Chief Executives Group (21 September 2023)

34. Further engagement with a wider group of interested parties and stakeholders will be arranged for later in the year, as further guidance and clarity around funding is available, to better understand local need and guide the detail of future arrangements.

Risk Management and Implications:

35. There are a number of opportunities and risks associated with the process to integrate LEP functions in order to begin delivery from 1 April 2024, including:

Risk	Mitigation
Responsiveness of LEPs	Maintaining regular engagement with LEPs and Accountable Bodies to ensure continued progress against deadlines to develop a transition plan.
Lack of further or timely government guidance	Started negotiations with LEPs and Accountable Bodies early to help develop as many local solutions as possible.
Level of government funding lower than expected.	Important to manage expectations with local partners about what a future LEP service in Surrey might offer and timings for when the council will be able to provide greater certainty to them.
Capacity within council deliver from 1 April 2024	Started to design programme governance structure and processes with support of finance, legal and People and Change colleagues. Prioritising areas that will enable a smooth transition.

Section 151 Officer Commentary:

36. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.
37. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 remains uncertain. With no clarity on central government funding 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 the stable provision of services in the medium term.
38. The recommendations do not commit the Council to additional unfunded costs and a further report, including the financial impact of the transition of LEP responsibilities, will be provided before 1 April 2024. As such the Section 151 Officer supports the recommendations of the report.

Legal Implications – Monitoring Officer:

39. The transfer of functions from LEPs to the Council will take place automatically and will be new Council's statutory functions. The functions will sit as an executive i.e. Leader and Cabinet function and will be subject to scrutiny in the usual way. Any required changes to portfolio areas or select committee terms of reference will be implemented prior to April 2024.
40. The legal implications are referenced in the body of the report with support being required from resources directorate teams on any TUPE requirements, the novation of any contracts and the division of existing and possible future assets of the LEPs amongst the upper tier authorities.

Equalities and Diversity:

41. At this stage in the integration process an Equality Impact Assessment is not necessary, however it will be important to consider equality implications as part of the design of any future service offers.

What Happens Next:

42. The council will continue to engage with Enterprise M3, Coast to Capital, Upper Tier local authorities and a range of Surrey stakeholders, to produce a transition plan that ensures a smooth and orderly transfer of LEP functions and results in

an effective, efficient and enhanced business support and economic growth service for Surrey.

43. There will be a governance review of One Surrey Growth Board Terms of Reference / membership (and alignment with associated working groups- e.g. Business Leaders Forum).

44. Government guidance on 'business representation and local economic planning' and revenue funding for financial year 2024/25 is expected between December 2023 and January 2024.

45. Further updates and decisions will be brought to Cabinet as required.

9

Report Author:

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Robert Gibson, Economy Lead, Robert.gibson@surreycc.gov.uk, 07887566682

Sources/background papers:

['Integrating Local Enterprise Partnerships into local democratic institutions'](#), *HM Government*, (31 March 2022)

['Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions'](#), *HM Government*, (4 August 2023)

['Transfer of Local Enterprise partnership \(LEP\) Cor Functions to Combined and Local Authorities'](#), *HM Government*, (4 August 2023)

SURREY COUNTY COUNCIL**CABINET****DATE: 31 OCTOBER 2023****REPORT OF CABINET MEMBER: MATT FURNISS, CABINET MEMBER FOR HIGHWAYS, TRANSPORT AND ECONOMIC GROWTH****LEAD OFFICER: MICHAEL COUGHLIN, EXECUTIVE DIRECTOR FOR PARTNERSHIPS, PROSPERITY & GROWTH****SUBJECT: CONVERGENT SCREEN TECHNOLOGIES AND PERFORMANCE IN REALTIME (COSTAR): DRIVING INNOVATION AND CREATIVITY IN THE UK'S SCREEN AND PERFORMANCE INDUSTRIES - CAPITAL FUNDING APPROVAL****ORGANISATION STRATEGY PRIORITY AREA: NO ONE LEFT BEHIND/GROWING A SUSTAINABLE ECONOMY****Purpose of the Report:**

This report seeks Cabinet approval for a one-off £3m (plus a SCC held contingency of £0.3m) capital contribution to a successful CoSTAR (Convergent Screen Technologies and Performance in Realtime) National Lab grant application. This will co-fund a Satellite Studio and Incubator Space in Surrey.

Recommendations:

It is recommended that Cabinet:

1. Note the significant economic and social benefits of the CoSTAR Satellite Studio and Incubator Space as set out in the report, achieved through the County Council's proposed capital contribution,
2. Approve the transfer of £3.3m from the CoSTAR pipeline to capital budget for a £3m contribution to the construction of the CoSTAR Satellite Studio and Incubator Space and a SCC held contingency of £0.3m.

Reason for Recommendations:

- The CoSTAR Satellite Studio and Incubator Space proposed to be co-funded by the County Council will directly contribute to achieving the Council's strategic priority of *Growing a Sustainable Economy from which everyone can benefit* through the economic outcomes it will deliver for Surrey. These include: c300 jobs

created over 6 years with a 10-year NPV net GVA¹ contribution of £29.6m (including construction jobs) to Surrey's economy; 200 businesses assisted including incorporating 10 new start-ups; 10 relocating businesses and 180 businesses supported through the CoSTAR programme. These outcomes have been agreed with Royal Holloway University of London (RHUL) and will be monitored through a benefits realisation project management process (see Risk Management Section below).

- Other social and non-financial benefits arising from CoSTAR include practical application of immersive technologies in service provision that will enable wider participation, especially for hard-to-reach groups, which aligns with the Council's underlying principle of *No One Left Behind*. For example, the potential to expand the libraries' service ongoing work to bring Virtual Reality into Surrey's libraries from Autumn 2023. CoSTAR will also contribute to Surrey's Skills Plan objectives, for example, enabling collaboration between skills providers, businesses, and anchor institutions and leveraging createch skills development through the Local Skills Improvement Fund and Skills Bootcamp funding opportunities.

Executive Summary:

What is CoSTAR?

1. CoSTAR is the Government's flagship Research, Development, and Innovation (RD&I) infrastructure funding programme for the UK's screen and performance industries and has been developed to support the UK to remain competitive in the face of increasing global competition. Its purpose is to:
 - Invest in RD&I infrastructure
 - Maximise opportunities from future technologies
 - Deliver new business and job creation
 - Future proof immersive tech ecosystem
 - Drive innovation and collaboration
2. CoSTAR's initial call for proposals covered two Lots:
 - Lot 1: £51.1m over 6 years, to design, build, develop and test the CoSTAR national lab (and associated facilities and programme) to drive innovation and creativity in the UK's screen and performance industries.
 - Lot 2: £12.6m over 6 years for the delivery of (up to) 3 CoSTAR network labs
3. In February 2023, a successful CoSTAR National Lab grant application was submitted to the Arts and Humanities Research Council (AHRC) by StoryFutures at RHUL with SCC as a core partner. The application proposed a CoSTAR National Lab at Pinewood Studios (Buckinghamshire), and associated facilities and programme to drive innovation and creativity in the UK's screen and performance

¹ The Net Present Value (NPV) benefits in Gross Value Added (GVA) terms represent the total net (i.e. accounting for additional factors such as deadweight and leakage) GVA generated as a result of the project over the appraisal period - expressed in its present (i.e. Year 1) value. The present value is calculated through applying discounting % in accordance with HM Treasury Green Book guidance.

industries, including a CoSTAR Satellite/Incubator Space in Surrey located on the RHUL campus to be open by January 2026, to which the County Council were invited to consider making a one-off £3m capital contribution.

CoSTAR National Lab Grant Application

4. The County Council are a core civic partner in the Lot 1 CoSTAR national lab grant application submitted to the AHRC by StoryFutures at RHUL on behalf of the wider bid team². SCC's contribution to the bid included a proposed capital contribution of £3m to fund the construction of a CoSTAR Satellite Studio and Incubator Space on the RHUL campus in Surrey. This facility will be used to support the delivery of a programme of incubation and studio facilities, Research and Development and knowledge exchange and Intellectual Property/commercialisation support to Surrey-based creative businesses operating from both facilities. It will also provide a gateway to the National Lab and wider CoSTAR networked infrastructure for Surrey businesses.
5. The County Council's involvement in the bid builds on one of Surrey's key regional assets (StoryFutures based at RHUL) and our position as hosting one of only nine UK Creative Industries Clusters. It brings national and international recognition to the county as well as supporting our cluster objective to make Surrey the national centre for 'Createch' and deliver a range of direct and indirect economic benefits.
6. On 13 June 2023, DCMS announced that the consortium led by StoryFutures, RHUL (with the County Council named as a core partner) had been selected as the preferred bidder for the national CoSTAR lab.

Why is SCC supporting CoSTAR?

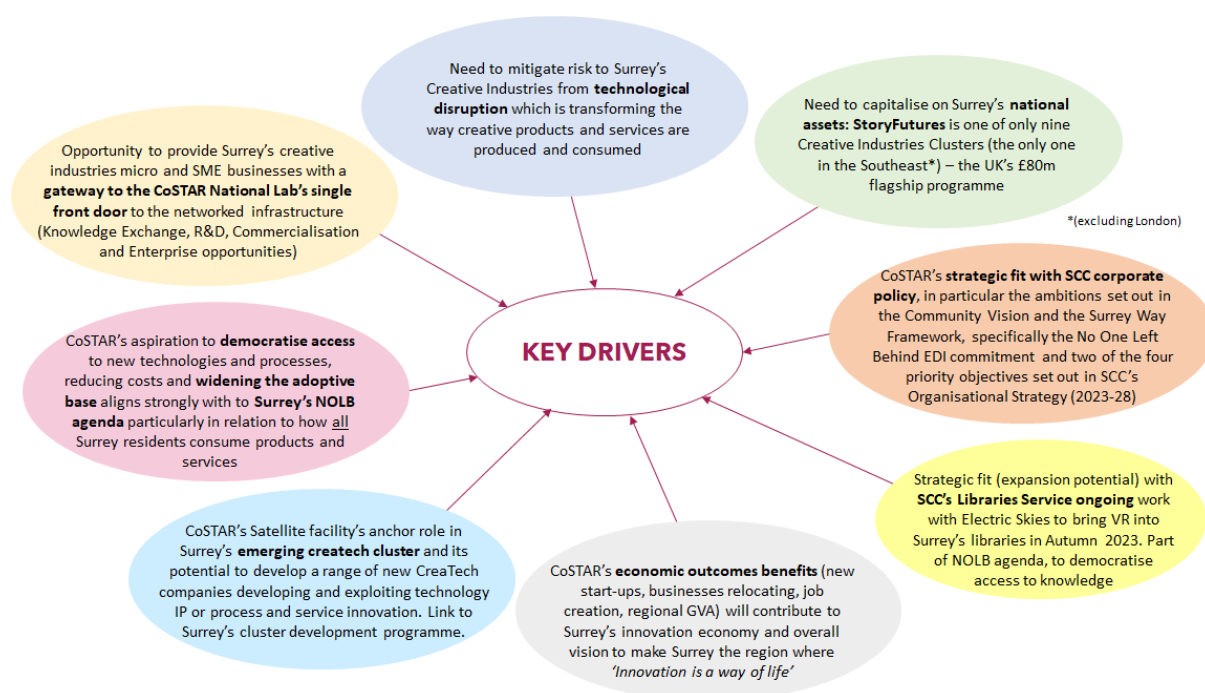
7. In accordance with the County Council's capital funding approval processes and HM Treasury's Five Case Model, an Outline Business Case (OBC) was developed (and subsequently endorsed by SCC's Capital Programme Panel (CPP)) to test the public value (when compared against alternatives (including a 'Do-nothing' scenario)) of the proposed capital contribution to the CoSTAR Satellite Studio and Incubator Space.
8. Specifically, the OBC was developed to:
 - Consider a shortlist of delivery options for SCC's involvement in the CoSTAR Satellite Studio and Incubator Space
 - Assess the extent to which these options represent value for money (VfM) as part of a wider economic appraisal of the CoSTAR application's economic costs, benefits, and risks
9. The OBC's Strategic Case identified strong alignment between CoSTAR's proposed Satellite Studio and Incubator Space objectives and potential benefits

² SCC, with Buckinghamshire Council, are core Local Authority civic partners alongside the University of Surrey and University of Abertay (Higher Education Institutes (HEI) partners), National Film and Television School (Training and Production Partner), Pinewood Group Limited (Studio Partner), and BT and Disguise (Tech Partners).

and Surrey’s strategic priorities and policy context. In particular, CoSTAR achieved strong strategic fit with the following regional strategies / policies:

- Community vision for Surrey in 2030, Surrey County Council (2018)
- The Surrey Way – our strategic framework
- ‘Surrey’s Economic Future Forward to 2030: Our Economic Strategy Statement’, Surrey County Council (November 2020)
- Surrey’s ‘Joint Innovation Delivery Plan (JIDP)’ and Cluster Development Programme (March 2023)

10. The diagram below summarises the key drivers supporting the delivery of the CoSTAR satellite studio and incubator space on the RHUL campus.



11. The OBC’s Economic Case appraised the costs and benefits of the following short- listed delivery options³:

- Option 1: Do nothing - The continuation of current arrangements as if the CoSTAR satellite facility were not to happen
- Option 2: Requested contribution - £3m capital contribution plus a £0.3m contingency to be held within SCC.

12. The table below summarises the appraisal findings for each option.

	Option 1: Do nothing	Option 2: Requested contribution
Net Present Public Value ¹ (10-year)	£0	£26.8m

³ Story Futures (RHUL) have confirmed that without SCC’s capital contribution the Surrey-based Satellite and Incubator space development will not proceed.

	Option 1: Do nothing	Option 2: Requested contribution
Benefit Cost Ratio ¹	0.00	10.5
Quantified benefits	<ul style="list-style-type: none"> • Zero 	<ul style="list-style-type: none"> • 1 new business support facility / asset • 180 businesses supported • 10 business start-ups • 10 businesses relocating to Surrey • c300 jobs created
Qualitative benefits	<ul style="list-style-type: none"> • Zero 	<ul style="list-style-type: none"> • Maximise Surrey's benefits associated with the main CoSTAR site • Significant improvement in quality/ availability of support to Surrey-based businesses • Availability of additional high-quality skills and jobs for Surrey residents
Qualitative appraisal rank	2 nd	1 st
Appraisal period	10-years	10-years

Notes: ¹The amount of benefit generated (in monetary terms) for each £1 spent, calculated by dividing the Net Present Value Benefit by the Net Present Value Cost

13. Based on the Appraisal Summary Table above, the preferred option was Option 2: £3m (100%) capital contribution plus a £0.3m contingency to be held within SCC.

Consultation:

14. The contents of this Cabinet paper and associated CoSTAR OBC have been developed in conjunction with Officers from Legal & Democratic Services, Corporate Finance, Environment, Economy and Growth as well as input from the Cabinet Member for Highways, Transport and Economic Growth.

15. The CoSTAR OBC, which tested the public value of SCC's proposed capital contribution to a CoSTAR Satellite Studio and Incubator Space, has also been reviewed, consulted, and approved by the following groups:

- Infrastructure Board – Tuesday 27 June 2023
- Cabinet / CLT Away Day – Monday 4 September 2023
- Capital Programme Panel – Tuesday 17 October 2023

Risk Management and Implications:

16. A key risk relates to the potential for capital cost overruns whereby, due to inflationary pressures, the CoSTAR Satellite Studio and Incubator Space capital costs exceeds its original budget. This risk will be mitigated by a pre-commencement legal agreement between SCC and RHUL which will confirm that RHUL are 100% liable for any increases in the capital costs associated with the construction of the CoSTAR Satellite Studio and Incubator Space. Any risk of

increased capital costs will therefore be the responsibility of RHUL and SCC will not be required to contribute further capital under any circumstance.

17. Another key risk relates to financial management of SCC's capital contribution whereby, the CoSTAR project fails to deliver the intended benefits as set out in the OBC. This risk will be mitigated by SCC's CoSTAR Management Group who will oversee benefit realisations, which will be a standing agenda item. In addition, the SCC Project Monitoring Officer will focus on benefit realisation, overseen by the SCC project sponsor. In addition, this risk will be managed through a potential clawback mechanism within SCC's contractual process with RHUL (see Legal Implications section below). This clawback mechanism will also be used to mitigate any risks regarding project failure due to cost overruns that RHUL are unable to cover as part of the original pre-commencement contractual agreement.

Financial and Value for Money Implications:

18. The total projected costs for the CoSTAR national scheme are £76.7m. SCC's contribution to the overall scheme cost is £3m (3.9%) (contingency of £0.3m to be held by SCC) of the total scheme costs (£76.7m). The current cost estimate for the CoSTAR Satellite Studio and Incubator Space is c£6.3m. Following the handover of the CoSTAR Satellite Studio and Incubator Space, the asset will be owned and managed by RHUL, therefore, there will be zero on-going management or maintenance liabilities for SCC.

19. Comparatively, to achieve like-for-like economic outcomes and associated social / non-financial benefits without the CoSTAR national grant would cost considerably more. For example, the cost per job (£10,000) is extremely competitive. A comparative figure shows average public sector cost per net additional job as being £13,309 (average unit cost). SCC's share of CoSTAR's economic benefits also represent a strong VfM performance. For example, Surrey is benefiting from 15% of the total jobs created (300 from 2,000) but contributing only 3.9% (£3m) of the total scheme costs (£76.7m).

20. Capital budget is being utilised to provide a grant for the creation of an asset not under the control of SCC for which there will be benefits to SCC in terms of job creation; this will be accounted for as revenue expenditure allowed to be funded by capital under statute (REFCUS).

21. SCC's capital contribution will be funded from SCC's agreed capital programme. As set out in the business case this investment would be funded by borrowing. The annual revenue cost of borrowing and minimum revenue provision is £10k this year increasing gradually each year to £150k per year in 2028/29. There are no direct financial benefits to SCC to fund this borrowing.

Section 151 Officer Commentary:

22. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation, and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.
23. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 remains uncertain. With no clarity on central government funding 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 the stable provision of services in the medium term.
24. The proposed investment will be funded by borrowing, this cost is included in the current MTFs assumptions. Although there is no direct Council financial benefit to offset the cost of borrowing, the recommended investment should benefit the economy in Surrey by creating jobs and assisting local businesses. As such the Section 151 Officer supports the recommendation.

Legal Implications – Monitoring Officer:

25. As to recommendation 1, no legal implications arise. As to recommendation 2, if the contribution is to take the form of a grant, officers must consider whether the rules on Subsidy Control will be engaged and if so be satisfied that the contribution is made in compliance with these rules.
26. Legal advice was sought during the development of the CoSTAR OBC, specifically around the question of potential clawback mechanisms to be included in any contractual process to protect the Council should there be any implementation issues impacting benefits delivery associated with the proposed satellite studio and incubator space.
27. The following guidance was received which was included within the Commercial Case section of the OBC:

'In line with good practice and to manage risk to the Council we would of course engage legal services to draft legal agreements setting out the conditions of the capital contribution. The agreement will expressly state clear requirements pertaining to the output and outcomes we expect to be achieved by the recipient(s) having utilised Surrey's contribution. The agreement will also contain provisions to ensure the progress of the project is closely

monitored by reference to key dates and progress reports on the achievement of agreed milestones. Failure to spend the funding as detailed in the conditions will be linked to clawback provisions which the Council can enforce.'

28. Alternatively, such contribution would need to be in compliance with The Public Contracts Regulations 2015, as amended, and the Council's Procurement and Contract Standing Orders.

Equalities and Diversity:

29. Equal access to the CoSTAR Satellite Studio and Incubator Space is a critical enabler of the Council's service objectives around supporting residents and businesses with different protected characteristics.

30. Where required, Equality Impact Assessments will be completed for specific elements of the CoSTAR project and any potential negative (or positive) impact addressed or mitigated.

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.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report at this stage.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report at this stage.
Environmental sustainability Compliance against net-zero emissions target and future climate compatibility/resilience	The CoSTAR Satellite Studio and Incubator Facility will need to align with the objectives of SCC's policy: 'Achieving Greener Futures in Building and Infrastructure Projects'.
Public Health	No significant implications arising from this report at this stage.

What Happens Next:

32. Next steps for the CoSTAR Satellite Studio and Incubator Space are as follows:

- E&G Officers and Legal Services establish legal agreements with RHUL regarding specific conditions for SCC's CoSTAR capital contribution
- December 2023 - CoSTAR pre-construction commences
- January 2025 - Construction and fit out of CoSTAR Satellite Studio and Incubator Space starts

- January 2026 - CoSTAR Satellite Studio and Incubator Space opens

33. Cabinet Members are invited to continue to engage with the CoSTAR project through direct discussions with the Director for Economy and Growth or the Report Author.

Report Author: Daniel Murray, Head of Economy and Growth,
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Consulted:

Matt Furniss, Cabinet Member for Highways, Transport and Economic Growth

SCC Infrastructure Board

Cabinet / CLT Away Day

SCC Capital Programme Panel

Sources/background papers:

N/A

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SURREY COUNTY COUNCIL

CABINET

DATE: 31 OCTOBER 2023

REPORT OF: DAVID LEWIS, CABINET MEMBER FOR FINANCE AND RESOURCES

LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR FOR RESOURCES

SUBJECT: 2023/24 MONTH 5 (AUGUST) FINANCIAL REPORT

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



Purpose of the Report:

This report provides details of the County Council's 2023/24 financial position, for revenue and capital budgets, as at 31st August 2023 (M5) and the expected outlook for the remainder of the financial year.

Key Messages – Revenue

- Local government continues to work in a challenging environment of sustained and significant pressures. **At M5, the Council is forecasting an overspend of £0.9m against the 2023/24 revenue budget, after the application of the contingency budget.** The details are shown in Annex 1 and summarised in Table 1 (paragraph 1 below).
- In recent months Cabinet has approved £9.2m of additional investment, targeting improvement in service delivery in some specific areas which are facing sustained pressure and changing demands. These were initially proposed to be funded from the contingency budget.
- Alongside this decision, the the level of reserves held has been assessed, recognising the need to balance ongoing financial resilience with ensuring funds are put to best use. As a result of this review, Cabinet is asked to approve the use of £9.2m of the Council's Budget Equalisation Reserve to fund the identified improvement areas mentioned above, reinstating the contingency budget to £20m.
- In recognition of the significant pressures being forecast, specifically in relation to the ongoing high inflationary environment and pressures relating to the cost of childrens' social care placements, Cabinet is asked to approve the use of the £20m contingency budget to mitigate the overall forecast overspend position. The application of the contingency reduces the net forecast overspend to £0.9m and will enable Directorates to focus on maximising the opportunities to offset further risks of rising overspends, in order to contain costs within available budget envelopes.
- In addition to the residual overspend, £19.3m of net risks to the forecast position have been quantified (further details in paragraph 3).
- The application of the residual contingency should enable Directorates to focus on identifying areas of mitigation for the remaining net forecast overspend of £0.9m and maximise the opportunities to offset risks, in order to contain costs within available budget envelopes.
- The Council has been awarded £6.1m of the recently announced new Adult Social Care (ASC) Market Sustainability and Improvement Fund – Workforce Fund grant. Paragraphs 12 – 15 set out the proposed use of this funding.

Key Messages – Capital

- A capital budget reset has taken place during M5, to ensure that the budget reflects spend profiles more accurately, taking into account known delays, additional in-year approvals and reflecting the current supplier market and wider economic conditions impacting on programme delivery.
- The revised budget is £268.4m. This is an overall net reduction of £58.1m in 2023/24 compared to the M4 budget (a decrease of £62.8m offset by an increase of £4.8m across service areas). The budgets which have been reduced, have been re-profiled in future years to reflect anticipated spend profiles. Further details are set out in paragraph 17.

Recommendations:

It is recommended that Cabinet:

1. Notes the Council's forecast revenue and capital budget positions for the year, including the application of the full contingency budget.
2. Approves the funding of £9.2m additional investments from earmarked reserves.
3. Approves the use of the Council's allocation of the new Adult Social Care Market Sustainability and Improvement Fund – Workforce Fund as set out in paragraphs 12 - 15.
4. Approves the re-set of the capital programme budget.

Reason for Recommendations:

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 M5, the Council is forecasting a full year overspend of £0.9m against the revenue budget, a net improvement of £20.2m since July. Table 1 below shows the forecast revenue budget outturn for the year by Directorate (further details are set out in Annex 1):

Table 1 - Summary revenue budget forecast variances as of 31st August 2023

	M5 Forecast £m	Annual Budget £m	M5 Forecast Variance £m
Adult Social Care	438.9	438.9	0.0
Public Service Reform & Public Health	37.8	37.8	0.0
Children, Families and Lifelong Learning	275.2	257.1	18.1
Environment, Transport & Infrastructure	155.1	153.8	1.3
Surrey Fire and Rescue	39.2	38.7	0.5
Customer & Communities	20.8	20.7	0.1
Resources	83.4	82.6	0.8
Communications, Public Affairs and Engagement	2.3	2.2	0.1
Prosperity, Partnerships & Growth	2.1	2.2	(0.1)
Central Income & Expenditure	48.2	48.2	0.0
Total before Funding	1,103.1	1,082.2	20.9
Contingency	0.0	20.0	(20.0)
Corporate Funding	(1,102.2)	(1,102.2)	0.0
Overall	0.9	(0.0)	0.9

2. The £20.9m forecast Directorate overspend relates primarily to the following:
 - **Adult Social Care - balanced outturn forecast, £2.3m improvement since last month.** There remains significant pressure on ASC's care package budget due to demand and market pressures on care packages and the forecast impact of assessed fees & charges debt across the year, requiring increases to the bad debt provision or

write off where debt is deemed irrecoverable. The underlying care package budget has worsened since last month due in particular to increased demand for Older People and Physical & Sensory Disability care packages. The improvement in the forecast outturn position is due to reflecting the proposed use of the new ASC Market Sustainability and Improvement Fund – Workforce Fund, as set out in this paper. This mitigates some of the increased care package expenditure relating to fee uplifts to Care Providers (which is c.£30m in 2023/24). Within the latest position there is a £2.5m shortfall against the strengths-based practice efficiency target, the delivery of which is impacted by a focus on fulfilling statutory obligations in the context of the new CQC assurance regime. This is forecast to be fully offset by overachievement of efficiencies relating to the completion of the closure of in-house Older People care homes.

- **Children, Families and Lifelong Learning - £18.1m overspend, £1.9m deterioration** since July. The forecast overspend position is due to number of factors:
 - In Social Care Placements, there is a forecast £12.9m overspend due to a national lack of market sufficiency and price inflation, meaning children are having to be placed in extremely high-cost placements, as there are no viable alternatives. Intelligence from other County Council's suggest this is an issue affecting a large proportion of local authorities due to the lack of alternative options in the placement market. The position also recognises legislative changes and matching of special guardianship rates paid to those of fostering allowances, which results in a £1.7m pressure in 2023/24.

Further risks remain for placements, with the current forecast assuming the increase in the use of in-house provision will be delivered by the end of the year.
 - Demand pressures within Area Care £0.7m, Care Leavers £1m and children with disability £1.5m reflecting a continuation of the demand experienced in 2022/23.
 - £2.0m pressure in relation to Home to School Transport Assistance (H2STA); despite the net increase in transport budgets of £14.6m for 2023/24, the H2STA budget is experiencing significant pressures from unit costs over and above what was anticipated. Rates have increased on average by 11% against budgeted rates of 5%.
- **Environment, Transport & Infrastructure - £1.3m overspend, £0.2m deterioration** since July. The deterioration primarily relates to acceleration of works to treat ash dieback, which is causing a pressure within the Environment Service. Other existing pressures include £0.8m within Highways & Transport due to a range of smaller items including additional staffing (including highway inspectors) and reduced income related to the housing market, £0.2m in the Planning, Performance & Support service due to additional capacity to support service improvements and legislative change and resources to support community engagement; £0.1m due to an additional interim director to support the Planning, Place and Infrastructure services; and £0.1m additional resource in Emergency Management. In addition, Highways & Transport face other pressures which are being monitored and are currently expected to be contained within the overall service budget envelope.
- **Surrey Fire and Rescue - £0.5m overspend, unchanged** since July, due to a backdated national pay award agreed in March at a higher rate than budgeted for, partly mitigated by vacancies.
- **Resources - £0.8m overspend, unchanged** since July. The overspend is mainly due to the anticipated reduction in income from the provision of payroll services caused by a decrease in customer numbers (£0.3m) as well as staffing pressures in Legal Services and People & Change due to agency and restructure costs (£0.4m).
- **Customer & Communities - £0.1m overspend, unchanged** since July. The overall overspend position is due mainly to under recovery of income in Libraries, offset by staffing underspends. The libraries' income budget was set at 2019/20 levels as footfall

continued to recover after the pandemic, however it is now considered unlikely that income will fully recover. The service is seeking new revenue streams to replace income reductions

- **Communications, Public Affairs and Engagement - £0.1m overspend, £0.1m improvement** since July. The improvement since last month is due to later than anticipated recruitment to the new Resident Intelligence Unit. The overall overspend is due to the new unit plus some one-off staffing costs which the directorate is working to mitigate.
3. In addition to the forecast overspend position, emerging risks and opportunities are monitored throughout the year. Directorates have additionally identified net risks of £19.3m, consisting of quantified risks of £20.1m, offset by opportunities of £0.8m. These figures represent the weighted risks and opportunities, taking into account the full value of the potential risk or opportunity adjusted for assessed likelihood of the risk occurring or opportunity being realised.
 4. Directorates are expected to take action to mitigate these risks and maximise the opportunities available to offset them, in order to avoid these resulting in a forecast overspend against the budget set.

Children's Social Care – the national picture

5. There is a growing evidence base that there are sustained and increasing pressures in the sector and a need to influence government thinking regarding sustainable levels of resourcing. The Association of Directors of Children's Services has published consistent messages around the pressures that all local authorities are facing, drawing on some of the evidence available.
6. The key factors nationally, which chime with what is being experienced in Surrey, are:
 - Increasing pressure on budgets following the pandemic;
 - Rising need and complexity of children and young people who are supported;
 - State of the placement market – lack of supply (difficult to find the right placement in the right place) and high costs (driven by providers chasing higher profits);
 - New regulatory regime for supported accommodation may be leading to a reduction in supported placements;
 - Difficulties recruiting staff and increasing costs of employing agency staff;
 - Rising number of EHCPs;
 - Pressures on schools;
 - Growth in demand for mental health support.
7. The Society of County Treasurers' recent budget survey shows that Children's services is by far the biggest pressure affecting councils.
8. Finance directors and heads of service from county councils across the south east meet on a regular basis, sharing intelligence and information on what's driving their budget positions. We use this to benchmark and provide insight and assurance to help understand our relative position. There is strong and consistent evidence that the issues we are facing in children's social care and Home to School Transport are replicated across neighbouring and other peer counties and are the largest financial pressures for those councils.
9. The budgetary positions for neighbouring county councils are shown in the following table:

County Council	Position as at	Projection for 2023/24	Of which:	Management Action
Kent	August 2023	£37.3m (2.8%) overspend	Children's £28.5m Adults £25.8m	Proposals to reduce costs to budget
Essex	September 2023	£12.7m (1.2%) overspend	Children's £16.6m	
Hertfordshire	June 2023	£16.4m (1.6%) overspend	Children's £12.9m	£10m contingency budget
Hampshire	October 2023	£50.8m overspend	Narrative description of pressures in children's placements and Home to School Transport	Use of reserves

Dedicated Schools Grant (DSG) update

10. The table below shows the projected forecast year end outturn for the High Needs Block. The forecast at month 5 is in-line with the budget.

Table 2 - DSG HNB Summary

2023/24 DSG HNB Summary	Budget £m	Forecast £m
Education and Lifelong Learning	231.7	231.7
Place Funding	22.7	22.7
Children's Services	2.3	2.3
Corporate Funding	2.0	2.0
Total expenditure	258.7	258.7
DSG High Needs Block	(218.3)	(218.3)
Deficit	40.4	40.4

11. The second monitoring report for the safety valve agreement in 2023/24 was submitted in September. The report confirmed the Council remains on track with its agreed trajectory, although also noted continued pressures both within the system and through rising inflation. We anticipate approval of the submitted report by the DfE and a subsequent £3m to be released which would bring the total DfE contributions to £6m in this financial year, and £70m in total. Reporting requirements are now for 3 submissions during each financial year with the next submission being due in December.

New Adult Social Care (ASC) Market Sustainability and Improvement Fund – Workforce Fund grant

12. In the 2023/24 – 2024/25 spending review the government announced a new ASC Market Sustainability and Improvement Fund (MSIF) grant for local authorities. This grant can be spent on:

- increasing fee rates paid to adult social care providers in local areas.
- increasing adult social care workforce capacity and retention.
- reducing adult social care waiting times.

13. The Council was allocated £9.4m of the original MSIF grant for 2023/24 which is included in the budget and being utilised in full against the c. £30m cost of increased fees paid to ASC providers in 2023/24.

14. On 28th July, the government announced a new MSIF Workforce Fund (MSIF WF) grant to provide additional funding to local authorities in addition to the original MSIF grant, Surrey County Council allocation in 2023/24 is £6.1m. The new MSIF WF grant can be spent on any of the same three measures as the original MSIF grant set out above.

15. Cabinet is asked to approve the following use of this additional funding:

- £4.8m as a further contribution towards the c. £30m cost of increased fees being paid to providers. This will enable these fee uplifts to be sustained in the context of the significant pressures already facing the ASC budget in 2023/24.
- £30,000 to engage a specialist provider to deliver a bespoke professional support and development programme for care leaders and deputies in the external ASC provider sector that will create more opportunities for development of a culture of confidence and competence to work more effectively with the system to manage increasingly complex ASC placements and packages. This will support workforce retention in the ASC provider sector. The initial investment of £30k relates to the part year 2023/24 cost and will be set up as a pilot with an option to expand this offer if the approach is shown to deliver the intended benefits.
- £1.2m on targeted measures to enable improvements in the Council's ASC service delivery particularly where there are current capacity issues. These investments will improve demand flows and pathways, address backlogs and as a result help to reduce ASC waiting times. Some of these initiatives rely on recruiting additional temporary staffing resources. Expenditure has been estimated based on planned recruitment, if expenditure is lower, due to recruitment delays, more of the grant funding will be used towards the cost of ASC provider fee uplifts.

Capital Budget

16. The 2023/24 Capital Budget was approved by Council on 7th February 2023 at £319.3m, with a further £92.7m available to draw down from the pipeline and £15m budgeted for Your Fund Surrey. After adjustments for 2022/23 carry forwards and acceleration, the revised budget was £326.4m.

17. During August a re-set of the capital budget was undertaken, to ensure that the budget reflects spend profiles more accurately, taking into account known delays, additional in-year approvals and reflecting the current supplier market and wider economic conditions impacting on programme delivery.

18. The revised budget is **£268.4m**. This is an overall net reduction of **£58.1m** compared to the M4 budget (a decrease of £62.8m offset by an increase of £4.8m across service areas). The budgets which have been reduced, have been re-profiled into future years to reflect anticipated spend profiles. Table 3 below provides a summary of the re-set movements.

Table 3 - Summary capital budget

Strategic Capital Groups	2023/24 Original Budget (approved in January 2023)	2023/24 Budget (at M4)	2023/24 Reset Budget (at M5)	Change in budget from M4 to M5	Increase / Decrease / Unchanged
	£m	£m	£m	£m	
Property					
Property Schemes	113.5	115.6	101.7	(13.9)	Decrease
ASC Schemes	1.7	1.7	1.6	(0.1)	Decrease
CFLC Schemes	2.3	2.8	2.4	(0.4)	Decrease
Property Total	117.5	120.1	105.7	(14.3)	Decrease
Infrastructure					
Highways and Transport	137.5	150.4	121.9	(28.5)	Decrease
Infrastructure and Major Projects	33.1	33.4	16.3	(17.1)	Decrease
Environment	7.6	10.6	9.5	(1.1)	Decrease
Surrey Fire and Rescue	7.1	7.6	5.9	(1.8)	Decrease
Infrastructure Total	185.4	202.0	153.5	(48.5)	Decrease
IT					
IT Service Schemes	5.8	4.4	9.2	4.8	Increase
IT Total	5.8	4.4	9.2	4.8	Increase
Total	308.7	326.4	268.4	(58.1)	Decrease

19. The changes are mainly attributable to the following:

Property Schemes - £13.9m net reduction, mainly related to:

- SEND, as anticipated spend has reduced by £14.9m (27%). When budgets were set, estimated spend was £55m. Due to unforeseen planning, procurement and change request delays, delivery of some schemes exceeds 31 August. So that places are delivered in line with safety valve target, temporary accommodation solutions are being put in place.
- Slippage on AP Strategy (£2.2m) and Bookham YC (£1.7m) due to reprofiling and planning delays
- Slippage on ASC Supported Living due to project reprofiling and procurement delays (£7.9m)
- Slippage on SOLD (£1.6m) and £1.1m on Pendell GRT Transit site
- This is offset by £7.3m acceleration on Basic Need following a programme review and projects progressing from feasibility, and various approved transfers from the capital Pipeline.

ASC Schemes - £0.1m net reduction as there is no planned spend on In-House Capital Improvement works

CFLC Schemes - £0.4m net reduction due to delays on the installation of a new Education & Social Care Information system

Highways and Transport - £28.5m net reduction due to:

- £13.5m slippage due to the delayed purchase of low emission buses, and £5.5m for Active Travel
- Further £3.8m slippage on Bridge Strengthening and £2.3m on Highways Maintenance and Local Highways schemes

Infrastructure and Major Projects - £17.1m net reduction due to £16.9m slippage on A320 North of Woking and Junction 11 of the M25, caused by delays to signing the contract, offset by transfers from the Surrey Infrastructure Plan Pipeline.

Environment Schemes - £1.1m net reduction. Slippage on Basingstoke Canal, as preparatory work needed before planning permission is granted (£0.5m). Minor slippage elsewhere, offset by inclusion of approved budget for Sustainable Warmth grants

Surrey Fire and Rescue - £1.8m net reduction. Slippage due to an ongoing review of purchase of fire engines & equipment

IT Schemes - £4.8m net increase reflecting the inclusion of the previously approved DB&I budget

Consultation:

20. Executive Directors and Cabinet Members have confirmed the forecast outturns for their revenue and capital budgets.

Risk Management and Implications:

21. 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:

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

Section 151 Officer Commentary:

23. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.

24. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 remains uncertain. With no clarity on central government funding 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 the stable provision of services in the medium term.

25. The Council has a duty to ensure its expenditure does not exceed the resources available. As such, 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:

26. 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.

27. 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:

28. 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.
29. 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.

What Happens Next:

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 – Detailed Outturn position

Detailed Revenue Outturn position

Service	Cabinet Member	Gross	Net	Forecast	Outturn
Family Resilience	S Mooney	£40.5m	£35.4m	£36.7m	£1.3m
Education and Lifelong Learning	C Curran	£287.7m	£28.2m	£28.2m	£0.0m
Commissioning	S Mooney	£158.6m	£69.7m	£71.7m	£2.0m
Quality & Performance	S Mooney	£11.4m	£10.5m	£10.4m	(£0.1m)
Corporate Parenting	S Mooney	£136.3m	£117.0m	£132.0m	£15.0m
Exec Director of CFLL central costs	S Mooney	-£3.7m	-£3.7m	-£3.7m	(£0.0m)
Children, Families and Lifelong Learning		£630.8m	£257.1m	£275.2m	£18.1m
Public Health	M Nuti	£35.8m	£35.8m	£35.8m	£0.0m
Public Service Reform	M Nuti	£2.3m	£2.0m	£2.0m	£0.0m
Public Health and PSR		£38.1m	£37.8m	£37.8m	£0.0m
Adult Social Care	M Nuti	£604.0m	£438.9m	£438.9m	£0.0m
Highways & Transport	M Furniss / K Deanus	£84.3m	£67.1m	£67.9m	£0.8m
Environment	M Heath/ N Bramhall	£83.8m	£81.5m	£81.7m	£0.2m
Infrastructure, Planning & Major Projects	M Furniss	£5.5m	£2.8m	£2.9m	£0.1m
Planning Performance & Support	M Furniss	£1.9m	£1.9m	£2.1m	£0.2m
Emergency Management	K Deanus	£0.7m	£0.5m	£0.6m	£0.1m
Environment, Transport & Infrastructure		£176.0m	£153.8m	£155.1m	£1.3m
Surrey Fire and Rescue	D Turner- Stewart	£44.5m	£38.7m	£39.2m	£0.5m
Armed Forces and Resilience	K Deanus	£0.1m	£0.1m	£0.1m	(£0.0m)
Communications	T Oliver	£2.1m	£2.1m	£2.2m	£0.1m
Communications, Public Affairs and Engagement		£2.2m	£2.2m	£2.3m	£0.1m
PPG Leadership	T Oliver	£0.3m	£0.3m	£0.3m	(£0.0m)
Economic Growth	M Furniss	£1.8m	£1.8m	£1.8m	(£0.1m)
Partnerships, Prosperity and Growth		£2.2m	£2.2m	£2.1m	(£0.1m)
Community Partnerships	D Turner-Stewart	£1.9m	£1.9m	£1.9m	£0.0m
Customer Services	D Turner-Stewart	£3.1m	£2.9m	£3.2m	£0.3m
Customer Experience	D Turner-Stewart	£0.5m	£0.5m	£0.5m	£0.0m
Cultural Services	D Turner-Stewart	£18.5m	£8.3m	£8.6m	£0.3m
Customer and Communities Leadership	D Turner-Stewart	£2.7m	£2.2m	£1.7m	(£0.4m)
Registration and Nationality Services	D Turner-Stewart	£2.5m	-£1.5m	-£1.5m	£0.0m
Trading Standards	D Turner-Stewart	£4.0m	£1.9m	£1.9m	(£0.0m)
Health & Safety	D Turner-Stewart	£0.0m	£0.0m	£0.0m	£0.0m
Coroners	K Deanus	£4.5m	£4.5m	£4.5m	(£0.0m)
Customers and Communities		£37.7m	£20.7m	£20.8m	£0.1m
Land & Property	N Bramhall	£32.9m	£25.1m	£25.1m	£0.0m
Information Technology & Digital	D Lewis	£21.0m	£20.2m	£20.2m	£0.0m
Twelve15	D Lewis	£20.5m	-£1.3m	-£1.4m	(£0.0m)
Finance	D Lewis	£12.7m	£7.6m	£7.6m	(£0.1m)
People & Change	T Oliver	£8.1m	£7.8m	£8.0m	£0.3m
Legal Services	D Lewis	£6.3m	£5.9m	£6.0m	£0.1m
Joint Orbis	D Lewis	£6.2m	£6.2m	£6.2m	£0.1m
Democratic Services	D Lewis	£4.0m	£3.8m	£3.8m	£0.0m
Business Operations	D Lewis	£2.5m	£0.7m	£1.0m	£0.3m
Executive Director Resources (incl Leadership Office)	D Lewis	£3.5m	£3.5m	£3.8m	£0.3m
Corporate Strategy and Policy	D Lewis	£1.1m	£1.1m	£1.1m	(£0.0m)
Transformation and Strategic Commissioning	D Lewis	£1.7m	£1.7m	£1.6m	(£0.1m)
Procurement	D Lewis	£0.1m	£0.1m	£0.1m	£0.0m
Performance Management	D Lewis	£0.2m	£0.2m	£0.2m	£0.0m
Resources		£120.9m	£82.6m	£83.4m	£0.8m
Central Income & Expenditure	D Lewis	£71.1m	£48.2m	£48.2m	£0.0m
Overall before funding		£1,727.5m	£1,082.2m	£1,103.1m	£20.9m
Contingency	D Lewis	£20.0m	£20.0m	£0.0m	(£20.0m)
Corporate funding			-£1,102.2m	-£1,102.2m	£0.0m
Overall		£1,747.5m	£0.0m	£0.9m	£0.9m