

## Notice of Meeting

# Cabinet



### Date and Time

Tuesday, 30 January  
2024  
2.00 pm

### Place

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

### Contact

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@SCCdemocracy

### **Committee:**

Natalie Bramhall, Clare Curran, Kevin Deanus, Matt Furniss, Marisa Heath, David Lewis,  
Sinead Mooney, Mark Nuti, Tim Oliver and Denise Turner-Stewart  
Maureen Attewell, Jordan Beech, Paul Deach, Steve Bax

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](mailto:huma.younis@surreycc.gov.uk) or [sarah.quinn@surreycc.gov.uk](mailto: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:

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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](mailto:huma.younis@surreycc.gov.uk) or [sarah.quinn@surreycc.gov.uk](mailto: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**

To note any apologies for absence.

### **2 MINUTES OF PREVIOUS MEETING: 11 DECEMBER 2023 AND 19 DECEMBER 2023**

(Pages  
1 - 22)

To agree the minutes of 11 December and 19 December 2023 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 (24 January 2024).

#### **b PUBLIC QUESTIONS**

The deadline for public questions is seven days before the meeting (23 January 2024).

**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 AND OTHER COMMITTEES OF THE COUNCIL** (Pages 23 - 32)

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

For Cabinet to consider the following:

- A. Scrutiny Of Draft Revenue & Capital Budget 2024/25 And Medium-Term Financial Strategy To 2028/29. A Cabinet response is included.

**6 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING** (Pages 33 - 36)

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 37 - 40)

To receive an update from Sinead Mooney, Cabinet Member for Adult Social Care.

**8 2024/25 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2028/29** (Pages 41 - 222)

The Council has a statutory duty to set a balanced budget in advance of each financial year. The Final Budget for 2024/25 will be presented to Full Council on 6 February 2024. Cabinet is required to recommend a budget to Council for consideration at this meeting.

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

- 9**      **ADMISSION ARRANGEMENTS FOR SURREY'S COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS FOR SEPTEMBER 2025**      (Pages 223 - 274)

Cabinet is asked to make recommendations to Full Council on the admission arrangements that will apply for Surrey's community and voluntary controlled infant, junior, primary and secondary schools for admission in September 2025.

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

- 10**      **STRATEGIC INVESTMENT BOARD ANNUAL REPORT - FINANCIAL YEAR 2022/23**      (Pages 275 - 304)

For Cabinet to consider the 2022/23 Annual Report of the Strategic Investment Board.

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

- 11**      **2023/24 MONTH 8 (NOVEMBER) FINANCIAL REPORT**      (Pages 305 - 314)

This report provides details of the Council's 2023/24 financial position, for revenue and capital budgets, as at 30th November 2023 (M8) 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.

## **PART TWO - IN PRIVATE**

- 13**      **STRATEGIC INVESTMENT BOARD ANNUAL REPORT - FINANCIAL YEAR 2022/23**      (Pages 315 - 326)

For Cabinet to consider the 2022/23 Annual Report of the Strategic Investment Board.

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

- 14**      **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, 22 January 2024

## **MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

Members of the public and the press may use social media or mobile devices in silent mode during meetings. Public Wi-Fi is available; please ask the committee manager for details.

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 SPECIAL CABINET MEETING  
HELD ON 11 DECEMBER 2023 AT 9.30 AM  
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  
Paul Deach  
\*Jordan Beech  
\*Steve Bax

In attendance:

Rachael Wardell, Executive Director for Children, Families and Lifelong Learning, Surrey County Council  
Julia Katherine, Assistant Director, Inclusion and Additional Needs, Surrey County Council  
Liz Mills, Director for Education and Lifelong Learning, Surrey County Council  
Harriet Derrett-Smith, ICB Representative, Surrey Heartlands  
Claire Poole, Chief Executive Officer, Family Voice Surrey  
Sally Allen, Chair of Family Voice Surrey  
Sandra Pycock, Associate Director of Children, Young People and Families and Lead for Additional Needs and Disabilities, Children and Families Health Surrey  
Clare Stone, ICS Director of Multi-Professional Leadership and Chief Nurse  
Anne-Louise Payne – Schools Representative  
Jack Mayhew – Schools Representative  
Justine Leonard- Director of Children and Young People's Services – Mindworks  
Fiona Davidson, Chairman of the Children, Families, Lifelong Learning & Culture Select Committee  
Catherine Powell, Residents' Association and Independent Group Leader

**PART ONE**  
**IN PUBLIC**

**187/23 APOLOGIES FOR ABSENCE [Item 1]**

Apologies were received from Marisa Heath and Paul Deach.

**188/23 DECLARATIONS OF INTEREST [Item 2]**

There were none.

**189/231 PROCEDURAL MATTERS [Item 3]**

**189/23 MEMBERS' QUESTIONS [Item 3a]**

There was one member question. The question and responses were published in a supplement to the agenda.

The member asked a supplementary question, if the council's policy of nobody being left behind was being met by the council only providing statutory services in relation to short breaks and respite care which was reducing positive outcomes for children with disabilities. The Cabinet Member for Children, Families and Lifelong Learning explained that the council did not have additional funds to invest into short breaks but an action had been taken away to review the access to play and leisure short breaks for families most in need. The member queried if Cabinet could reconsider the introduction of an early pre-school screening which included ASD to support increased nominations for Surrey's very successful local early autism program. The Cabinet Member for Children, Families and Lifelong Learning agreed to take this away and provide the member with a response in due course. With regards to children who have not had their health reviews it was queried if a breakdown of these numbers could be provided to check if some of these children were from areas of higher deprivation. The ICS Director of Multi-Professional Leadership and Chief Nurse agreed to take this away and provide the member with a response in due course.

The Leader stated that if the council was successful in getting more funding from central government then this would be spent on short breaks and early help.

**190/23 PUBLIC QUESTIONS [Item 3b]**

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

A member of the public asked a supplementary question, which was what consideration was being given to those most in need of an urgent neurodevelopment assessment as there was currently no pathway. The ICB Representative, Surrey Heartlands stated that the

neurodevelopment pathway still remained open for children with complex needs and communication would be going out around what is available to children, families and schools in the following week. This would also be shared with Family Voice Surrey. It was recognised that there were a multitude of needs that children and schools wanted support with. Conversations would be happening with the ICB around seeking further investment to support the demand for assessment. The Director of Children and Young People's Services – Mindworks explained that for those children not in school the neurodevelopmental pathway was available to them and any child for whom it might be indicated that they have neurodevelopmental needs. A referral could be made by any professional who is supporting that child and their family.

### **191/23 PETITIONS [Item 3c]**

There were none.

### **192/23 LOCAL AREA SPECIAL EDUCATIONAL NEEDS AND/OR DISABILITIES (SEND) INSPECTION OUTCOME AND ACTIONS [Item 4]**

#### **Introductions:**

The Cabinet Member for Children, Families and Lifelong Learning stated that the report published by Ofsted found inconsistent experiences and outcomes for children and young people led by the local area partnership. She reiterated that inconsistent as a grading was not good enough for Surrey's children. It was vital partners work together to take forward findings and deliver improvements. The frustrations of families was recognised and the Cabinet Member apologised that parents were struggling to access the support they needed. A rating of inconsistent meant that there were still some children that had good experiences and outcomes. There were national challenges around additional needs and disabilities which were not unique to just Surrey. In Surrey between January 2015 and October 2023 the number of EHCPs issued rose by 150%. The local area partnership was continuing to work with government in relation to policy reform and funding, ultimately to achieve better outcomes for all children across the SEND system. The priority was to ensure that necessary changes are made to services to improve the lives of the most vulnerable children, young people and their families.

The ICS Director of Multi-Professional Leadership and Chief Nurse stated that action against the four key recommendations from the inspection report was paramount. Although the report recognised areas of improvements there was still more to do. From a health perspective, change would be led in relevant areas for improvement and then reported back through the additional needs Partnership Board in line

with local and inspection requirements and also reported back to Surrey Heartlands and Frimley executive teams.

School Leader, Anne-Louise Payne explained how schools and families had been involved with the inspection. She was pleased that it had been recognised in the inspection that communication between education and colleagues in health and social care was improving. More colleagues from education had been encouraged to join the Additional Needs Partnership Board to have more of a voice and contribute to collaborative working. Tribute was paid to school based staff, many of whom are amongst the lowest paid in the profession and who supported some of the most vulnerable learners.

The Executive Director for Children, Families and Lifelong Learning stated that in the Children, Families and Lifelong service the ambition along with partners, is that the local area partnerships arrangements for children with additional needs and disabilities will lead to positive experiences and outcomes for children and young people with SEND and should improvements be needed the partnership takes prompt action. There was still some way to go to achieve this. It was explained that a recovery plan had been put in place to tackle delays in education, health and care needs assessments. Additional resource would be put into communications with a lead officer for communications so parents and families can find information more easily. An additional communication team would be established to be the first point of contact for enquiries from families and stakeholders.

The Chief Executive for Family Voice Surrey welcomed the report and explained that families had told them that they felt that the final report did not fully and comprehensively reflect their experiences and feedback. Families had stated that inconsistencies were frequent and when things went wrong, they went badly wrong. This can be devastating and had significant negative impacts on families. Too many families reported being at financial and emotional breaking point in order to secure a basic right, often by a tribunal. There were positive experiences from some families. The Chief Executive promised families that they would continue to work in close alignment with the partnership representing the voice of parent carers and striving to authentically influence the decision making process.

The Chair of the Children, Families, Lifelong Learning and Culture Select Committee welcomed the report and stated that the results were not a surprise to Select Committee members. It was reassuring that inspectors saw evidence of improvements in partnership working which was crucial to improving outcomes. Mindworks' triage and neurodiversity appointment wait times were a particular concern to the Select Committee as is communication between professionals, and between services and families. Communication is a blindspot. The Select Committee recognised that there were a large number of dedicated professionals working hard to do their very best for families

and young people, but there was also evidence of introspection in the service which was probably exacerbated by the pressures of demand and limited funding. The Chair urged that the response to the inspection findings should truly put families at the centre of the updated Strategic Plan and engage them as active collaborators. Services need to stand in the shoes of service users, to learn a different perspective.

**Key points raised during the discussion:**

The Cabinet Member for Finance and Resources stated that work had been undertaken by the council to look at council budgets and it had been confirmed that funding would be put aside to help implement the recommendations from the Ofsted inspection. The Cabinet Member asked health partners if they could provide any assurance around funding and budgets for SEND related work going forward. The ICS Director of Multi-Professional Leadership and Chief Nurse stated that there had been additional funding into children's services and this would continue moving forward. Discussions around additional funding would be happening in due course.

The Cabinet Member for Health, Wellbeing and Public Health asked what actions would be taken to improve and accelerate children's access to speech and language therapies and treatments. The Associate Director of Children, Young People and Families and Lead for Additional Needs and Disabilities, Children and Families Health Surrey recognised that children were waiting too long for therapies but significant progress had been made in the last few years with the reduction of waiting times for occupational therapy and the early years speech and language pathway. Work was continuing with partners around how we could continue to ensure children's needs are identified as soon as possible.

The Cabinet Member for Adult Social Care queried what would be done to address issues around transitions in education for children and young people with SEND. The Assistant Director for Inclusion and Additional Needs explained that there was support in place for children who were coming up to a transition. For those on SEN support, this would come via schools and discussions would take place between SENCO's. Additional support had also been provided for these children through the ASPIRE project. For children with EHCPs, transitions would be managed via the annual review process and partners would be encouraged to input into this. As recognised in the inspection report further work was required to strengthen joint working in transitions and create clearer pathways. The Director for Education and Lifelong Learning explained that work was taking place with the Director in Adult Services responsible for transitions around improving the outcome and experiences of young people in this area. The Inclusion and Innovation Working Group, led by schools was also focusing on transitions. School Leader, Jack Mayhew provided some more detail around the Inclusion and Innovation Working Group explaining that the work had been a

success and practical steps had been taken to make schools more inclusive to neurodivergent learners. Training had also been rolled out from practitioners to school leaders and SENCOs around how professionals come together and make a difference for young people.

The Deputy Cabinet Member for Children, Families and Lifelong Learning asked when children, young people and families would start to see the impact of the improvement work. The Executive Director for Children, Families and Lifelong Learning explained that the inspection report highlighted that some children, young people and families were already experiencing the difference that the new steps being taken by the council and partners were making. For example 250+ specialist school places had been opened in Surrey every year for the last three years and positive feedback had been received from young people and their families on the in county provision. The Executive Director believed that over time this positive feedback would increase.

The Deputy Cabinet Member for Highways asked how the decision to withdraw the schools referral to the developmental diagnostic assessment pathway was helpful and how this would help with efforts to ensure that children and young people get the right help at the right times. The Director of Children and Young People's Services, Mindworks acknowledged the wait time was long and apologised to families. With regards to the neurodevelopment pathway, it was explained that the diagnostic element was one element of the comprehensive pathway and met NICE guidelines. The pathway was delivered in partnership with school based colleagues and professionals in schools. The emphasis in the last term had been on early help and getting children support as early as possible in the pathway. Work was being undertaken with commissioners and other partner providers to look at the offer from the beginning of the new term. Nationally there was significant demand for neurodevelopmental diagnosis.

A member of the Cabinet asked Family Voice Surrey what one single improvement would make the biggest difference to children, young people and their families. The Chief Executive Officer, Family Voice Surrey stated that the one improvement that would make the biggest difference would be better communication so families knew exactly where their children were in the system.

The Cabinet Member for Property, Waste and Infrastructure explained that the council was expanding its specialist school estate and alternative provision to almost 6000 places with a huge capital investment of £230 million. One way this was being done was to link units to mainstream schools. Many primary settings had come forward to offer this but fewer secondary schools had been willing to engage. It was asked if partners could help influence this proposal. School Leader, Jack Mayhew stated that a school within his Trust, Guildford County School was looking to engage with the property team on this



area. Although there was some engagement with this sector more engagement was needed with secondary schools. There was a recognition from school colleagues that units within school settings were most effective for children.

A member of the Cabinet queried what was being done to support children and young people in schools facing mental health and emotional struggles. School Leader, Jack Mayhew stated that access to mental health support was a big concern for schools. He supported the decision to expand funding for EP services and stated there should be a focus on send case officers work as they had a fundamental role linking with families and schools.

The Leader of the Council thanked partners for joining the meeting and for their input. The Leader recognised there were areas where things were going well and better communication was a key component of this. A Select Committee of the council would be reviewing the inspection report in January and so would Surrey Heartlands and Frimley ICB's. More needed to be done to deliver consistent and high quality support to children and their families. The council accepted the findings of the inspection report which reflected the council's own self-assessment of where it was and also recognised the feedback from Family Voice Surrey. The number of SEND cases coming through the system had greatly increased and therefore a shift to early help and prevention was much needed.

#### **RESOLVED:**

1. That Cabinet notes the outcome of the Local Area SEND Inspection.
2. That Cabinet supports the actions that are being taken by the Additional Needs and Disabilities Partnership in response to the inspection recommendations.
3. That Cabinet oversees the Council's work as part of the AND Partnership and its delivery of the Inclusion and Additional Needs Strategy.

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

The Local Area arrangements to support children with additional needs and disabilities were inspected by Ofsted and the Care Quality Commission (CQC) from 11 to 29 September 2023. The outcome of the inspection was published on 24 November 2023.

The inspection outcome is that the local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and disabilities (SEND). Ofsted and CQC require the local area partnership to work jointly to update its existing strategic plan based on the recommendations set out in the inspection report.

The recommendations and proposed responses are set out in this report.

Meeting closed at 10:49

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**Chairman**

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 19 DECEMBER 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
- \*Paul Deach
- \*Jordan Beech
- \*Steve Bax

Members in attendance:

Jonathan Hulley, Chairman of the Communities, Environment and Highways Select Committee  
 Robert Hughes, Chairman of the Resources and Performance Select Committee  
 Trefor Hogg, Chairman of the Adults and Health Select Committee  
 Chris Townsend, Vice Chairman of the Children, Families, Lifelong Learning and Culture Select Committee  
 Catherine Powell, Residents' Association and Independent Group Leader

**PART ONE**  
**IN PUBLIC**

**193/23 APOLOGIES FOR ABSENCE [Item 1]**

Apologies were received from Sinead Mooney.

**194/23 MINUTES OF PREVIOUS MEETING: 28 NOVEMBER 2023 [Item 2]**

These were agreed as a correct record of the meeting.

**195/23 DECLARATIONS OF INTEREST [Item 3]**

David Lewis declared a non-pecuniary interest in relation to item 11 on the agenda. He declared that his wife was a trustee director of the Good Shepherd Trust.

**196/23 PROCEDURAL MATTERS [Item 4]**

The Leader started the meeting with some comments regarding the local government financial settlement. At the November Cabinet meeting a budget gap of £13.5m had been discussed. The Leader explained that discussions had taken place with government ministers around additional financial support however the Leader had been informed that additional financial support would not be provided. The Leader explained that the additional financial pressures on the council were due to a number of things including rising inflation and an increase in demand for services. Financial pressures would mean an increase to council tax from 3.99% to 5%. As the Chairman of the CCN, the Leader explained that a survey had been undertaken of members which found that there had been an in-year overspend of £600m with 45% of this overspend being on children services. A more sustainable approach to funding for local government was needed.

**196/231 MEMBERS' QUESTIONS [Item 4a]**

There were none.

**197/23 PUBLIC QUESTIONS [Item 4b]**

There were none.

**198/23 PETITIONS [Item 4c]**

There were none.

**199/23 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]**

There were none.

**200/23 REPORTS FROM SELECT COMMITTEES, TASK GROUPS AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

The Chairman of the Communities, Environment and Highways Select Committee presented the Select Committee's budget recommendations stating that the committee was supportive of the capital programme and the broad goal to achieve efficiencies without any reduction in service or visible impact to residents. The committee was also supportive of tackling climate change which remained a priority. Cabinet were urged to ensure that this continues to be reflected in budget planning.

The Chairman of the Communities, Environment and Highways Select Committee presented the recommendations to the Surrey Fire and Rescue Service Performance Report & HMICFRS Inspection report. Concern was expressed over a number of areas for improvement in the inspection report but the Committee had been informed that since the submission of the inspectors report the service was working closely with the inspectorate on the inspection improvement plan. The Cabinet Member for Fire, Rescue and Resilience stated that work was being undertaken to address the issues in the inspection report which would be reported back to the Committee in due course.

The Chairman of the Resources and Performance Select Committee presented the budget recommendations from his Select Committee commenting that the Select Committee still had serious concerns around MySurrey and the long term impacts of this project. There were concerns that lessons were not being learnt as other IT projects were being started. The Cabinet Member for Finance and Resources stated that the service was trying to fully understand the lessons from the implementation of MySurrey and a task and finish group had been set up to review this work.

The Chairman of the Adults and Health Select Committee presented the budget recommendations from his Select Committee commenting that the Select Committee felt that a major transformation project is needed in adult social care so residents can live healthy in their own homes for longer, reducing the overall market demand for high cost care services by refocusing efforts on prevention and maximizing use of technology in care. The Cabinet Member for Health, Wellbeing and Public Health welcomed the recommendations and thanked the Select Committee for their work.

The Vice Chairman of the Children, Families, Lifelong Learning and Culture Select Committee welcomed the Cabinet response to the Select Committee's budget recommendations but had concerns around the cuts in funding for short break services for families. The Cabinet Member for Children, Families and Lifelong Learning stated that the service was unable to find the funds in the budget to invest more in short breaks without impacting statutory services. The Leader stated that the funding for short breaks would be used in the council's response to the government's local government finance settlement as an example of a service which positively impacts residents.

The Chairman of the Communities, Environment and Highways Select Committee presented the Select Committee's recommendations on the Surrey RoadSafe Vision Zero Road Safety Strategy 2024 to 2035 and the new 20mph speed policy and welcomed the Cabinet response. The Cabinet Member for Highways, Transport and Economic Growth welcomed the recommendations from the Select Committee stating that additional funding had been set aside for councillors allowances where up to £40,000 could be used for capital highway improvements which include new 20mph schemes.

**RESOLVED:**

That the three Select Committee reports be noted and recommendations considered.

**201/23 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 6]**

There were four decisions for noting.

**RESOLVED:**

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

**202/23 CABINET MEMBER OF THE MONTH [Item 7]**

The Cabinet Member for Highways, Transport and Economic Growth provided

the Cabinet with an update on the work he and the services he supports, had been undertaking. The following points were highlighted:

- The council was pleased to welcome the Secretary of State for Transport, Mark Harper, and several officers from the Department of Transport to the highways depot in Merrow on 13 October where they were shown the new gritting fleet, including a fully electric gritter which is being trialled in the winter.
- The teams were making good progress on the Road and Pavement Horizon programmes with around 70% of this year's programmes now complete. Other planned programmes of works on highway assets such as bridges, traffic signals and safety barriers were also progressing well.
- On 28 November £7.8m of Bus service Improvement Plan funding had been agreed to be used to enhance specific bus services through improved frequency or greater hours/days of operation, support the further expansion of Digital Demand Responsive Transport services and support the roll out of the Surrey LINK Card, which offers reduced price bus travel to all residents aged 20 and under.
- The Cabinet Member had approved the County Council's representation regarding the Gatwick Airport Northern Runway Development Consent Order application which had been submitted to the Planning Inspectorate on 29th October. Objections had been sent regarding the Farnborough Airport proposals to increase the number of flights, particularly at weekends, with great concern around the environment and noise. The council did not feel it had been demonstrated significantly sufficiently that they require extra capacity.

**RESOLVED:**

That the Cabinet Member of the Month update be noted.

**203/23 ANNUAL PROCUREMENT FORWARD PLAN FY2024/25 [Item 8]**

The Cabinet Member for Finance and Resources explained that the revised Procurement and Contract Standing Orders agreed by the Council in May 2019 (and further revised in March 2023) require the preparation of an Annual Procurement Forward Plan (APFP) during the business planning cycle. The APFP had been developed for 2024/25 and Cabinet was asked to approve the plan to allow implementation of the identified procurement activity. Annex 1 listed future procurement projects and anticipated costs for these. Cabinet Members had already had the opportunity to review the list of projects and reserve for any to be considered by Cabinet.

**RESOLVED:**

1. That Cabinet gives Approval to Procure for the projects listed in Annex 1 – "Annual Procurement Forward Plan for FY2024 25" in accordance with the Council's Procurement and Contract Standing Orders.
2. That Cabinet agrees that where the first ranked tender for any projects listed in Annex 1 is within the +5% budgetary tolerance level, the relevant Executive Director, Director, or Head of Service (as appropriate) is authorised to award such contracts.

3. That Cabinet agrees the procurement activity that will be returned to Cabinet prior to going out to market (Annex 1, column R).
4. That Cabinet notes projects that will be presented to Cabinet or the Strategic Investment Board for approval of the business case (Annex 1, column T).

**Reasons for Decisions:**

- To comply with the Procurement and Contract Standing Orders agreed by Council in May 2019 and further revised in March 2023.
- To provide Cabinet with strategic oversight of planned procurement projects for FY2024/25.
- To ensure Cabinet oversight is focussed on the most significant procurements.
- To avoid the need to submit multiple individual requests for Approval to Procure as well as individual contract award approvals for work taking place in FY2024/25.

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

**204/23 APPROVAL TO PROCURE SCHOOL MEALS TRANSPORTATION [Item 9]**

The Cabinet Member for Children, Families and Lifelong Learning explained that the report requested Cabinet approval to procure for the supply of transport for school meals for primary school children in reception, year 1 to year 6 across Surrey, where a school does not have their own kitchen facilities.

**RESOLVED:**

1. That Cabinet gives approval to procure for the supply of transport for school meals to primary schools that do not have adequate kitchen facilities to prepare and cook a compliant school meal service over 5 years (3 year with the option to extend up to a further 24 months).
2. That Cabinet approves the delegation of contract award decisions to the Deputy Chief Executive and Executive Director of Resources in consultation with the Cabinet Member for Finance and Resources and the Cabinet Member for Children, Families and Lifelong Learning.

**Reasons for Decisions:**

The current School Meals Transportation contract will end on 31<sup>st</sup> August 2024.

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

## **205/23 A NEW DRAFT VISION ZERO ROAD SAFETY STRATEGY AND 20 MPH SPEED LIMIT POLICY [Item 10]**

The Cabinet Member for Highways, Transport and Economic Growth introduced the report explaining that a new Surrey RoadSafe Partnership Vision Zero Road Safety Strategy has been drafted in collaboration with Surrey Police, the Police and Crime Commissioner, Surrey Fire and Rescue Service and National Highways. The aim of the new strategy was to help collectively reduce death and injury on Surrey roads. It had been drafted following a best practice Vision Zero and Safe Systems approach, with a target to reduce collisions where someone had been killed or seriously injured by 50% by 2035. The new strategy included a summary analysis of the trend in road casualties, proposed a new casualty reduction target, and described a new flexible approach to implementing 20 mph speed limits. It was explained that if approved by Cabinet, the draft Surrey RoadSafe Partnership Vision Zero Road Safety Strategy would be published for a public and stakeholder consultation commencing in January 2024 and running until mid-March 2024.

### **RESOLVED:**

1. That Cabinet welcome the new draft Surrey RoadSafe Partnership Vision Zero Road Safety Strategy and the collaborative work of Council Officers, Surrey Police, The Police and Crime Commissioner, Surrey Fire and Rescue Service, and National Highways that has produced the draft document.
2. That Cabinet agree that a public and stakeholder consultation on the draft strategy, inclusive of a new 20 mph speed limit policy, be held commencing in January 2024 and running for 10 weeks to mid-March 2024.
3. That Cabinet agree that the results of the public and stakeholder consultation, along with any proposed changes to the strategy and 20 mph speed limit policy, be brought back to Cabinet in Spring 2024 for final approval.

### **Reasons for Decisions:**

A new Surrey RoadSafe Partnership Vision Zero Road Safety Strategy, incorporating a new 20mph policy, based on best practice is crucial to reducing road death and injury throughout Surrey.

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

## **206/23 CRANLEIGH CHURCH OF ENGLAND PRIMARY SCHOOL [Item 11]**

*The Cabinet Member for Finance and Resources left the meeting at 15:03.*

The Cabinet Member for Children, Families and Lifelong Learning introduced the report which explained the complex situation at Cranleigh Church of England Primary which included the rationalisation of two sites on to one; the future of a Special Educational Needs (SEN) Unit for infant-aged children with Communication and Interaction Needs (COIN); the need for capital works at the school required to bring this school up to a reasonable standard; and the



plan for the school to convert to an academy. Ofsted inspected the school in December 2022 and judged the overall effectiveness as Inadequate. An Interim Executive Board was put in place. The Department for Education issued an academy order for the Cranleigh Church of England Primary School in March 2023 with the Good Shepherd Trust as the preferred sponsor.

**RESOLVED:**

1. That Cabinet agrees Cranleigh Church of England Primary School will operate exclusively on the junior school site with reversion of the infant school site to Surrey County Council.
2. That Cabinet approves the retention of Acorn Nursery on the infant site.
3. That Cabinet approves the use of the reception building on the infant site by Acorn Nursery.
4. That Cabinet notes the uncertain future of the SEND Centre for COIN at the school.
5. That Cabinet approves the funding for the works to take place at the school to enable the junior school building to be transferred to the academy trust in a suitable state, as outlined in the Part 2 report of this report.

**Reasons for Decisions:**

The recommendations are based on securing the future of the school by enabling the academy trust to have the best opportunity on a consolidated school site to improve the education for the benefit of children in Cranleigh.

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

*The Cabinet Member for Finance and Resources returned to the meeting at 15:10.*

**207/23 SPECIAL GUARDIAN AND FOSTER CARE REMUNERATION [Item 12]**

The Cabinet Member for Children, Families and Lifelong Learning introduced the report explaining that Cabinet were being asked to match Special Guardian allowances to those of foster carers, subject to the means test and Surrey County Council Allowance policy. The Leader stated that if these changes were agreed this would mean an additional pressure of £1.745m annual increase to Special Guardianship allowances. Special Guardians are people who look after children who are not their own, following a court order. The Special Guardianship Order gives children more permanence than a regular fostering arrangement and gives their guardians more rights to make decisions on their behalf.

**RESOLVED:**

1. That Cabinet agrees, as per statutory guidance, to match Special Guardian allowances to those of foster carers, subject to the means test and Surrey County Council Allowance policy.
2. That Cabinet approves the request to back-date the improved remuneration package to 1 April 2023.

**Reasons for Decisions:**

To bring the current Special Guardianship allowances in line with statutory guidance.

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

**208/23 SCHOOL BASIC NEED [Item 13]**

The Cabinet Member for Children, Families and Lifelong Learning introduced the report which provided an update on plans to provide mainstream school places via the council's capital programme. The report sets out the demand for mainstream school places for children of statutory school age between 5 and 16. The demand is identified through the forecast prepared by the school place planning teams. The report highlights sources of funding for these school places and also identifies risks associated with this work. The council had already provided 14,700 additional primary school places and 8800 secondary school places and would need to make plans to provide 1500 primary and 1900 secondary places by the end of 2024.

The school place planning team were thanked for their work in helping to develop school places in areas with additional housing.

**RESOLVED:**

1. That Cabinet acknowledges the approved Mid Term Financial Strategy (MTFS) 2023/24 funding for School Basic Need (SBN) programme, as identified in Part 2 of this report.
2. That Cabinet approves the delegation of authority to allocate resources from the approved budget required for individual projects to the Cabinet Members for Children, Families and Lifelong Learning, and for Property, Waste and Infrastructure following Capital Programme Panel endorsement.
3. That Cabinet notes cost pressures arising from schemes for the purpose of meeting the requirements for schools safeguarding; disability access; and sustainability.
4. That Cabinet endorses the expenditure of Basic Need funding for safeguarding, disability access and sustainability where required.
5. That Cabinet notes the impact of increased construction costs.
6. That Cabinet approves delegated authority to the Director or Assistant Director(s) of Land & Property to authorise the Council to enter into all associated licences and agreements required to facilitate the capital works.

**Reasons for Decisions:**

The recommendations ensure relevant delegated authority and acknowledgement of revised benchmark costs to efficiently deliver basic need places. The paper outlines the strategy for the provision of additional mainstream school places within the Medium-Term Financial Strategy 2023/24 for school basic need. This takes account of the latest cost estimates and forecast needs for pupil places.

This paper reconciles the Basic Need grant spend to date, at year end 2023/34, and forecasts the next five-year projected capital spend for education project delivery. The delegations of authority allow for individual project level approvals within the programme funding envelope, as well as necessary legal authority to enter into agreements for the works.

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

## **209/23 YOUR FUND SURREY APPLICATION - STANWELL EVENTS - ACORN PROJECT [Item 14]**

The Deputy Leader and Cabinet Member for Customer and Communities introduced the report explaining that the Stanwell Events Acorn Project was requesting £1,105,834 for their project. Stanwell Events was a registered charity currently located in the Long Lane Pavilion in Stanwell, Spelthorne. The charity supported the residents of Stanwell and surrounding areas to access activities and services to improve their quality of life. In addition to a foodbank, Stanwell Events delivered a range of activities for people to relax, interact, learn and enrich their lives. The project aims to re-develop the existing pavilion to make vital extensions and adaptations and create a fully usable community building, fit for the 21st century and for generations to come. The re-development will include extending into an existing paved recess area on the ground floor and erecting a first-floor extension on the existing footprint of the building. Members recognised the positive impact this project would make on the local community and commended the charity on their work in the community.

### **RESOLVED:**

1. That Cabinet approves the full amount requested of £1,105,834 (79% of total project cost), comprised of:
  - Up to £1,105,834 of capital funding towards the development of the pavilion to be paid in staged payments, on evidence of spend.
  - This includes 5% (£55,291) which will be retained as final payment until evidence of income, expenditure, building control sign-off and 25-year lease is provided.
  - A condition within the funding agreement will be to ensure we are satisfied with, and see, the Agreement for Lease with Spelthorne Borough Council before releasing any monies.

### **Reasons for Decisions:**

- This application has been the subject of a rigorous assessment process by officers, as set out in the body of this report. Officers consider the project to meet the aims and published criteria of the fund and to satisfy the requirements to award funding.
- The project aims to turn an existing community sports pavilion, currently not fit for purpose, into a modern and accessible community hub for

residents and services in an identified Surrey County Council and Health and Wellbeing Board Key Neighbourhood.

- Stanwell Events already support many residents in the area and this project will enable them to have a long-term base that allows them to expand their service and support more residents. It is expected the new facility will increase services across all projects by 30-50%, with over 33,000 visits per year.

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

## **210/23 ACQUISITION OF CORPORATE OFFICE HUB IN NORTHWEST SURREY [Item 15]**

The Cabinet Member for Finance and Resources introduced the report explaining that the intention was to relocate Quadrant Court in Woking to a new corporate hub based in Woking. It was explained that there was significant risk if the current building was retained as it required significant investment. The new corporate hub was a modern building. Both recommendation one and four in the report were updated. The Leader stated that the Cabinet needed to be satisfied with the commercial terms of the agreement.

### **RESOLVED:**

1. That Cabinet approves the acquisition of the freehold interest in a corporate office building in Woking subject to the terms set out in the part 2 report. The required capital investment to purchase the property and its details are commercially sensitive at this time and are set out in the Part 2 report.
2. That Cabinet approves procurement of appropriate supply chain partners to deliver design and fit out of the new corporate office space in accordance with the Council's Procurement and Contract Standing Orders.
3. That Cabinet grants delegated authority to the Deputy Chief Executive and the Director of Land and Property in consultation with the Cabinet Member for Finance and Resources to (i) conclude the acquisition terms to purchase the corporate office building, (ii) undertake procurement and associated contract awards and (iii) provide approval to enter into required legal documentation as necessary to complete the purchase and fit out works.
4. That Cabinet notes that, regarding the procurement of supply chain partners, the Executive Director for Resources and the Director of Land and Property are authorised to award such contracts up to +10% of the budgetary tolerance level.

### Reasons for Decisions:

Following the continued success of the Council's Agile Office Estate (AOE) strategy over the last two years, the purchase of the recommended property is the next step in the AOE programme.

As outlined in the Agile Office Estate – North-West and South-West Corporate Office Workspace report (the December 2022 report), the medium to long term costs for the Council to remain in Quadrant Court represent a financial risk to the Council. Quadrant Court would require a high level of investment to achieve desired standards for Services to be delivered in the best way for residents and meet our net zero targets by 2030.

Approving the recommendations in this report will allow the Council to continue its programme of rationalising its corporate estate, drive efficiencies, reduce the Council's carbon footprint, and deliver Services from a modern, agile environment which will better serve residents and employees. Services will be delivered from a central location in Woking, the preferred area in north-west Surrey. The property has good access to public transport and carparking.

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

### 211/23 2023/24 MONTH 7 (OCTOBER) FINANCIAL REPORT [Item 16]

The Cabinet Member for Finance and Resources introduced the monthly budget monitoring report which provided details of the County Council's 2023/24 financial position, for revenue and capital budgets, as at 31<sup>st</sup> October 2023 (M7) and the expected outlook for the remainder of the financial year. With regards to Revenue, at M7, the Council was forecasting an overspend of £1.9m against the 2023/24 revenue budget, after the application of the contingency budget. The application of the contingency reduced the overall net forecast overspend position and enabled directorates to focus on maximising the opportunities to offset further risks of overspends, in order to contain costs within available budget envelopes. With regards to Capital at Month 7, capital expenditure of £268.5m was forecast for 2023/24, a variance of £0.2m to the re-set budget of £268.3m.

#### RESOLVED:

1. That Cabinet notes the Council's forecast revenue budget (after the application of the full contingency budget) and capital budget positions for the year.

#### 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)*

### 212/23 EXCLUSION OF THE PUBLIC [Item 17]

**RESOLVED:** That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following

items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

### **213/23 ANNUAL PROCUREMENT FORWARD PLAN FY2024/25 [Item 18]**

The Cabinet Member for Finance and Resources introduced a Part 2 annex 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:**

See Minute 203/23

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

See Minute 203/23

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

### **214/23 APPROVAL TO PROCURE SCHOOL MEALS TRANSPORTATION [Item 19]**

The Cabinet Member for Children, Families and Lifelong Learning introduced a Part 2 annex 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:**

See Minute 204/23.

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

See Minute 204/23.

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

### **215/23 CRANLEIGH CHURCH OF ENGLAND PRIMARY SCHOOL [Item 20]**

The Cabinet Member for Children, Families and Lifelong Learning introduced a Part 2 annex 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 funding for the capital works to take place at the school to enable the junior school building to be transferred to the academy trust in a suitable state, as set out in this report.

**Reasons for Decisions:**

The approval of the capital expenditure for the increase in cost of the agreed works, the backlog of condition issues and the conversion at the junior block for infant places, will enable the conversion of the school to join the Good Shepherd Trust. This will give the school a good platform for improvement and be the best opportunity for the children attending the school.

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

**216/23 SCHOOL BASIC NEED [Item 21]**

The Cabinet Member for Children, Families and Lifelong Learning introduced a Part 2 annex 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 acknowledges the approved Medium Term Financial Strategy (MTFS) 2023/24 funding for School Basic Need (SBN) programme, as shown Annex B of this report.

**Reasons for Decisions:**

The recommendations ensure relevant delegated authority and acknowledgement of revised benchmark costs to efficiently deliver basic need places. The paper outlines the strategy for the provision of additional mainstream school places within the Medium-Term Financial Strategy 2023/24 for school basic need. This takes account of the latest cost estimates and forecast needs for pupil places.

This paper reconciles the Basic Need grant spend to date, at year end 2023/24, and forecasts the next five-year projected capital spend for education project delivery. The delegations of authority allow for individual project level approvals within the programme funding envelope, as well as necessary legal authority to enter into agreements for the works.

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

**217/23 ACQUISITION OF CORPORATE OFFICE HUB IN NORTH-WEST SURREY [Item 22]**

The Cabinet Member for Finance and Resources introduced a Part 2 annex 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).

There was a short discussion around the costings for the acquisition and the design of the building. Recommendations one and two in the report were updated.

**RESOLVED:**

1. That Cabinet approves acquiring the freehold interest in [E-18-23] at a purchase cost of no more than [E-18-23].
2. That Cabinet approves the total capital budget for the project at [E-18-23]. (See paragraph 3 of the Executive Summary for a breakdown of all associated costs).
3. Approves procurement of appropriate supply chain partners to deliver design and fit out of the new corporate office space in accordance with the Council's Procurement and Contract Standing Orders.
4. That Cabinet grants delegated authority to the Deputy Chief Executive and the Director of Land and Property in consultation with the Cabinet Member for Finance and Resources to (i) conclude the acquisition terms to purchase the corporate office building, (ii) undertake procurement and associated contract awards and (iii) provide approval to enter into required legal documentation as necessary to complete the purchase and fit out works.
5. Notes that, regarding the procurement of supply chain partners, the Executive Director for Resources and the Director of Land and Property are authorised to award such contracts up to +10% of the budgetary tolerance level.

**Reasons for Decisions:**

See Minute 210/23.

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

**218/23 PUBLICITY FOR PART 2 ITEMS [Item 23]**

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

Meeting closed at 15:55

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**Chairman**



## REPORT OF THE COUNCIL'S SELECT COMMITTEES

### Item under consideration: **SCRUTINY OF DRAFT REVENUE & CAPITAL BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL STRATEGY TO 2028/29**

#### Date Considered:

- 1 The four Select Committees of the Council share responsibility for the scrutiny of the Council's budget. Each Committee held a public meeting in early December to consider the most up-to-date iteration of the draft revenue and capital budget 2024/25 and Medium-Term Financial Strategy to 2028/29 the outcomes of these meetings were shared with the Cabinet on 19 December 2023.
- 2 The budget scrutiny process in 2023 was revised from previous iterations. This year Finance, in conjunction with Cabinet Members, Executive Directors and Corporate Strategy and Policy, provided two full Committee briefings on the assumptions and emerging plans for Directorate revenue and capital budgets for each Select Committee.
- 3 In addition to the two briefings held in July and October 2023, Select Committees formed sub-groups to look at key areas of their remits in greater detail with support from Finance and Service Officers.
- 4 Alongside the work done by the Select Committees, the informal Budget Task Group regularly reviewed in-year budget monitoring data, meeting three times in July, September, and November. Furthermore, the Budget Task Group scrutinised aspects of budget setting this year. The Task Group, chaired by Catherine Powell and made up of the four Select Committee Chairs plus representatives from all the political groups at the Council, considered items on:
  - the transformation programmes and new programmes;
  - the effectiveness of Equality Impact Assessments (EIA) in identifying actual impacts;
  - the Core Planning Assumptions;
  - Cost of care provided by Surrey Foster Carers vs other care services ;
  - on demand transport; plus
  - the draft 2024/25 – 2028/29 capital programme in detail.

The Group also received updates on progress in setting the budget throughout the process.

- 5 As a result of the work done above and in light of the recommendations made by the individual Select Committees in December it was felt

necessary to supplement these recommendations with further conclusions based on the work of the Budget Task Group. These conclusions were discussed and agreed at a meeting of the Group on Friday 15 December 2023.

### **Recommendations:**

1. Detailed monthly out-turn budget documents should be issued to Select Committee Chairs / Vice Chairs and the Chair of the BTG automatically and as soon as possible to help with in year Budget Scrutiny and impact of pressures and efficiency outturns on budget preparation.

### **Cabinet Response:**

***The financial position is reported monthly to Cabinet and forms part of regular performance management reporting to the Resources and Performance Select Committee, whose role it is to scrutinise the entire council budget. In addition, currently the Budget Task Group's role includes scrutiny of in-year budget monitoring position across the Council, including the ongoing impact of pressures and efficiencies on future year budgets across the Medium-Term Financial Strategy. Consideration will be given to changing current practice to ensure scrutiny by each Select Committee of the in-year budget position for each Directorate as part of the annual review of scrutiny arrangements after the Final Budget has been set.***

2. Must put a value as well as a cost on early intervention / prevention / support services that are non- Statutory in terms of spend **to** save as we have done with the Capital Budget and this needs to look across the Council (cross cutting)
  - Prevention is statutory in accordance with the Care Act for Adults
  - Ofsted expect provision of early years services
  - Social Care institute for Excellence and NICE (QALY) are good models to use as a starting point.

### **Cabinet Response:**

***Prevention and early help is essential to our guiding mission of no one left behind and our Community Vision 2030. The budget proposals include significant existing investment in preventative services, including supported independent living, local early autism programme, the mental health improvement fund, the re-unification team and targeted early help and family support.***

***Cabinet is committed to continue to enhance our budget setting process and be able to invest more in targeted prevention, with the confidence that doing so will have a positive impact on outcomes for our residents – and in turn should lead to efficiencies for us and our partners, through reduced need for higher cost interventions.***

***To date we have developed a shared definition of prevention, and a prevention framework, to support services and partners to focus on and plan preventative activity. We have started to develop a better***

***understanding of our spend profile, and of what works, through our prevention spend mapping and analysis and identified the key necessary components of a programme to transform our prevention capability.***

***We want to use the framework to test an expanded definition of prevention and system impacts on services that may not have previously been viewed as preventative, enabling us to track activity across the organisation and not just around people services.***

***Recognising that this ambition is significant, and transformational in nature, the work is being progressed as a programme, drawing on the expertise of Design & Transformation, aligned to the demand 'strand' of the Council's SWITCH Programme, with funding and resource allocated accordingly.***

***In addition, please see response to question 3 below, setting out the additional investment in preventative activities in Children's Services proposed as part of the Final Budget proposals.***

3. If more funding is not made available from Central Government in the settlement announcement that can be used to address the funding gap in Children's services, the reinstatement of the short break / stay and play services removed in this year's budget and allow for further investment in pre-school assessments and support for children with SEND. This then could be funded by identifying all non-statutory revenue outside of Children's, Adults & Health, Highways, Achieve net zero and Libraries via a detailed review and recommendations made:
  - For example, we are concerned that the Countywide CLO service is not demonstrating value for money consistently across the County and the service should be reviewed.

#### **Cabinet Response:**

***The draft budget for 2024/25 for play and leisure was £1.32m including a £70k contribution from Health and £50k for contract inflation.***

***As committed to in the Cabinet response to the recommendations of the Childrens, Lifelong Learning and Culture Select Committee in December 2023, Cabinet has reviewed the options as part of the Final Budget Setting proposals and reversed the previous decision by re-instating the £0.37m play and leisure short break budget removed from the budget in 2023/24.***

***As stated above, Cabinet is committed to continue to enhance our budget setting process and insight to support investment decisions for universal and targeted prevention. Additional investment of £5m is proposed in the final budget papers, specifically relating to children's services, to invest in the following preventative activities:***

- ***Additional capacity for Specialist Teachers in Inclusive Practice, to support schools to successfully meet the needs of more children at SEN Support.***
  - ***Integrate the Team Around the School service with the L-SPA as a single Early Intervention and Prevention Service area to continue to deliver and scale up the existing approaches to early support and intervention to education providers and families.***
  - ***Provide additional social worker resourcing to the C-SPA to assist in the effective identification of levels of need and enable early intervention.***
  - ***Permanent establishment of specialist practitioners within family safeguarding (focusing on drug and alcohol, mental health and domestic abuse) to strengthen our early help and prevention approach.***
  - ***Provide ongoing funding for posts within the Children with disabilities service, providing support for the families and enabling children with complex needs to stay at home.***
  - ***Increase Elective home education (EHE) capacity to meet the growth in numbers for EHE and Inclusion and Additional Needs (I&AN) work.***
  - ***Staffing for additional quality assurance activities to meet new responsibilities and provide additional assurance about safeguarding risks to children placed in out of county residential settings.***
  - ***Additional foster carer family support workers to enable foster carers to accept more children into placements and support children whose placements would otherwise be likely to breakdown.***
  - ***Extend the work underway to review commissioning arrangements and key contracts.***
  - ***Ongoing funding of additional Independent Reviewing Officers, continuing the positive impact on foster carer retention and placement stability.***
4. Given the recent increases in costs in some of the Capital projects which are essential as part of the invest to save revenue strategy - 2 SEND schools increasing in cost from £3.6 million to £6million for a whole series of reason including poor project scoping leading to missing costs in the estimate, the subsequent change in technical consultant and the on-going review it is recommended that:
- The review includes all on-going projects and includes the total cost of executing the whole project, the value and benefit it will deliver and that this is taken to a R&P SC for review
  - The findings of the review are considered for all similar programmes including Extra Care Housing and that this is considered by the R&P SC
  - Lessons Learned exercises are added to the routine on these programmes, so that lessons from one project can be carried forward to subsequent ones in the same programme to minimise

the risk of delays and increased costs. These should be documented and issued to R&P SC

- Capital Budget Summary should include identification of
  - I. Identification of all projects that are invest to save revenue and include the delivery of this revenue saving.
  - II. The contingency included in the estimate
  - III. Current level of financial risk – RAG rating

**Cabinet Response:**

***An independent review of the funding requirements against technical viability options appraisal is currently underway across the SEND and Alternative Provision capital programme. The aim is to provide assurance that the number of places committed to can still be afforded within the approved capital investment allocation.***

***Regular reviews and progress updates of large capital schemes are taken to the relevant Select Committee for scrutiny. In addition, as part of the review undertaken of the capital programme, business case assumptions for large schemes such as SEND and Supported Independent Living were reviewed.***

***Detailed business cases, including financial modelling, risk assessments and contingency levels are considered in detail by the Capital Programme Panel before schemes are moved from the capital pipeline to the capital programme and are kept under review. Details are available to Cabinet Members and Select Committees on request. Summaries of invest to save schemes and capital strategies are included in Section 4 of the Final Budget Report and associated revenue efficiencies are built into the final budget proposals.***

***The sufficiency of the capital funding for SEND programme is under additional pressure, as the DfE did not make the full requested capital contribution to the expansion of specialist places that the Safety Valve agreement relied upon and instead is requiring the Council to secure the capital through the Free School programme, successful bids for this programme funding is not guaranteed.***

5. Given the pressures on key Capital projects which will save revenue including the SEND Capital Budget (review on-going will report after budget meeting), Extra Care Housing and Highways maintenance, there should be announcements made that
  - Consider prioritisation of funding announced in 12<sup>th</sup> of December Council meeting of an additional £50k to 21 key Neighbourhoods and any area which has sub domain in National Decile 1 (projects in these areas to be focused on the relevant sub domain), for example if a Councillor does not wish to spend their full small YFS allocation this could be allocated to the 21 key neighbourhoods

- Change the criteria for Large YFS projects such that there is a minimum score that must be achieved for any new project to be considered for funding that is the average of the schemes funded so far.
- Introduce minimum match funding for all future Large YFS Schemes in non priority areas.
- the YFS scheme is closing to new applications at the end of this financial year.
- the total value will be capped at £40million as per the draft budget
- there will be an advisory limit on the maximum value of any large YFS bid with a cap on the total spending for projects in excess of £1 million. This should ensure we get a good mix of large and small projects to maximise the number of communities supported

### **Cabinet Response:**

***Your Fund Surrey (YFS) has made a significant difference to community-led projects across the county since its inception in 2020. Residents and communities have benefitted from a wide range of community projects over the past three years, including community hubs, playgrounds, inclusive sports facilities, men's sheds, community gardens and living walls, solar panels, and enhancements to community halls. These projects support the Council's Community Vision for Surrey and the benefits are already being realised. The projects are leading to reduced social isolation, a greater sense of connectivity, belonging and inclusivity. They ensure that community venues and spaces are accessible to everyone, linking with our prevention agenda and supporting the Council's net zero ambitions.***

***The Council's continued commitment to YFS is demonstrated in the £40m budget allowed for in the Capital Programme from 2023 – 2026. Officers will continue to regularly review the number of projects in the pipeline and commitments against budget, to ensure the proper management of the fund, value for money and the appropriate engagement and communication with residents, communities, and potential applicants.***

***As announced at the Council meeting on 12 December 2023, in order to build on the success of the YFS Small Fund and to ensure that as many communities are supported as possible, an additional £50k will be allocated to all Members to support projects in their divisions. YFS has always been a universal fund, that supports a wide range of community-led projects throughout the whole of the County, with criteria in place that prioritise grant awards to those demonstrating the greatest need and/or benefit.***

***Additional support with the application process is offered to applicants from key neighbourhoods.***



6. EIA process needs to be reviewed and potentially phased so that:
- In the early stages of efficiency consideration, groups which will be impacted negatively are identified and the financial cost of the negative impact needs to be quantified with the value of the efficiency
  - Where services that are being withdrawn have clear early intervention / prevention / support benefits which prevent increase in statutory need this is identified early and the potential value of those services to increase statutory needs and costs is identified. The BTG notes that this was the case in the EIA for short breaks last year.
  - When the efficiency is implemented the relative costs savings and also the impacts are monitored
  - All EIAs should have a summary and recommendations regarding, efficiencies, impacts and mitigations

**Cabinet Response:**

***We continuously review the EIA process to ensure that the Cabinet is equipped to enable 'due regard' on equality impacts based on the best possible information available at the time. At the time of setting the budget, some efficiency proposals will be more advanced than others as the financial context continues to evolve, so some final decisions will need to be taken by Cabinet, the relevant Cabinet Member, or senior officers before they are implemented.***

***Officers leading on the implementation of efficiency projects are required to have robust plans for monitoring and review of EIAs. This enables learning and, where needed, delivery to adapt where new negative impacts emerge.***

***As a standard feature of Member engagement on the budget, equality analysis will continue to be provided at the earliest opportunity and improved in future years, including feasibility of quantifying any financial implications arising from both positive and negative equality impacts.***

7. The Council must continue to lobby central government for more funding for Children's, Adults, Public Health and changing the Highways roads funding formula to ensure that money can not only fully fund statutory requirements but also be put into early intervention / support & prevention to reduce further escalation in Statutory service costs

**Cabinet Response:**

***The Council, and Cabinet Members specifically, regularly engage with Government over funding levels and the impact insufficient funding has on service delivery and residents.***

***A response to the Provisional Local Government Settlement consultation is in draft and will highlight the view that it does not go far enough to address the challenges that local authorities continue to face.***

***In addition, the Leader, in his role as chair of the County Council Network's Management Committee, has played an instrumental role in recent funding decisions, including increased social care funding for 2023/24 and 2024/25 and the deferral of the adults social care charging reforms.***

8. Need to be very clear what the cabinets expectation is from the Budget Task Group before the start of the next financial year including which select committees will review which specific areas. The Budget Task Group believe they should look at for example transformation programmes where revenue and capital are interdependent.

**Cabinet Response:**

***An annual review of budget scrutiny arrangements takes place after the Final Budget has been set. Consideration will be given to the future of the Budget Task Group and ways to enhance scrutiny of the in-year budget position & budget proposals going forward.***

***Revised governance arrangements for the transformation programme have recently been implemented, with a new Strategic Transformation, Improvement and Assurance Board (STIAB) to oversee and assure our key top level transformation programmes, this is chaired by the Leader. Sitting below this are four thematic boards focussed on Place & Communities, Adults Wellbeing and Health Partnerships, Children's Families and Lifelong Learning and a Cross Cutting Board that oversees organisational wide programmes of change, these boards are chaired by relevant Executive Directors. Specific programmes and projects are often discussed at the relevant Select Committee to update on progress and ensure scrutiny.***

9. Need to review revenue and capital together where they are interdependent e.g. Foster Carers and Children's homes / placements

**Cabinet Response:**

***The development of the revenue budget is carried out alongside and integrated with the setting of the capital programme. Business cases are developed for capital investment and include the full lifecycle costs of new investment to ensure the long-term financial impact is understood and included in budget proposals. The full borrowing costs of the proposed Capital Programme are reflected in the revenue budget and the trajectory for borrowing costs has been assessed over the long-term and efficiencies driven through capital investment are included in the revenue budget proposals and monitoring through monthly efficiency monitoring. Individual capital programme and projects are often discussed at the relevant Select Committee to update on progress, ensure scrutiny and briefings contain both capital and revenue implications and monitoring.***



10. The Council must continue to lobby central government for more funding / support from the NHS are causing significant issues / financial pressures on the SCC budget, need to lobby Government to address this issue:

- EHCP / SEND
- Health Assessments of Looked After Children
- Mindworks
- Support to the VCF sector

**Cabinet Response:**

***The Council, and Cabinet Members specifically, regularly engage with Government over funding levels and the impact insufficient funding has on service delivery and residents.***

**Report author:** Catherine Powell, Chair of the Budget Task Group

**Fiona Davidson**  
**Chair - Children, Families, Lifelong Learning and Culture Select Committee**

**Bob Hughes**  
**Chairman - Resources and Performance Select Committee**

**Trefor Hogg**  
**Chairman - Adults and Health Select Committee**

**Jonathan Hulley**  
**Chairman - Communities, Environment & Highways Select Committee**

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**SURREY COUNTY COUNCIL****CABINET****DATE:** 30 JANUARY 2024**REPORT OF:** N/A**LEAD OFFICER:** JOANNA KILLIAN, CHIEF EXECUTIVE**SUBJECT:** LEADER/DEPUTY LEADER/CABINET MEMBER/ STRATEGIC INVESTMENT BOARD AND COMMITTEE-IN-COMMON DECISIONS TAKEN SINCE THE LAST CABINET MEETING**SUMMARY OF ISSUE:**

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

**RECOMMENDATIONS:**

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

**REASON FOR RECOMMENDATIONS:**

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

**DETAILS:**

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

**Contact Officer:**

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

**Annexes:**

Annex 1 – Delegated Decisions Report

**Sources/background papers:**

None

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**COMMITTEES-IN-COMMON SUB-COMMITTEE DECISIONS – 13 DECEMBER 2023****1. MENTAL HEALTH INVESTMENT FUND DELEGATED DECISION MAKING****RESOLVED:**

That the transfer of delegated decision making to be joint responsibility and accountability between the Executive Director Adults, Wellbeing and Health Partnerships, Surrey County Council and Joint Chief Medical Officer and Executive Director Adult Mental Health, Surrey Heartlands ICB was approved.

**Reasons for Decision:**

In September 2022, Committees in Common approved the transfer of responsibility and accountability for the MHIF to the Joint Executive Director for Public Service Reform from 1 October 2022 to reflect the joint nature of the fund across Surrey County Council and Surrey Heartlands ICS. This joint role no longer exists as of October 2023, but decision making should continue to reflect the joint nature of the fund.

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## Care Quality Commission Regulation

The Care Quality Commission (CQC) is now responsible for regulating local authorities' delivery of its Care Act duties. This is the first-time local authorities have been assessed on these duties since the introduction of the Care Act in 2014. The CQC has piloted their approach in five authorities with four rated as 'good' and one 'requires improvement'. The framework and approach for regulation has evolved during these pilots and further information about the final approach is expected shortly. The CQC has committed to complete assessments on all local authorities in the next two years. The next 3 authorities were informed of their visits scheduled for February 2024, and all authorities will now be contacted on a staggered basis over the next 2 years. The CQC will focus on four key areas - Working with People; Providing Support; Ensuring Safety; Leadership.

To support our preparations Adults, Wellbeing and Health Partnerships (AWHP) has started to complete and seek views of partners, and other stakeholders to develop a self-assessment which sets out our strengths and areas for improvement. This will be aligned with the national data CQC will have access to, the views of our workforce, feedback from people who use our services, our key partners and demonstrates our compliance with the Care Act. In addition to our self-assessment, we are focusing on:

- Performance improvement in some key areas such as safeguarding, timeliness to assessment and having plans in place so we can demonstrate further improvement.
- Reviewing practice and listening to people who use services, their carers and our workforce to understand the experience of people using adult social care.
- Communication and engagement plans to make sure everyone internally and externally understands the CQC framework and what it means for local government and our Care Act duties. We will have in place all of the housekeeping arrangements so that when we are notified of a CQC inspection, we have rooms, and a schedule in place to be activated.

## Safeguarding

There have been some significant changes in staffing within Safeguarding in Adults, Wellbeing and Health Partnerships (AWHP). Firstly, a new post, Assistant Director, Safeguarding, Assurance, Mental Capacity Act (MCA) and Deprivation of Liberty Safeguards (DoLS) has been established to provide strategic oversight and leadership across Surrey. The post has been recruited to on an interim basis following attempts to recruit permanently. A new team manager has been appointed to the specialist Multi-Agency Safeguarding Hub team and took up post on 1 January 2024.

Like many authorities Surrey has experienced increased numbers of safeguarding concerns and investigations referred to the local authority. Not all of these after investigation are safeguarding adults' issues, however the high numbers, in the context of other increased demand has led to an outstanding list of open safeguarding cases which though reducing is currently standing at 3,700. Prioritisation and tracking processes are in place and we continue to work on reducing this number. We are also working through the Safeguarding Adults Board with our partners including the NHS and Police to make sure that we have a shared understanding of what is appropriate to be referred as a safeguarding adult's referral. A new safeguarding tracker has been developed to support each area to focus and bring the lists down with clear governance arrangements.

The new Assistant Director is establishing regular performance meetings with the Business Intelligence Team to monitor and review progress. In addition, the overarching safeguarding adults pathway with partners is under review and plans developed to ensure that we have the right resources in place at the right points to manage what is now clearly a significant increase in demand. The redesign will address any areas of inconsistency, improve timeliness, and the experience for people who may need safeguarding.

We have a high number of safeguarding adults concerns raised from our care providers for example medication errors where though they may need addressing are often more about quality and provider support. The CQC approach for the care market means that to meet their own registration standards they feel they need to refer to the local authority and raise as a safeguarding concern. In other systems in order to manage these types of issues a Provider Alert approach is taken and this helps to focus resources and support. Work has commenced to review the Provider Alert process and early discussions between the Assistant Director of Safeguarding and Director of Commissioning, have led to recognition of the need for a streamlined approach. It is recognised that the transfer of quality concern activity from care providers



pathway to commissioning needs to be implemented, supported by clear communication and engagement plan with key partners, wider directorate, care providers and approved by the Surrey Safeguarding Adults Board (SSAB). This will be included as part of a workshop planned for late January.

## **Performance quality assurance**

An audit programme has been developed to ensure a quality approach across Adults, Wellbeing and Health Partnerships (AWHP). Auditing is being rolled out and incorporated into a quality business-as-usual approach. Initially, integrated into our CQC tracking cases, it will also be included as part of regular supervisory processes.

The quality monitoring process within commissioning is also being reviewed and will be covered in a workshop later in January. Areas considered will include:

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- Quality of staff - how they present, including their interaction with people who use services.
- How well people who use services are cared for - how they present and feedback from them and their relatives.
- How people who use services' wellbeing is assured - 'the user voice', accessible activities, co-design etc.
- Quality of environment.
- How service users are engaged in running the service.
- Compliments and complaints - staff awareness and follow up.
- Maximisation of choice and control - layout of building, involvement in design of activities, menus etc, co-production.
- How well understood safeguarding is and embedded as a culture - key workers, policies, relatives and people who use services' understanding.

The AWHP Quality Improvement Board is being refreshed and will be led by the Assistant Director of Quality and Safety reporting directly into the DASS. The terms of reference are currently being reviewed and it is anticipated that the board will have a renewed focus on performance, quality and provide scrutiny to new processes and procedures.

## **Links with providers**

Adults, Wellbeing and Health Partnerships (AWHP) have well established mechanisms for working in partnership with providers on key opportunities and challenges facing the social care sector. These include:

- Regular strategic liaison meetings with Surrey Care Association (SCA) – the counties care provider representative membership body. Through these regular meetings SCA and Surrey County Council are reviewing and updating our shared work programme that supports the development of the sector and quality and availability of social care services for Surrey residents. Areas of focus have included workforce, integrated working with health and developing new and more innovative models of service delivery. The joint work on shared workforce challenges with SCA through the Surrey Academy will deliver an accredited and portable care certificate qualification to support recruitment and retention for all providers.
- Regular Partner Update meetings led by the Executive Director AWHP at which key stakeholders across the Voluntary, Community & Faith Sector (VCFS) and provider sector come together to discuss and problem solve on the key strategic priorities for Surrey.
- SCA led provider forums themed around key service areas which AHWP commissioners are regularly invited to attend to update on and discuss key issues.
- A range of task and finish group meetings led by AHWP commissioners to develop priorities and approach to future service commissioning and ways in which providers can work in partnership with the Council to solve key challenges.
- Ongoing and specific market engagement events with providers both around strategic planning as well as engagement as part of formal recommissioning/tendering processes
- Regular provider quality assurance and contract monitoring meetings focused on both holding providers to account as well as working jointly on actions to deliver ongoing service improvement and delivery of high-quality care services.

## Surge in demand and what we are doing to meet this

With people living longer and increasing numbers of people with chronic or multiple conditions, Surrey like many other local authorities, is seeing extra demand for health and social care services. On 1 December 2023, Adults, Wellbeing and Health Partnerships (AWHP) had 23,688 open cases— including costed, non-costed package of care and people waiting for services to be put in place – an increase of 9.5% in the last 12 months. Mental Health cases, have increased by 43% in the last two years, reflecting a national trend since the pandemic. These increases are broadly in line with our regional and national comparator averages.

The increasing caseload, combined with the growing numbers of safeguarding cases, is putting considerable pressure on frontline teams, resulting in waiting lists for both assessments and reviews. Improvement plans are in place to respond. For example, teams are prioritising people for assessment, we are looking at alternative models for undertaking reviews and working to ensure our workforce is the right size, with the right skills deployed in the right places.

One of the key priorities for the newly created AWHP directorate will be to scope and implement transformational changes to ensure the long-term sustainability of services. This will mean new models of delivery, streamlining and digitising the way we work, and investment in preventative interventions to support people to lead healthier and more independent lives. AWHP has started to shape our 3-5 year transformation agenda for long-term sustainability around three programmes of change with prevention at their heart as follows:

- Customer Journey
- Market Shaping and Commissioning
- Partnerships and Integration

## Housing, Accommodation and Homes Strategy for Surrey

Following the agreement of the Housing, Accommodation and Homes Strategy for Surrey in 2023 work has been underway to continue the momentum and focus on this agenda, and to bring partners together in tackling what the strategy described as a housing crisis in Surrey. There is a need for a collective effort by local authorities, the private sector and government agencies operating across Surrey to enable the delivery of supply of homes for Surrey residents which are truly affordable for local people. This “Call to Action” remains a focus and priority for the year ahead.

The Leader and I were delighted to be invited to the LoveLocalGov event focused on celebrating the best of local government work, showcasing our innovative work on developing the Housing, Accommodation and Homes Strategy for Surrey. There was genuine interest in the leadership role that Surrey County Council is taking in this space and the way we are helping to drive forward this agenda, even if we hold very little direct control over land and housing provision.



There is an ambitious programme of work underway across the organisation which contributes to tackling issues of housing supply and suitable tenure. The wide range of workstreams includes activities such as investment in transport through the Surrey Infrastructure Plan programme to reduce congestion and support sustainable growth; working with local partners involved in the One Public Estate Partnership, to establish funding bids for the development of brownfield sites; delivering our retrofit programmes, to improve the efficiency of homes across Surrey; working to help define the housing and accommodation needs to support an aging population in Surrey; and delivering the Accommodation with Care and Support Programme.

**Housing, Health and Wellbeing** - We have recently completed an update to the Housing Chapter of the Joint Strategic Needs Assessment, which considers the relationship between housing and health, recognising that housing is a wider determinant of health and having a stable and secure home is one of the foundations of a good quality of life.

**Delivering the Accommodation with Care and Support Strategy – ‘Right homes, right support’**

The size and scale of our Accommodation with Care and Support Strategy demonstrates Surrey County Council’s commitment to transform how residents are supported to live independently in the ‘right homes with the right support’. In total, we have an ambition to deliver over 1,400 units of specialist accommodation across Surrey. We look forward to working with the market to realise this ambition, deliver improved outcomes for our residents and ensure ‘nobody is left behind’.

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We have set a target to deliver a minimum of 725 units of affordable Extra Care Housing for older people. We are making good progress delivering this ambition and have plans in place with development and housing management partners to deliver circa 350 units. We have secured full planning approval at one site and outline planning approval at a further two sites. This means construction will commence in 2024 on the first site.

We plan to reduce the number of people in residential care with learning disabilities and/or autism by 40 to 50%. This means that we need to increase the number of Supported Independent Living units in Surrey by at least 500 units. We have delivered or have plans in place to deliver circa 390 units of Supported Independent Living. Circa 340 units have been delivered with the market either through deregistering residential care homes to Supported Independent Living or through the market completing new acquisitions. There are plans in place to deliver 50 units of Supported Independent Living at four County Council owned sites across Surrey. All four sites have full planning approval and construction will commence in early 2024.

We have a target to deliver 185 to 210 units of Supported Independent Living for people with mental health needs. At Cabinet in April 2023 five sites were allocated capital funding for feasibility assessments and allocated as in-principle for Supported Independent Living for people with mental health needs. These future developments are subject to successful feasibility assessments, full business cases and approval by Cabinet. The site names and locations are currently confidential.

Over and above the work underway locally which contributes to the delivery of the strategy, we’re working to influence Government’s position and have shared with Ministers a Call to Government which reflects the policy and legislative changes required to address some of the housing supply issues.



*Concept images show how Supported Independent Living could look, once completed, at Byfleet, Cobham and Horley (from L to R)*

**SURREY COUNTY COUNCIL****CABINET****DATE: 30 JANUARY 2024****REPORT OF CABINET MEMBER: TIM OLIVER, LEADER OF THE COUNCIL****LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE & EXECUTIVE DIRECTOR RESOURCES (S151 OFFICER)****SUBJECT: 2024/25 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2028/29**

**ORGANISATION STRATEGY PRIORITY AREA: NO ONE LEFT BEHIND / GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT / TACKLING HEALTH INEQUALITY / ENABLING A GREENER FUTURE / EMPOWERED AND THRIVING COMMUNITIES, HIGH PERFORMING COUNCIL**

<b>Purpose of the Report:</b>
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The Council has a statutory duty to set a balanced budget in advance of each financial year. The Final Budget for 2024/25 will be presented to Full Council on 6<sup>th</sup> February 2024. Cabinet is required to recommend a budget to Council for consideration at this meeting.

**Key Messages:**

A strong focus on financial accountability has enabled the Council to improve its financial resilience and the financial management capabilities across the organisation. This has provided a strengthened position, enabling the Council to be ambitious and look to continue to drive improvements and investment in our services.

However, we recognise that this financial year and the next 2-3 are likely to represent an extremely challenging period. Continued increasing demand for key services and high inflation means that the cost of delivering services is increasing at a faster rate than our funding.

The Provisional Local Government Finance Settlement (LGFS) was released on the 18<sup>th</sup> December 2023, with a final settlement due in February 2024. In the context of a series of S114 announcements, publicised issues with local government funding and extensive lobbying to the Treasury leading up to the announcements, there were positive indications that there would be some additional funding. This proved to not be the case and the provisional settlement is considered disappointing across the local government sector.

The majority of the 6.7% increase in Surrey's core spending power relates to an assumption of full utilisation of the council tax and adults social care precept levels, rather than additional funding from Government. The provisional settlement does



not go far enough in addressing the financial challenges local authorities continue to face.

The Council continues to lobby Government to make the case for additional funding. Public services have been under pressure years, further compounded by increased demands and the highest inflation in four decades. Based on indications given to date, the Council remains hopeful for a more favourable Final Local Government Finance Settlement (LGFS).

The Council also recognises the need to invest further in prevention activities. Prevention and early support are essential to our guiding mission of no one left behind and our Community Vision 2030. As a result, and in addition to the activities already included in the budget proposals, Cabinet is asked to approve the investment of a further £5m in targeted activities, specifically within childrens' services, with the confidence that doing so will have a positive impact on outcomes for families and children and in turn should lead to efficiencies for us and our partners, through reduced need for higher cost interventions.

This additional investment is intended to be funded from any additional funding announced as part of the Final LGFS. If additional funding is not forthcoming, then the Cabinet is asked to approve the use of earmarked reserves in order to ensure the required investment is made.

The final budget for 2024/25 proposes total funding of £1,197.1m; an increase of £94.9m from 2023/24. In order to achieve a balanced budget, it includes the following recommendations to full Council on Council Tax and the Adults Social Care Precept:

- 2.99% increase in Council Tax
- 2% Adult Social Care Precept

The increase in the total bill for a Band D property will equate to £1.61p per week. Decisions to increase Council Tax are not made lightly and balance the need to provide sustainable services for the most vulnerable with a recognition of the pressures on household finances, particularly during the current cost of living pressures.

Looking to the medium term, it is anticipated that this period of financial challenge for the council will persist, and without further action the budget gap is expected to continue to grow. The stability we have worked so hard to establish will not enable us to avoid difficult decisions but will allow us the time and space to make them in a considered and measured way. The council has a defined set of transformation and improvement plans with a clear focus on protecting and improving service delivery in the first instance, being realistic about our ambitions, underpinned by an earned confidence in our ability to deliver efficiencies. This will enable us to continue to deliver the Council's priorities, with a total focus on our financial management responsibilities, whilst delivering a stronger and more effective organisation.

## Recommendations:

It is recommended that:

Cabinet recommends that Council:

1. Approves the net revenue budget requirement be set at **£1,197.1 million** (net cost of services after service specific government grants) for 2024/25 (Annex B), subject to confirmation of the Final Local Government Financial Settlement.
2. Approves the total Council Tax Funding Requirement be set at **£914.9 million** for 2024/25. This is based on a council tax increase of 4.99%, made up of an increase in the level of core council tax of 2.99% and an increase of 2% in the precept proposed by Central Government to cover the growing cost of Adult Social Care (Annex E).
3. Notes that for the purpose of section 52ZB of the Local Government Finance Act 1992, the Council formally determines that the increase in core council tax is not such as to trigger a referendum (i.e. not greater than 3%).
4. Sets the Surrey County Council precept for Band D Council Tax at £1,758.60, which represents a 4.99% uplift. This is a rise of £1.61 a week from the 2023/24 precept of £1,675.08. This includes £251.44 for the Adult Social Care precept, which has increased by £33.50. A full list of bands is as follows:

Valuation band	Core precept	ASC precept	Overall precept
A	£ 1,004.77	£ 167.63	£ 1,172.40
B	£ 1,172.24	£ 195.56	£ 1,367.80
C	£ 1,339.70	£ 223.50	£ 1,563.20
D	£ 1,507.16	£ 251.44	£ 1,758.60
E	£ 1,842.08	£ 307.32	£ 2,149.40
F	£ 2,177.01	£ 363.19	£ 2,540.20
G	£ 2,511.93	£ 419.07	£ 2,931.00
H	£ 3,014.32	£ 502.88	£ 3,517.20

5. Approves the use of £5m of earmarked reserves, to enable additional targeted preventative and early intervention investment in the event that the Final Local Government Finance Settlement does not provide any additional funding to that contained in the provisional settlement (paragraph 6).
6. Notes that underlying General Fund Balances are projected to remain at £49 million as of 1 April 2024.
7. Approves the Total Schools Budget of £656.7 million to meet the Council's statutory requirement on schools funding (as set out in Section 9 of the 2024/25 Final Budget and Medium-Term Financial Strategy to 2028/29).
8. Approves the overall indicative Budget Envelopes for Directorates and individual services for the 2024/25 budget (Annex B).

9. Approves the total £1,902.4 million proposed five-year Capital Programme (comprising £1,291.3 million of budget and £611.1 million pipeline) and approves the £404.9 million Capital Budget in 2024/25 (Annex C).
10. Approves the Capital and Investment Strategy (Annex F - Sections 1 to 3), which provides an overview of how risks associated with capital expenditure, financing and treasury will be managed as well as how they contribute towards the delivery of services.
11. Approves the policy for making a prudent level of revenue provision for the repayment of debt - the Minimum Revenue Provision (MRP) Policy (Annex G).
12. Note that the investment in Transformation required to deliver improved outcomes and financial benefits is built into the proposed Medium-Term Financial Strategy (as set out in section 3 of 2024/25 Final Budget Report and Medium-Term Financial Strategy to 2028/29).

Cabinet notes that the Audit & Governance Committee has approved the following at its meeting on the 17th January 2024:

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

#### **Reason for Recommendations:**

Council will meet on 6<sup>th</sup> February 2024 to agree a budget and to set the Council Tax Precept for 2024/25. Cabinet is required to recommend a budget to Council for consideration at this meeting. The budget directs available resources to support the achievement of the Council’s ambitions and priorities in the 2030 Vision and the Refreshed Organisation Strategy.

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

#### **Executive Summary:**

1. The production of the 2024/25 budget has been developed through an integrated approach across Corporate Strategy, Transformation and Finance, ensuring that revenue budgets, capital investment and transformation plans are aligned with each of the Directorate’s service plans and the corporate priorities of the organisation. Ensuring that each aspect of planning for 2024/25 and the medium-term are aligned provides a stable foundation for delivering services to Surrey residents in the face of challenges presented by the increased cost-of-living, ongoing high inflation, continued increasing demand for vital services, the medium-term ongoing impacts of the Covid-19 pandemic and wider local government policy pressures.

## Revenue

2. It is paramount that we continue to ensure that the County Council is in a resilient financial position, so that there is no risk of us failing to deliver the crucial services that we have responsibility for, either in the short or medium term. Significant efficiencies have been identified in the budget proposals to enable a balanced position to be presented.
3. Despite the inflationary, cost and demand pressures being experienced, the Council remains committed to investing in service improvements. The budget proposals include revenue investment in a number of key improvement areas including:
  - significant investment in supporting and enhancing bus transport services with the introduction of a half price travel scheme and expansion of the digital demand responsive transport scheme.
  - supporting and enhancing highways and environment services, following a task and finish review undertaken by Cabinet earlier in the year, investment in a range of service improvements are proposed including refreshing road lines, additional investment in gulley cleaning, area stewards and grass-cutting.
  - Investment in preventative services including targeted early help and reunification of children back to their parental homes where safe to do so.
4. Prevention and early support are essential to our guiding mission of no one left behind and our Community Vision 2030. The budget proposals include significant existing investment in preventative services, including supported independent living, local early autism programme, the mental health improvement fund, the re-unification team and targeted early help and family support. It is estimated, based on current analysis, that by 2028/29 we will already be spending c£165m across all revenue budgets on preventative activity. In addition, £538m of preventative spend is planned in the Capital Programme over the next 5 years.
5. Cabinet is committed to continue to enhance our budget setting process and insight to support investment decisions for universal and targeted prevention, with the confidence that doing so will have a positive impact on outcomes for families and children and in turn should lead to efficiencies for us and our partners, through reduced need for higher cost interventions.
6. As a result of this commitment, additional investment of £5m is proposed, specifically relating to children's services, to invest in the following:
  - Additional capacity for Specialist Teachers in Inclusive Practice, to support schools to successfully meet the needs of more children at SEN Support.



- Integrate the Team Around the School service with the L-SPA as a single Early Intervention and Prevention Service area to continue to deliver and scale up the existing approaches to early support and intervention to education providers and families.
  - Provide additional social worker resourcing to the C-SPA to assist in the effective identification of levels of need and enable early intervention.
  - Permanent establishment of specialist practitioners within family safeguarding (focusing on drug and alcohol, mental health and domestic abuse) to strengthen our early help and prevention approach.
  - Provide ongoing funding for posts within the Children with disabilities service, providing support for the families and enabling children with complex needs to stay at home.
  - Increase Elective home education (EHE) capacity to meet the growth in numbers for EHE and Inclusion and Additional Needs (I&AN) work.
  - Staffing for additional quality assurance activities to meet new responsibilities and provide additional assurance about safeguarding risks to children placed in out of county residential settings.
  - Additional foster carer family support workers to enable foster carers to accept more children into placements and support children whose placements would otherwise be likely to breakdown.
  - Extend the work underway to review commissioning arrangements and key contracts.
  - Ongoing funding of additional Independent Reviewing Officers, continuing the positive impact on foster carer retention and placement stability.
7. This additional investment is intended to be financed from any additional funding as part of the Final LGFS. If additional funding is not forthcoming, then the Cabinet is asked to approve the use of earmarked reserves in order to ensure the required investment is made. The final funding source for this additional investment is dependent on the outcome of the Final LGFS and will be reported to Cabinet and included in the total budget figures as part of the first monitoring report of the new financial year.

### **Capital**

8. Over recent years the Council's capital ambition and delivery has grown significantly. Our aspirations remain high and the Draft Capital Programme for 2024/25 – 2028/29 proposes ongoing investment in priority areas such as highways infrastructure, improving the condition of our property estate, creating additional school places including for children with special educational needs and disabilities, the green agenda, transforming our libraries and investing in adult social care accommodation with care and support.
9. Despite our continued ambitions, the economic environment has changed over recent years. High inflation is making delivery of capital schemes more

expensive and successive interest rate rises have increased the cost of financing borrowing. In order to sustain our financial resilience, we need to tighten up and re-set our capital expenditure approach, to ensure the affordability and sustainability of our capital programme in the medium term.

10. The challenge of developing an affordable capital programme that effectively delivers the Council priorities has grown. Over the summer, investment plans were robustly reviewed and schemes in the programme prioritised, re-scoped, removed or re-profiled to ensure that proposals best reflect the Council's priorities and are deliverable within available financial and operational resources. Opportunities to utilise other sources of funding have been factored into the proposed budget.
11. The Council remains committed to Your Fund Surrey (YFS), however in light of the need to prioritise capital investment and based on historic applications, the overall amount made available has been reduced. Significant investment of £40m has been made available for the 2023/24 – 2025/26 period to bring community-led place-making or place-improving projects to life at a scale to make a significant impact and deliver a real legacy in communities. This investment includes the Small Community Project Fund which allocates each Councillor £100k to support capital community projects.
12. Our residents understandably want us to continue to make improvements to our highways and road network. The proposed capital programme includes £32m of additional expenditure on roads, highways and flooding & drainage directly related to the conclusions and recommendations of a task and finish group, which worked to review service delivery and put in place both immediate actions where possible and further opportunities in which to invest that will result in noticeable improvements for residents.
13. In addition, the Leader made a commitment in March 2023 to continue the enhanced programme of investment in highways maintenance put in place in 2022 until 2025/26. The capital programme includes enhanced investment in our highways of £79m through the maintenance programme and local highways schemes in 2024/25 and 2025/26, in addition to the £60m already spent over the last three years, accelerating the benefits and improvement to the condition of the network. Through this enhanced programme, we have increased spending across road and pavement schemes, targeting maintenance improvement in residential and pedestrian areas in particular. We have delivered a number of preventative schemes sooner than planned, increasing the resilience of the network and putting us in a better position to be able to manage the impacts of climate change.
14. The enhanced programme includes an increase to the Councillor's individual highways allocation to £120k for 2024/25 and 2025/26 in recognition of the particularly high inflationary impact at this time and enabling Councillors to deliver a greater number of local priority schemes in addition to the main programme.

## Medium Term Position

15. The budget gap is expected to continue to grow over the medium term financial strategy period, as demand and price pressures continue to exceed increases in funding. The funding position past 2024/25 is extremely uncertain.
16. Prospects for local government finance settlements in the next spending review period look very tight, with real-terms cuts anticipated for unprotected services, including most of local government.
17. The Government has confirmed that the review of Local Government funding distribution, the Review of Relative Needs and Resources or Fair Funding Review will now not be implemented in the current parliament. Given the upcoming General Election, current modelling assumptions use 2026/27 as the earliest possible opportunity for these changes to be implemented. Confirmation over the timing of the reform is crucial to planning, not least because we anticipate the results will reduce our overall funding.
18. The Council recognises that tackling this gap will require a medium-term focus and a fundamentally different approach which is why we are focusing not only on the short term pressures in 2024/25, but simultaneously looking to address the medium-term horizon.
19. Cabinet is required to consider and make recommendations to Council on:
  - The Revenue and Capital Budgets for 2024/25, including efficiency proposals.
  - The Council Tax Precept level for 2024/25.
  - The Council's Capital Programme for 2024/25 - 2028/29.
  - The Council's Capital, Investment and Treasury Management Strategy, which provide an overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of our services and sustain our capital investments.
20. The budget decisions and attached 2024/25 Final Budget Report and Medium-Term Financial Strategy and supporting Annexes set out the context (both internal and external), approach and assumptions underpinning the development of the budget, supporting the priorities set out in the Council's Organisation Strategy.

### Consultation:

21. Section 10 of the 2024/25 Final Budget Report and Medium-Term Financial Strategy to 2028/29 and Annex H attached to the report set out the consultation and engagement activity undertaken throughout 2023 as part of developing the budget, ensuring residents and stakeholders were able to inform the final budget.
22. The consultation and engagement process to inform the budget was divided into two phases:
  - The first phase took place in the summer of 2023. Stakeholders were asked for their views on the priority outcomes the Council should be

focused on, how the organisation allocates its financial resources, preferred approaches to balancing the budget and circumstances under which a council tax increase would be supported.

- The second phase was a consultation on the draft budget agreed by the Cabinet on 28 November 2023. Stakeholders were asked whether they supported or opposed investment proposals and suggested measures for closing the 2024/25 draft budget gap of £13.5m.

23. Across both phases, over 2,700 stakeholders shared their views. Residents, in particular, were clear that they wanted the Council to use its budget to focus on improving roads and pavements, make communities safer, provide care for vulnerable adults and children, improve public transport and respond to the climate emergency. They were broadly supportive of the Council's investment priorities, though some division emerged over whether responding to the climate emergency was as significant a priority as the other service areas.

24. Most stakeholders wanted the Council to invest equitably across the county for services that benefit the majority of residents. They wanted closer collaboration between the Council, partners and residents to find ways to enable services to be more financially sustainable, and were opposed to measures, such as increasing fees and charges, to achieve sustainability.

25. Residents were most likely to support a council tax increase if this protected services to support Surrey's most vulnerable residents. They were least likely to support an increase as an alternative to increasing fees and charges for services that were previously free or subsidised.

26. Nearly two-thirds of respondents to the draft budget consultation supported the Council's suggested measures to close the budget gap for 2024/25. They recognised the need for effective financial management in challenging economic circumstances. Where the measures were opposed, respondents wanted the Council to do more to find financial efficiencies before increasing council tax or were concerned about the potential impact of service reductions on the most vulnerable residents.

27. Members have also been engaged extensively through the budget development process. Activity included informal and formal briefings of Select Committees, meetings of the Budget Task Group, all Member briefings and briefings for each of the political groups. Select Committee recommendations on the budget were considered and responded to by Cabinet at their meeting on 19 December 2023.

#### **Risk Management and Implications:**

28. The attached report and annexes have been prepared with a view to risk management from a financial, operational and reputational perspective. The financial risk implications are set out throughout Section 5 (Financial Strategy and Draft Budget 2024/25) of the attached document and exemplified in the S151 commentary below.

## Financial and Value for Money Implications:

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

## Section 151 Officer Commentary:

30. The Council has a legal requirement to set a balanced budget. We are not permitted to allow spend to exceed available resources which would result in an overall deficit. Sections 32 and 43 of the Local Government Finance Act 1992 also require authorities to have regard to the level of reserves to meet estimated future spend when calculating the budget requirement. The budget report has been drafted on the basis of this legislation.

31. The enclosed report sets out a balanced budget for 2024/25. Given the level of risk and uncertainty inherent in both the local authority environment and the national economic and political environment, coupled with ongoing uncertainty over future funding levels, retention of the Council's reserves will be essential, in order to provide financial resilience.

32. Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report on:

- the robustness of the estimates made for the purposes of the [budget] calculations; and
- the adequacy of the proposed financial reserves.

33. The Section 151 Officer confirms that the Final Budget has been based on reasonable assumptions, taking into account all material, financial and business issues and risks at the time of preparation.

34. The formal Section 25 report on the adequacy of reserves will be included in the 2024/25 Final Budget and Medium-Term Financial Strategy to 2028/29 report to Council on the 6th February 2024.

35. Section 5.42 of the 2024/25 Final Budget and Medium-Term Financial Strategy to 2028/29 sets out the level of key reserves and contingencies, **totalling £107m**:

- General Fund (£49m).
- Specific contingencies built into the 2024/25 budget (£20m); and
- Unused contingency brought forward from previous years (c£38m depending on 2023/24 outturn).

36. The following principles for the overall management of reserves are proposed:

- Reserves should only be used to fund one-off or time-limited investment that will drive out efficiencies, deliver the capital programme or improve the delivery of services and council priorities;
- Reserves cannot be used as a substitute for permanent efficiencies to meet permanent spending pressures;

- Budgets such as the Transformation Fund (£8m) and Capital Feasibility Fund (£5m) should be seen as contributions to reserves, with any use drawn-down from the reserve when needed;
- Reserve contributions should be reviewed annually to ensure contributions are equal to planned use over the medium-term;
- Over the medium-term, reserves should stay flat or ideally increase – as financial uncertainty, the efficiency requirement and the investment ambition will remain high across the MTFS period;
- Currently, General Fund and earmarked reserves (excluding technical balances such as PFI sinking funds and other reserves earmarked for specific purposes) stand at approximately £150m / 14% of the net budget.
- Reserves should not drop below 10% of the net budget.
- It is proposed to implement a 2% buffer over the 10% threshold, with remedial action taken if reserves are used for unforeseen financial shocks. This would establish the following three levels:
  - **Minimum** – reserves do not drop below 10% and, if they do, are rebuilt as soon as possible in the following years' budget
  - **Basic** – reserves do not drop below 12% (10% + 2% buffer) and, if they do, are rebuilt to at least 12% over medium-term
  - **Enhanced** – reserves stay flat or grow from the current c14%, dependent on analysis of the risk environment.
- To avoid a programmed reduction in reserves, the use of reserves to support Transformation or other investment should be less in any given year than the planned budget contingency.
- Unutilised risk contingency budget should first be used to ensure reserve levels are sustained, thereafter there is opportunity to invest in future years in strategic priorities, further transformation and/or service improvements (one-off costs). Any such investment should result in strengthening of the financial position, ie reducing risk or generating revenue efficiencies.

#### Legal Implications – Monitoring Officer:

37. Whilst the Cabinet is being asked to recommend, and subsequently the Council asked to agree, the revenue budget and capital programme, the budget decision does not constitute final approval of policies, or the sums of money to be saved under the service proposals except for those areas where there is a specific recommendation being made.
38. The revenue budget and capital programme recommendations in the report do not commit the Council to implement any specific efficiency proposal. When the Cabinet comes to make specific decisions on efficiencies, where necessary, focussed consultations and the full equality implications of doing one thing rather than another will be considered in appropriate detail. If it is considered necessary, in light of equality or other considerations, it will be open to those taking the decisions to spend more on one activity and less on another within the overall resources available to the Council.



## Equalities and Diversity:

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

## What Happens Next:

40. Cabinet is requested to consider and agree the recommendations 1- 13 as set out above and recommend to Council on 6<sup>th</sup> February 2024 for approval.

41. Pending agreement, the Final Budget and Medium Term Financial Strategy will be communicated to residents, staff, partners and other key stakeholders.

42. The refreshed Transformation Programme will be led and delivered by the respective Cabinet Members and Executive Directors, with all decisions in relation to specific constituent programmes and projects continuing to be subject to consultation and decision-making protocols in line with the Council's Constitution and Scheme of Delegation.

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### Consulted:

Cabinet, Executive Directors, Heads of Service

### Annexes:

2024/25 Final Budget and Medium-Term Financial Strategy to 2028/29

Annex A – Pressures and Efficiencies 2024/25

Annex B – Detailed Revenue Budget 2024/25

Annex C – Capital Budget 2024/25 - 2028/29

Annex D – Projected Earmarked Reserves and Balances

Annex E – Council Tax Requirement

Annex F – Capital, Investment and Treasury Management Strategy 2024/25

Annex G - Minimum Revenue Provision (MRP) Policy 2024/25

Annex H – Consultation Summary for 2024/25 Budget

Annex I – Equalities Impact Assessment for 2024/25 Budget

Annex J – Financial Management Code of Practice Assessment

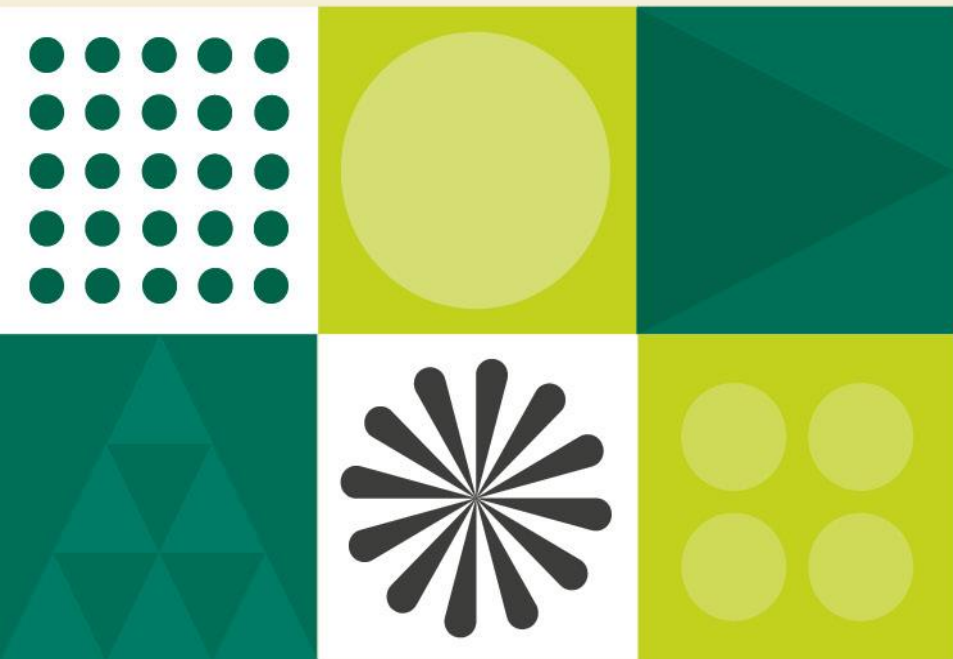
### Sources/background papers:

- [Provisional Local Government Finance Settlement 18 December 2023](#)



- [Draft Budget 2024/25 and Medium Term Financial Strategy to 2028/29 \(Cabinet 28<sup>th</sup> November 2023\)](#)
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2024/25  
Budget &  
Medium-Term  
Financial  
Strategy to  
2028/29

# 1. EXECUTIVE SUMMARY

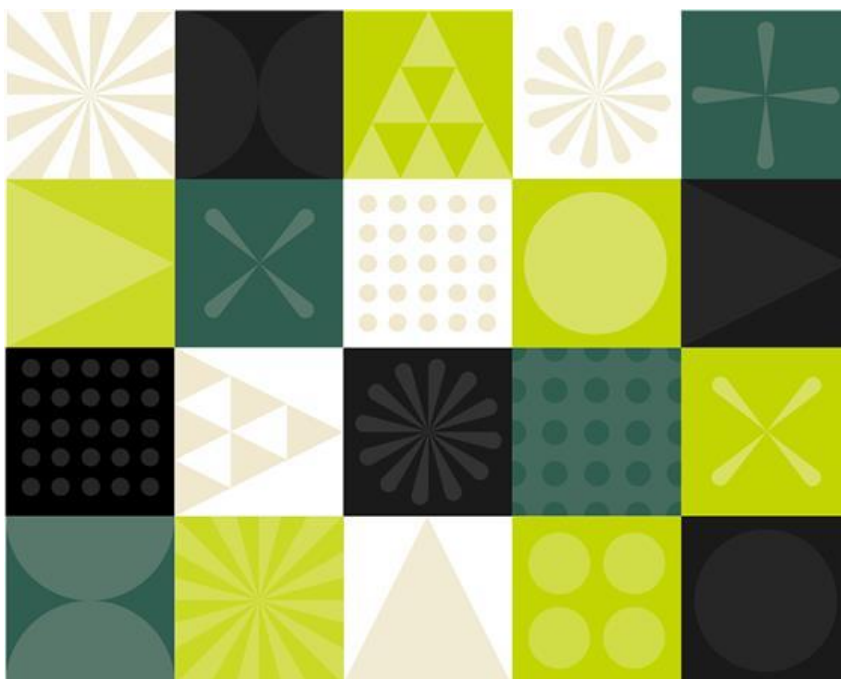
## DELIVERING PRIORITIES, ENSURING *NO ONE IS LEFT BEHIND*

- 1.1 This Council is determined that the Community Vision for Surrey 2030 continues to be delivered to ensure the county is a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and where no one is left behind.
- 1.2 Our Organisation Strategy sets out our contribution to the 2030 Vision. Within it, the Council's four priority objectives and guiding principle that no one is left behind remain the central areas of focus as we deliver high-quality and sustainable services for all.

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- 1.3 The purpose of the Budget and Medium-Term Financial Strategy is to set out how the Council will use its funding to deliver its priority objectives and core services. These priority objectives sit at the core of the budget process, leading our approach to allocating resources and developing investment plans.
- 1.4 The Council's purpose and approach to improving the lives of residents across the four priority objectives, as well as ensuring that no one is left behind, is set out in The Surrey Way (section 2) and reflected throughout this budget report.



## THE SURREY WAY

- OUR PURPOSE
- OUR PEOPLE
- OUR ORGANISATION



- 1.5 The period covered in the report, represents a challenging time for local authority finances, with inherent uncertainty in the planning process and significant pressures identified in relation to both ongoing forecast increases in demand for key services and the impact of the high levels of inflation being experienced nationally. Public Sector borrowing has been put under substantial pressure by events over recent years, including government spending to combat Covid-19 and mitigate its impact on business and individuals, successive increases to interest rates and slow national economic growth. Public finances look to be extremely challenging over the medium term, with Local Government unlikely to be spared the impact. There has been an increase recently in the number of local authorities suggesting they are struggling to meet the statutory requirement to set a balanced budget. It is therefore even more important that the Council continues to direct its resources using the most efficient means possible towards achieving its purpose and priorities, while ensuring that core services are delivered to residents.
- 1.6 One specific aspect of the current context, which we monitor, is how the current financial climate is impacting residents and the implications of that on the budget. Increased cost of living continues to impact household finances and the Council's ability to deliver vital services. High inflation, combined with high interest rates, mean households are making difficult decisions to restrict spending. The rising cost of fuel, energy, food and housing costs means goods and services for households and businesses are less affordable. Impacts from these are being felt most acutely by low income households who spend a greater proportion of their income on basic needs. It is also impacting residents' physical and mental health. Crisis support services are also seeing rising demand.
- 1.7 The Council is working with partners to support residents and staff through this, including opening 86 'Warm Welcome' spaces across libraries and community centres this winter. These are meeting spaces for clubs or groups, provide a warm area for children to play in and for the Council and community groups to hand out provisions such as thermal socks and gloves, electric blankets and flasks. Through distribution of over £26m since 2021/22 via the Household Support Fund, the Council have also been working with the voluntary, community and faith sector and district and borough councils to fund projects to support the most vulnerable. Eligible residents are also able to access Local Council Tax Support Schemes from their district or borough council.

## Developing the Budget and Medium-Term Financial Strategy

- 1.8 The 2024/25 Budget Report and Medium-Term Financial Strategy to 2028/29 delivers a balanced budget for 2024/25 and outlines the continuation of ambitious, sustainable and resilient medium-term financial plans, balanced alongside an uncertain political and economic national environment.
- 1.9 As in previous years, the production of the 2024/25 budget has been developed through an integrated approach across Strategy, Transformation and Finance, based around 'Core Planning Assumptions' which set out likely changes to the external context in which we deliver our services. The integrated approach ensures that revenue budgets, capital investment and transformation plans are aligned with each Directorate's service plans and the Corporate Priorities of the organisation. Ensuring that each aspect of planning for 2024/25 and the medium-term are aligned, provides a stable foundation for delivering services to Surrey residents in the face of challenges presented by the increased cost-of-living, ongoing high inflation, continued increasing demand for vital services, the medium-term ongoing impacts of the Covid-19 pandemic and wider local government policy pressures.
- 1.10 A strong focus on financial accountability has enabled the Council to improve its financial resilience and the financial management capabilities across the organisation. This has provided a strengthened position, enabling the Council to be ambitious and look to continue to drive improvements and investment in our services. However, we recognise that this financial year and the next 2-3 are likely to represent an extremely challenging period and our focus will need to be on protecting service delivery in the first instance. During this period of uncertainty and financial challenge, this stability will not enable us to avoid difficult decisions but will allow us the time and space to make them in a considered and measured way.

Being realistic about our ambitions, underpinned by an earned confidence in our ability to deliver efficiencies, will enable us to continue to deliver the Council's priorities.

## The financial outlook

- 8
- 1.11 Local Government funding remains highly uncertain, with a number of factors likely to result in changes to our funding position over the medium-term (as set out in section 5).
- 1.12 The national economic environment influences the level of funding available to Local Authorities. Public Sector borrowing has been put under substantial pressure by events over recent years, including government spending to combat Covid-19 and mitigate its impact on business and individuals. This coupled with successive increases to interest rates and slow national economic growth, has impacted the UK economy.
- 1.13 The Provisional Local Government Financial Settlement (LGFS) was released on the 18<sup>th</sup> December 2023, by the Secretary of State for Levelling Up, Housing and Communities, Michael Gove MP, with a final settlement due in January 2024. In the context of a series of S114 announcements, publicised issues with local government funding and extensive lobbying to the Treasury, it was hoped that there would be some good news within the provisional LGFS. The policy statement, issued in early December suggested there would be no new funding for the sector, however, intensive lobbying leading up to the announcements provided positive indications that there would be some additional support. This proved to not be the case and the provisional settlement is considered disappointing across the local government sector.
- 1.14 The majority of the 6.7% increase in Surrey's core spending power relates to an assumption of full utilisation of the council tax and adults social care precept levels, rather than additional funding from Government. The provisional settlement does not go far enough in addressing the financial challenges local authorities continue to face.
- 1.15 The overall outlook for 2024/25 is a challenging one. While budget envelopes are increasing, substantial increases in the cost of maintaining current service provision and increased demand, result in pressures increasing at a significantly higher rate than forecast funding. These pressures relate to multiple factors occurring simultaneously, namely continued high levels of inflation, workforce and labour shortages, high interest rates and the ongoing impact of the pandemic. In addition, the Council continues to see increases in demand for services, particularly within Adults' and Children's social care and the ongoing impact of increased cost-of-living on residents is expected to further increase demand for key services. There is a national lack of sufficiency in children's social care places which results in extremely high costs. Material uncertainty also remains over the impact of the future Adult Social Care Reform proposals. If implemented in the currently proposed way, they are anticipated to put additional financial pressures on the Council over the medium term, well in excess of the funding being made available.
- 1.16 Many local authorities are highlighting difficulties in balancing the increasing cost of providing services against undefined and limited funding streams. Funding remains unclear beyond 2024/25, with the LGFS published on a one-year basis, many decisions are being postponed past the current parliament and uncertainly highly likely to remain until at least after the next General Election.
- 1.17 The final budget for 2024/25 proposes total funding of £1,197.1m; an increase of £94.9m from 2023/24. In order to achieve a balanced position, the budget includes the following recommendations to full Council on Council Tax and the Adults Social Care Precept;
- 2.99% increase in core Council Tax
  - 2% increase in the Adults Social Care Precept

The increase in the total bill for a Band D property will equate to £1.61 per week. Decisions to increase Council Tax are not made lightly and balance the need to provide sustainable services for the most vulnerable with a recognition of the pressures on household finance, particularly during times of high cost of living.

1.18 The gap is expected to continue to grow over the medium term, based on current projections, to the order of £271m. The Council recognises that tackling this gap will require a medium-term focus and a fundamentally different approach. We are focusing not only on 2024/25, but simultaneously looking to address the medium-term horizon. The Council's SWITCH (Surrey Way Innovation, Transformation & Change) Programme is looking at opportunities in a number of key areas:

- Aligning our skills and core functions in more effective ways
- Redesigning the customer journeys and entry points in our demand-led services
- Implementing improved ways of organising our commissioning activity and market shaping to better manage increasing market costs.

1.19 While the financial environment is very challenging, the Council has established a strong track record in recent years of delivering efficiencies and transformation and taking our financial management responsibilities seriously.

## Engagement

1.20 The Council has undertaken comprehensive consultation and engagement with residents and other stakeholders, such as partner organisations and Members, to shape this budget. The approach taken in 2023 was divided into two phases:

- The first phase took place in the summer of 2023. The objectives of this phase were to gather insight on what the most important priority outcomes were for stakeholders, their views on how the Council allocated its financial resources, approaches to balancing the budget and circumstances under which a council tax increase would be supported.
- The second phase was a consultation on the Council's draft budget. This phase sought to gauge support or opposition to the draft proposals for investment and closing the draft budget gap of £13.5m for 2024/25. It was an opportunity for the Council to be transparent about its plans and source as much feedback from as many Surrey stakeholders as possible.

1.21 Over 2,700 stakeholders gave their views across both phases. The key insights were:

- Residents wanted the Council to prioritise services that supported improved roads and pavements, made communities safer, provided care for adults and children, improved public transport and responded to the climate emergency.
- Residents broadly agreed that the draft budget for 2024/25 and Medium-Term Financial Strategy to 2028/29 supported these priorities. There was some division on investment to respond to the climate emergency, with some residents feeling that the Council should be directing investment towards other priorities.
- Residents also wanted the Council to allocate resources to services that benefited most residents across all places in Surrey. They also preferred for the organisation to collaborate more closely with residents and to support communities to help themselves to help balance the budget. They opposed increases to fees and charges.
- Residents were most likely to support a council tax increase if it was intended to protect services for the most vulnerable residents. They were least likely to support an increase as an alternative to increasing fees and charges.
- Nearly two-thirds of respondents to the draft budget consultation supported the measures the Council was proposing to close the residual £13.5m draft budget gap identified in the November 2023 Cabinet report. They recognised the need for effective financial management in challenging economic circumstances.
- Stakeholders who opposed the measures felt the Council should be doing more to find efficiencies or were concerned about the potential impacts of any service reductions on Surrey's most vulnerable residents.



1.22 Members were also engaged extensively through the budget development process. This included formal and informal briefings of Select Committees, meetings of the Budget Task Group, all Member briefings and briefings for each of the political groups. Points raised by Members included:

- Assurance that the impacts of the proposed budget, such as equality and environmental impacts, have been identified and sufficient mitigations and monitoring is in place.
- Concerns about any service reductions on the quality of service provided.
- Questions on the affordability of the capital programme.
- Additional activity to accelerate returns on investment in assets, as well as disposal of surplus assets.
- Assurance on how any re-procurement and commissioning activity would lead to better value for money.
- Seeking confidence on how pressures on high demand services will be managed and mitigated.

1.23 More detail on the consultation and engagement activity that has informed this budget can be read in Annex H.

### **Key Elements of this Report and next steps**

1.24 The key elements of this report include:

- The Council's Strategic Framework (Section 2);
- An update on our Innovation, Transformation & Change approach (Section 3);
- Directorate Service Strategies aligned to both of the above (Section 4);
- The Financial Strategy for 2024/25 (Section 5);
- The five-year Capital Programme, setting out the Council's ambitious plans to invest in Surrey's infrastructure, economy and create a greener future, including 10-year Capital Strategies for each key area of capital investment (Section 6);
- 2023/24 Financial Performance – revenue and capital (Section 7);
- The Medium-Term financial outlook to 2028/29 (Section 8);
- The Schools Budget (Section 9)
- Our approach to engagement and consultation (Section 10); and
- Budget Equality Impact Assessment (Section 11) summarising key messages from an equality analysis for the budget, including commentary on the impact of Council Tax increases.

1.25 The final 2024/25 Budget and Medium-Term Financial Strategy to 2028/29 will be presented to Council for approval on the 6<sup>th</sup> February 2024.

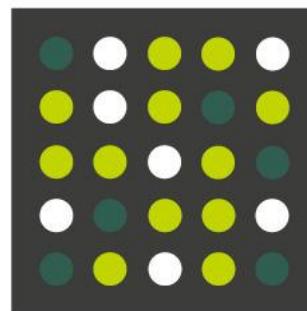
## 2 THE SURREY WAY: A HIGH PERFORMING COUNCIL, ENSURING THAT NO ONE IS LEFT BEHIND



OUR PURPOSE



OUR ORGANISATION



OUR PEOPLE

- 2.1 The Community Vision for Surrey 2030, which was created with residents, communities and partners on behalf of the whole county, sets out how we all want Surrey to be by 2030. Together, we are all working to deliver a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and where *no one is left behind*. The Council plays a big part in the joint effort to realise this vision.
- 2.2 Our purpose as a council is to tackle inequality and make sure that no one is left behind; reinforcing the aims of the Community Vision for Surrey 2030. It is our responsibility as a council to support those in need and deliver everyday improvements to residents in all walks of life.
- 2.3 We focus on a small number of organisational priorities that will let us create the conditions for Surrey to thrive. Our Organisation Strategy (2021-26), sets out four priority objectives which reflect where we think we can have the greatest impact on tackling inequality and improving outcomes for people living and working in the county:

<p><b>GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT</b></p> <p>We will create the conditions for sustainable economic growth within Surrey, to maintain the county's position as the strongest economy outside of London and ensure all residents can benefit as a result.</p>	<p><b>TACKLING HEALTH INEQUALITY</b></p> <p>We will drive work across the system to reduce widening health inequalities, ensuring the safety and wellbeing of our residents is at the forefront of our strategies and accelerating health and social care integration to respond to changing demands.</p>	<p><b>ENABLING A GREENER FUTURE</b></p> <p>We will partner with residents and our business community to build on behaviour change to address environmental challenges, improve air quality, and focus on green energy that will keep Surrey a clean, safe, and green place.</p>	<p><b>EMPOWERED AND THRIVING COMMUNITIES</b></p> <p>We will reinvigorate our relationship with residents with new approaches, characterised by more people participating, engaging, and having a role and say in how things are done on matters that impact them and where they live.</p>

- 2.4 Our main duty as a council is to deliver high-quality services, and these services are the building blocks for meeting our four priority objectives. Core services aim to support people to live independently and well in their communities, ensure children and families reach their full potential, protect Surrey's residents and businesses, and take care of Surrey's environment and highways.
- 2.5 We also want to go beyond what we're required to do, to be a truly outstanding council. We are playing a wider strategic role in ensuring Surrey is ready to engage the big challenges and opportunities now and in the future. By working collaboratively across the county to mobilise around these key emergent issues, the lives of Surrey residents are improved, demand on services is reduced, and better outcomes and opportunities for Surrey residents are achieved.
- 2.6 To achieve excellence in services and ensure Surrey can meet our priority objectives, we are transforming how our organisation operates and the culture and behaviours our people embody. Outcomes within this transformation will enable us to plan our activities and measure progress in each of the four priority objectives. Progress here will help the council become more resilient, add more value, make greater impact, and reduce demand on services as residents become more empowered and resilient.
- 2.7 In order to achieve our purpose, this transformation around how **Our Organisation** operates has four design principles which guide us:



OUR ORGANISATION

- We organise ourselves around outcomes and make it easy for others across Surrey to collaborate with us.
- We help people and communities to help themselves and devolve decisions and service design as close to them as we can.
- We maximise the potential of digital and data to transform the way we work and improve accessibility.
- We seek out preventative, commercial and efficient approaches to help us be financially sustainable.

- 2.8 To support our purpose, the transformation around the culture and behaviours **Our People** embody also has four commitments about how we work:



OUR PEOPLE

- An inclusive and compassionate place where we value diversity and can be ourselves at work.
- A collaborative and inviting place where we are open, trust each other, and work as one.
- An ambitious and outcomes-focused place where we are passionate about our purpose and take accountability for delivering great results.
- An inventive and dynamic place where we promote a learning mindset and adapt to new insights and opportunities.

- 2.9 Key to this strategic framework and contributing to the 2030 Vision will be a commitment to monitor how we make decisions, operate, and perform against these principles and commitments. This will include measurement of performance on priority objectives, core service delivery, and organisational effectiveness, and will directly inform primary council functions like the budget process.

### 3 INNOVATION, TRANSFORMATION & CHANGE

- 3.1 The Council has been on a transformation journey since 2018, delivering significant financial efficiencies and improving services for residents. Due to the ongoing financial challenges and requirement for change, the Council has recognised a need for a new approach to delivering financial efficiencies and ways of working to support a balanced Medium-Term Financial Strategy. This approach needed to be rooted in the outcomes we were seeking for Surrey’s residents and businesses and enable a financially sustainable footing over the medium-term.
- 3.2 Revised governance arrangements have been implemented with a new Strategic Transformation, Improvement and Assurance Board (STIAB) to oversee and assure our key top level transformation programmes, chaired by the Leader, alongside four thematic boards focussed on Place & Communities, Adults Wellbeing and Health Partnerships, Children, Families and Lifelong Learning and a Cross Cutting Board that oversees organisational wide programmes of change.
- 3.3 The Design and Transformation Service now incorporates our Data and Insight teams along with the Transformation Support Unit (TSU) and Strategic Commissioning Teams. Work continues in order to develop and mature our approach to a design that will ensure a more inclusive and user centred approach for change and improvement work, whilst we continue to strengthen our approach for effective programme delivery.
- 3.4 The Councils top priority programmes and initiatives have been identified and categorised into those programme already in delivery and those still at an early stage of discover and/or design:

Transformation - Delivery	Transformation – Future Operating Model
<ol style="list-style-type: none"> <li>1. SEND/Additional Needs and Disabilities (inc. EHCP Recovery)</li> <li>2. Children Social Care Transformation</li> <li>3. Environment Infrastructure and Growth Redesign</li> <li>4. Fire and Rescue Inspection Improvement Plan</li> <li>5. Adults Wellbeing &amp; Health Partnerships transformation (which includes workforce)</li> <li>6. Children’s health and care redesign (joint with Heartlands)</li> <li>7. Mental Health (joint with Heartlands)</li> <li>8. Older people/Frailty (joint with Heartlands)</li> </ol>	<ol style="list-style-type: none"> <li>9. Core function redesign (how we organise core services)</li> <li>10. Customer Service transformation</li> <li>11. Market shaping</li> <li>12. Data, digital, technology (inc Artificial Intelligence)</li> <li>13. People and Change (People Strategy - inc. workforce, people strategy)</li> <li>14. Agile working/operations</li> <li>15. Towns Model</li> </ol>
	<p style="text-align: center;"><b>Transformation - Policy Models</b></p> <ol style="list-style-type: none"> <li>16. Level 2 County Deal</li> <li>17. Enabling inclusive and sustainable economic prosperity</li> </ol>

- 3.5 A key component of our future operating model is the work being undertaken under the ‘SWITCh’ (Surrey Way, Innovation, Transformation and Change) umbrella, which is a medium to long term portfolio of redesign and transformational change that will enable the Council to meet the social, financial and environmental challenges it faces over the next five years.
- 3.6 The portfolio will focus on activity that is cross-cutting in nature and that emphasises the need for services across the council to work together to improve outcomes for Surrey residents whilst reducing costs and ensuring a more efficient and modern organisation. With an emphasis on designing prevention-based services and supporting residents at the earliest possible stage of their customer journey, SWITCh will eventually reduce demand in our critical services.

3.7 Collaboration across directorates with residents, businesses and other partners will be essential to supporting council priorities, facilitating greater innovation, and challenging existing ways of delivering services and budget setting. SWITCH will deliver against the organisational ambitions set out in The Surrey Way.

3.8 Work has commenced on three workstreams to identify opportunities for the above ambitions and start to model out projected financial efficiencies:

Aligning our skills and core functions in more effective ways

3.9 The Council's senior leadership (officers and Members) have recognised that the Council needs to take its next steps towards ensuring we are a financially sustainable organisation that is set up in the best possible way for our residents through a new operating model. The Council is made up of many diverse functions and roles and at any one time significant amounts of activity and transformation are taking place. It is essential that all our functions appropriately align and are designed to be as efficient and effective as possible.

3.10 Central to this overall operating model are our enabling functions (such as such as people & change, finance, administration, transformation, strategy, communications, IT, data, performance and digital). Centrally these roles sit within the Resources Directorate, however analysis has shown that other directorates also contain these functions. Through this workstream these functions (central and devolved) will be reviewed to ensure they are as effective and efficient as possible and fully aligned to our ambition as set out in the Surrey Way.

3.11 There will be a phased approach to this work that will see a design-led approach applied to shorter-term (tactical) solutions, aligned to the creation of a new Council operating model – they will inform each other. The work on tactical solutions will feed directly into the strategic solutions and development of a Council Operating Model, building momentum and credibility to the success of this approach.

Redesigning the customer journeys and entry points in our demand-led services

3.12 A corporate transformation programme has been initiated to drive forward the required step change in our ambitions to be a customer-centric organisation and bring the significant change that is needed in Customer Services for the Council, our partners, and our residents.

3.13 Through this work we will look at the most innovative examples in both the public and private sector for inspiration and best practice and ensure that our residents and customers have a better, more streamlined technology led experience when they contact us.

3.14 In designing the future operating model for our customer service functions we aim to take full advantage of innovative technology and AI (Artificial Intelligence) functionality to support our workforce to deliver as effective and efficient a service as possible. We will continue to streamline processes so that as many queries as possible can be answered from the first point of contact, to free up capacity for those residents who really need specialist advice and support.

3.15 This dovetails with the work on our refreshed Customer Promise, and our Customer Champions Network, made up of representatives from across all Directorates.



## Implementing improved ways of organising our commissioning activity and market shaping to better manage increasing market costs

- 3.16 A strong organisational commissioning function is central to the Council's ability to respond to the significant challenges we are facing and manage cost and demand. Demand for placements is rising, and the Council and our partners need to ensure we are fully utilising our purchasing power to shape the market and leverage opportunities to deliver the best services for our residents and improve outcomes. As part of this work, we will:
- Complete an in-depth analysis / diagnostic of the commissioning activity across the council.
  - Determine an optimised and futureproofed commissioning model.
  - Co-design a series of market position statements and market activity that will enable the Council to make best use of its position and power within the external provider and supplier market.
- 3.17 As our key portfolio of change, the SWITCH programme will be a major contributor to closing our medium-term budget gap from 2025/26. We are anticipating c£10m of efficiencies to be driven through the core function re-design and a further £20m-£40m through customer transformation and demand management work. These programmes are in the process of being robustly designed and structured to better understand the level of efficiencies achievable and the timescales for delivery, whilst simultaneously expanding scope and increasing our change activity.

## 4 SERVICE STRATEGIES

### ADULTS, WELLBEING & HEALTH PARTNERSHIPS

#### Context

- 4.1 The Directorate's overarching vision is **supporting people to live their best life**, by connecting to their communities, embracing supportive technology, and accessing joined-up support and care when needed, which delivers what matters to them.

#### Adult Social Care (ASC)

- 4.2 ASC provides advice and information, assessment, care and support services for people aged 18+ with Physical and Sensory Disabilities, Learning Disabilities and Autism, Mental Health needs and for frail Older People.
- 4.3 ASC operates in an incredibly challenging environment with pressures significantly exceeding government funding; an ageing population with increasing acuity of care needs and growing numbers of young people moving into adulthood who need services; an increasingly fragile care market; and radical changes in national policy. This is all in the context of the ongoing impacts of the Covid-19 pandemic and the increased cost of living, which are having profound effects on Surrey's residents, social care providers and our health and third sector partners.
- 4.4 ASC has eight priorities to achieve the overarching vision, these are to focus upon developing a high-quality **prevention** approach, transforming Surrey's **reablement** offer, improving **mental health outcomes** and delivering **accommodation models** to enable people to live as independently as possible. They also emphasise working as an effective and financially sustainable system with our **place-based partners**, improving outcomes for **young people in transition to adulthood**, delivering consistent **strengths-based approaches** and creating the environment for our **staff** to develop, progress their careers and thrive in a diverse and inclusive workplace.
- 4.5 **The Council is committed to integrating health and social care** in Surrey to improve outcomes for residents, with an emphasis on enhancing preventative services in the community. **Key areas of focus** include **effective joint management of hospital discharge** through robust **discharge to assess** models

across Surrey's five acute hospitals, and working with health partners **to improve mental health services** across the county.

### Public Health

- 4.6 The Public Health (PH) service improves and protects the health and wellbeing of people living and working in Surrey. It achieves this by:
- providing public health intelligence and evidence to enable decisions based on people's need
  - providing specialist public health expertise and advice to NHS commissioners to support them in improving the health of their population through prevention and through effective commissioning.
  - improving health through partnership working, policy development, behaviour change & commissioning of health improvement services for all ages, targeted to those at risk of health inequalities.
  - working with partners to protect residents from communicable diseases and environmental hazards.
  - providing oversight and support in the review, development and delivery of the Surrey Health and Wellbeing (HWB) Strategy
- 4.7 The PH service commissions a range of services centred on key PH priorities including:
- Healthy lifestyle services including stop smoking, weight management and mental health;
  - 0-19 services including health visitors and school nurses;
  - Substance misuse services relating to drugs and alcohol;
  - Sexual health services including contraception and genitourinary medicine (GUM).
  - NHS health checks.
- 4.8 The services commissioned by PH are all preventative in approach and targeted at reducing health inequalities, one of the Council's key strategic aims and an overall ambition of Surrey's Health and Wellbeing Strategy.

### **Current 2023/24 budget position**

- 4.9 At month 8 the Directorate is forecasting an overspend of £1.1m against a budget of £474.8m. There is an underlying £7.2m overspend forecast on the total care package budget due to demand growth in year and increased costs of care, which is being mitigated by additional grant funding and some underspends outside of the care package budget.
- 4.10 Growing care package demand is creating pressures that will carry forward into 2024/25. At the end of November, full year care package commitments (the annual cost of all active care packages) were £16.3m above the 2023/24 budget. The 2024/25 budget assumes that this pressure can be reduced to £13.5m on a full year basis through delivery of efficiencies and other mitigations in the remainder of the year. Achieving this reduction in spending and then holding commitments will be challenging in the context of significant demand pressures.
- 4.11 In addition to its core budget, the Adults, Wellbeing and Health Partnerships directorate has continued to manage two other important areas of funding:
- The PH service has continued to manage deployment of the remaining £7.4m Contain Management Outbreak Fund (COMF) monies carried forward from 2022/23. This funding continues to be spent on activities to support the recovery from the Covid-19 pandemic, with remaining funds fully spent by 2024/25.
  - The directorate has the lead for the deployment of the Mental Health Investment Fund (MHIF), to enable the delivery of the outcomes in Priority Two of Surrey's Health and Wellbeing Strategy. This priority area is focused on prevention, removing barriers, and supporting people to become proactive in improving their emotional health and wellbeing. The total MHIF is £10.5m, comprising £6.5m from SCC and £4m from Surrey Heartlands ICB. To date £8.5m of the funding has been committed on investment approved through agreed MHIF governance, with £2m remaining to be committed.



## Financial pressures

- 4.12 The Directorate's Budget position includes £49.5m of pressures in 2024/25 relating to Adult Social Care, £252.4m across the MTFs period. These pressures relate to:
- Price inflation for care packages and wider support services of £33.3m in 2024/25, £137.4m across the MTFs. This is the biggest budgeted pressure for ASC. Budgeted inflationary uplifts take account of the expected increase to the National Living Wage and wider inflationary pressures. This represents the budgeted price inflation pressure before consideration of any price or inflation related efficiencies.
  - A budgeted carry forward care package pressure from 2023/24 of £13.5m as set out above.
  - Increased demand for care packages in future years across all client groups of £5.3m in 2024/25, £61.1m across the MTFs, including young people who will transition from children's services. This represents the net budgeted demand pressures including expected increases in ASC care package income before consideration of demand management efficiencies.
  - ASC's share of the cost of estimated increased demand for community equipment of £0.3m in 2024/25, £2.2m across the MTFs period.
  - The creation of a £2m budget for ASC assessed charges bad debt in the context of a significant increase (c. £12m) in billed ASC assessed charges compared to the current 2023/24 budget.
  - Pay inflation and other staffing related pressures of £7.2m in 2024/25, £15.2m across the MTFs.
  - Budgeted increased Better Care Fund (BCF) income for ASC of £3m in 2024/25 based on 2 year BCF plan approved by Surrey's Health & Wellbeing Board for the period 2023/24 to 2024/25.
  - Increased ASC Market Sustainability and Improvement grant funding of £8.1m in 2024/25 which is being used in full towards the cost of budgeted price inflation for ASC providers in 2024/25.
  - Increased ASC Discharge grant funding of £1.1m in 2024/25 to support hospital discharge. This funding has to be pooled in Surrey's Better Care Fund alongside discharge funding allocated to Surrey's Integrated Care Boards, and will be used to help fund Discharge to Assess models across Surrey's five acute hospitals.
  - Changes to other ASC grants of £0.2m in 2024/25.
  - The latest estimated mid-point funding gap for the ASC charging reforms of £14m in 2025/26 rising to £33m in 2026/27 calculated prior to the delayed implementation date of October 2025. This remains a high level estimate pending further direction from government about the implementation of the reforms. There is a substantial risk that the pressure could be higher. This is dependent on timing and funding allocations.
- 4.13 In addition, Surrey's Public Health services continue to operate in a very challenging financial environment. Surrey continues to receive a very low level of PH funding – the fifth lowest allocation per head of population in the country and more than 40% below the national average allocation. Although Surrey's PH grant has increased modestly in recent years, this has come with new responsibilities and has failed to make-up for cuts to PH funding that the government mandated in earlier years after the responsibility for PH transferred to councils in 2013/14.
- 4.14 The Council's PH grant in 2023/24 is £40.9m. £35.7m of this is allocated to fund preventative services commissioned by the PH service and the remaining £5.2m is allocated to services delivered or commissioned by other parts of the council, that contribute to meeting PH outcomes with the remit of the grant criteria. SCC's PH grant is increasing to £41.5m in 2024/25, an increase of only 1.5%.
- 4.15 PH's latest MTFs proposals include pressures of £1m in 2024/25 and £4.1m across the MTFs period. These pressures relate to pay and non-pay inflation for PH contracts. There is a risk that PH contract inflation could be higher than currently budgeted, most notably in relation to NHS Agenda for Change pay rises which impact on several services that PH commission. In recent years the government has provided temporary funding to cover additional in year pressures for NHS Agenda for Change pay rises, but it is unclear if this will continue. As PH grant funding typically increases at a lower rate than the NHS inflator,

this leads to ongoing funding gaps for PH services that are subject to NHS inflation. PH leaders continue to lobby government to increase PH funding in line with the NHS inflator.

## Financial efficiencies

- 4.16 The Budget position includes efficiencies of £22.3m in 2024/25 relating to Adults Social Care (ASC), £47m over the MTFs. The main areas of focus for delivery of efficiencies are:
- Strengths based practice and demand management efficiencies of £1m in 2024/25, £18.3m across the MTFs, including redesigning ASC's "front door," maximising digital opportunities including technology enabled care services, maximising the benefit of reablement services and strengths based reviews of people's care. Demand management efficiencies are risk rated "Red" due to the current high level of demand.
  - £1.7m in 2024/25, £5.7m across the MTFs driven by moving away from institutionalised models of care to promote people's independence. This includes remodelling learning disability and autism (LD&A) day support services and associated transport, supporting people with LD&A to move from residential care to supported independent living, the expansion of extra care housing, primarily for older people, and efficiencies targeted for out of county care packages.
  - Efficiencies of £10.8m in 2024/25, £13m across the MTFs, relating to the effective purchasing of older people nursing and residential placements and home based services across all client groups, and seeking to mitigate a third of the gross budgeted price inflation for care packages and contracts in 2024/25. Based on the confirmed increase to the National Living Wage (NLW) from April 2024 and other budgeted inflationary pressures, this inflation mitigation efficiency is necessary to ensure ASC's budget remains within available funding. It remains subject to discussion and collaborative working with the provider market including reviewing models of care and costs of service delivery.
  - Efficiencies of £7.4m in 2024/25 associated with changes to ASC in-house services, including the completion of the closure of 8 older people residential care homes, the ceasing of ASC in-house staffing provision in 5 extra care housing settings and the final element of efficiencies relating to the conversion of LD&A in-house services from residential care to supported independent living.
  - Efficiencies of £1m in 2024/25, £2m across the MTFs through delivery of a workforce redesign programme to reshape the workforce, maximise productivity and improve service delivery.
  - Removal of budgets for discretionary services where there is not clear evidence that they are preventing care package demand, equating to £0.4m in 2024/25.
- 4.17 The Budget also includes £0.4m of efficiencies in 2024/25 relating to Public Health. These all relate to the management of PH contract inflation to ensure that total PH expenditure remains within PH's budget envelope. This will involve limiting or avoiding inflationary uplifts where they are not a fixed contractually or changing service delivery outside of fixed contracts to mitigate inflation pressures.
- 4.18 Efficiencies are not budgeted for future years beyond 2024/25, pending government direction about the future of the current ringfenced PH grant.

## Capital programme

- 4.19 The Directorate has a small capital budget of £1.6m per year managed directly by the service. This largely relates to the capitalisation of community equipment.
- 4.20 Adult Social Care's Accommodation with Care & Support programme is developed alongside the Land & Property Service and involves capital investment across the following areas:
- The development of 725 new units of affordable Extra Care Housing (ECH), primarily to support older people with care needs. Total capital expenditure across the whole ECH programme is estimated at up to £47m. The borrowing cost of this capital expenditure is modelled to be fully funded through ASC care package savings included in ASC's revenue budget through utilising the new extra care housing settings to provide more affordable care than alternative care settings.

- The creation of 500 new units of Supported Independent Living (SIL) for people with a learning disability and/or autism, with a target for SCC to lead on the development of c. 110 of these units. Total capital expenditure on LD&A SIL accommodation is estimated at up to £69m. The borrowing cost of this capital expenditure is modelled to be fully funded through ASC care package savings included in ASC’s revenue budget and rental income from residents on the assumption these schemes are developed on a direct delivery basis.
- The development of two specialist short breaks respite accommodation schemes for people with LD&A essential to fill a significant gap in provision. Development of these two schemes is budgeted to require just under £12m of capital expenditure. Just over half of the borrowing cost of this capital expenditure is expected to be funded by ASC care package savings, with the remaining unfunded borrowing included in the corporate unfunded borrowing limit set to ensure affordability across the MTFs.
- The potential development of specialist accommodation for people with mental health needs, which would be focused on either supporting people to recover from a mental health episode or a place to call home to enable people to manage their mental health and develop greater independence in the long term. Work continues to identify an affordable basis for developing these schemes before they can be fully incorporated into SCC’s capital programme.

## Horizon scanning

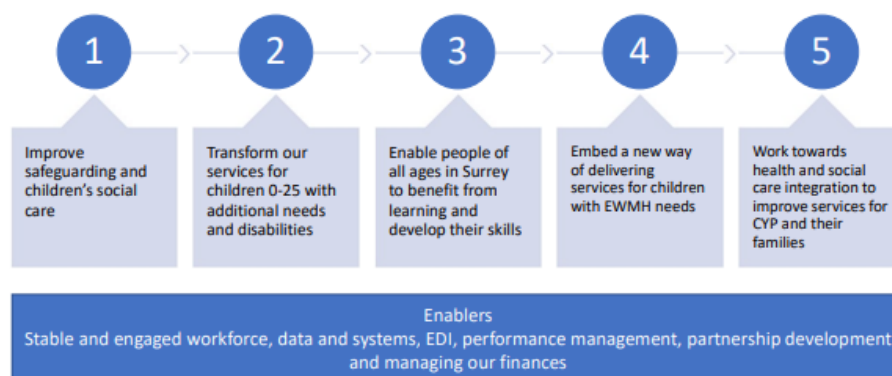
- 4.21 The adult social care system both nationally and in Surrey is under incredible strain. Rising demand, significant inflationary and broader cost pressures, increasing acuity of care needs, severe workforce challenges both for local authorities and the wider ASC sector, increasingly fragile care markets and significant pressures across the NHS, all set against a backdrop of the wider cost of living challenges and some of the ongoing impacts of the Covid-19 pandemic create something of a perfect storm. Increased government funding for social care over the period 2023/24 – 2024/25 through the Social Care grant and Market Sustainability & Improvement Fund (MSIF) has been welcome, but these funding sources only represent a contribution towards existing demand and inflationary pressures. The new CQC assurance regime presents opportunities for cross sector learning and improvement, but also places increased burdens on local authorities at a time of acute financial and operational challenges.
- 4.22 Surrey has made significant progress in recent years through transformation in areas such as commissioning, brokerage and market management, strength-based practice, promoting people’s independence and wellbeing, and shifting away from institutionalised models of care. There remain opportunities to improve service delivery and achieve savings which are reflected in the efficiencies included in the MTFs, along with areas that continue to be explored beyond this. However, the scale of efficiencies and cost control measures that are achievable without reducing the service offer to residents is diminishing. Increases in ASC expenditure are required year on year to meet demand and cost pressures and maintain market sustainability. The Council will continue to robustly engage with government about the funding required for ASC. Based on current estimated funding in future years, it is likely that very difficult decisions will need to be made about how to fund ASC within available resources in the medium term.
- 4.23 At present the future of the Public Health grant remains unclear. It was expected that the ringfence would be removed as part of wider local government funding reform, but this remains uncertain. The service will need to remain responsive to any changes in grant funding. In the meantime, the council will continue to lobby for increased public health funding to support the delivery of the health and wellbeing priorities for Surrey residents.
- 4.24 Most of public health’s major service contracts are coming up for renewal in the next few years. A key focus of the service will therefore be ensuring new service specifications take account of the latest health status of Surrey’s population and targeting service provision to address health inequalities. The procurement processes will consider how refreshed services can be commissioned to maximise value for money for residents.

- 4.25 Through a focus on research, partnering with academia and industry, and collaboration across the whole system the directorate will be looking at how to drive health and social care devolution to its full potential, lobbying and influencing government where appropriate on future models of public service that transforms peoples' lives. Working effectively in this space, the council hopes to be able to influence future public policy, leading to a more sustainable public service model.

## CHILDREN, FAMILIES AND LIFELONG LEARNING

### Context

- 4.26 The Children, Families and Lifelong Learning (CFLL) directorate's purpose is to ensure children are seen and heard, feel safe and can grow, and everyone benefits from education in Surrey.
- 4.27 CFLL deliver services to children, young people and their families with a statutory responsibility for ages 0-25; providing and commissioning early help, targeted help, social care, education and health services. There are 4.5k children and young people known to social services (including care leavers), 1k children looked after and 159k Surrey pupils in state funded primary and secondary schools (reception through to year 14, including Academies, Special Schools, Pupil Referral Units).
- 4.28 CFLL operate in an extremely challenging context, which is shared by many local authorities up and down the country. National and local challenges include difficulties recruiting and retaining sufficient qualified social workers to meet the demand for social care, resulting in greater reliance on an interim market, at greater cost and less consistency of practice.
- 4.29 Post- pandemic, falling foster carer numbers across the UK along with increasing complexity of needs presenting have driven up demand for residential placements. Insufficient in-house places result in greater reliance on external providers in a dysfunctional market, driving up the costs of care. This has been further impacted by rising inflation.
- 4.30 Growing numbers of children with additional needs and disabilities place greater demands on the high needs block of the dedicated schools grant at the same time as driving up demand for home to school travel assistance and increasing rates with driver shortages, inflationary rises and a drive to be greener.
- 4.31 CFLL's strategic priorities and enablers are shown below;



### Current 2023/24 budget position

- 4.32 CFLL's position as at period 8 is an adverse position of £20.5m against the net budget of £257.1m, representing a 8.0% variance.
- 4.33 Placement spend accounts for £14.9m of the forecast adverse variance. Although the number of looked after children has remained broadly stable, rising numbers in external residential placements along with significant price rises in external residential and supported accommodation provision account for the

majority of the placement pressures. Rises in child allowances rates for special guardianship orders to match fostering rates are also adding to the pressures.

- 4.34 Home to school travel assistance is reporting a £4.7m adverse position to budget with a further £1.2m identified at risk, even though overall demand is largely in line with budgeted assumptions and initiatives to move pupils from solo taxis to personal budgets have outperformed budget assumptions. Unit rates for travel have far exceeded budgeted assumptions and more than offset the good news delivered through the personal budget promotion. Unit rate rises are a result of a number of factors including higher than planned inflation, driver shortages in the market leading to alternate transport arrangements and the drive towards greener transport.
- 4.35 Continued growth in demand for services and support to children with a disability is adding to the pressures in-year.
- 4.36 Pressures arising from the increase in agency staff in the system against the budgeted assumptions is offset by vacancies in established posts. This is seen as short term respite against the pressures and although it is welcome from a financial point of view, it creates significant performance risk in the service because the currently vacant posts are essential to the delivery of services. They are therefore being recruited to or restructured to drive improvements in practice to improve the overall quality of children and families' experiences and outcomes, and can't be held vacant to offset pressures elsewhere.

## Financial pressures

4.37 CFL budget includes £46.1m of pressures for 2024/25, with a total of £96.6m across the MTF period, the pressures relate to;

- Contract inflation including placements, home to school travel assistance and other contracts £10.5m based on 5% inflation for 2024/25.
- Pay inflation of 4% across all staffing in the directorate including those on teaching pay scales, totalling an estimated £5.9m for 2024/25.
- Investment in recruitment and retention initiatives aimed at increasing the permanent rates of social work staff to 85% accounting for £2.4m investment in 2024/25.
- Increase in establishment budgets to meet rising demands across the service seen through 2023/24 and required ongoing £1.1m.
- Investment in preventative services including targeted early help and reunification of children back to their parental homes where safe to do so £1.6m in 2024/25.
- Growth in placements budgets resulting from a change in mix of placement type with greater reliance on external provisions in 2023/24. Placement budget pressures also arising from price rises in excess of budgeted values, partially offset with increases expected in health contributions and increased funding for unaccompanied asylum seeking children (UASCs) resulting in a net growth ask of £13.9m.
- Growth in demand and prices of H2STA arrangements through 2023/24 going into 2024/25 of £8.4m.
- Growth in demand for support and care for children with disability in 2023/24 going into 2024/25 £1.5m.
- Unachievable contract initiatives built into the 2023/24 budget which were not started, adding to the budgetary pressures for 2024/25 £0.8m

## Financial Efficiencies

- 4.38 CFL's budget for 2024/25 includes projected efficiencies of £8.8m, 3.5% of the 2023/24 budget, with £40.6m projected over the period of the MTF. These are challenging targets to be delivered to help partially offset the pressures above.
- 4.39 CFL is looking to manage demand into the service through a number of initiatives including reunification, an intensive family support service (IFSS), the development of adolescence services and continued work to develop and place more children within local provision in Surrey. The initiatives are targeted to deliver efficiencies of £1.5m

- 4.40 CFLL is looking to manage the market through capital investment in in-house residential development and group living arrangements for care leavers. This is alongside targeting improved performance of in-house provisions for both residential and fostering services. The team are looking to drive more permanent arrangements, where these meet children's needs, through adoption and special guardianship orders. Commissioning services are looking to develop strategic relations with providers, develop a dynamic purchasing system for new placements and manage inflation requests to improve on market rates. These initiatives are looking to deliver against the targeted efficiencies of £2.6m.
- 4.41 CFLL are looking to continue the successes of promoting personal budgets for H2STA arrangements, along with reviews of policies for travel in conjunction with the Freedom to Travel programme, looking to achieve efficiencies of £2.6m.
- 4.42 Other contract negotiations for contracts due for procurement through 2024/25 are expected to target efficiencies of £1.4m .
- 4.43 CFLL's investment in IFSS above is expected to be able to maximise the Supporting Families payment by results claims along with reducing demand on social care and social workers targeting efficiencies of £0.5m
- 4.44 CFLL have set targets of £0.2m for increases in fees and charges.
- 4.45 CFLL have engaged the services of an external consultancy to undertake a diagnostic of children's services with the aim of identifying any further opportunities to compliment those identified above and in line with the overarching aims and objectives of CFLL.

### **Special Educational Needs & Disabilities (SEND) / Dedicated Schools Grant High Needs Block (HNB)**

- 4.46 In the 2023/24 MTFs the previously required Dedicated Schools Grant (DSG) High Needs Block (HNB) offsetting reserve contribution budget was reduced by £22m to leave a residual £5m budget. This is as a result of the 'safety valve' agreement which was signed in March 2022. This agreement sees the Council receive £100m of DSG funding in exchange for a contribution from its own general fund (from the existing HNB offsetting reserve) and schools through a 1% block transfer for five years, in order to eradicate the HNB cumulative deficit.
- 4.47 From this £5m budget, £2.5m has been earmarked to contribute to the cost of running the Additional Needs programme as it transitions from the Council's wider transformation programme into an ongoing Business as Usual (BAU) activity within CFLL.
- 4.48 At the end of 2022/23 the council's HNB offsetting reserve had sufficient balances to make the agreed contributions, assuming the Council can remain on the current trajectory, there will be no requirement for further contributions.
- 4.49 The Council provides regular monitoring reports on the 'safety valve' agreement to the Department for Education (DfE) which include financial projections and risk management. To date, the Council has received £70m of the £100m Safety Valve DSG Funding. The monitoring reports, which are a requirement to continue receiving the additional grant funding, have identified that the Council remains currently 'on track' whilst highlighting the significant change in circumstances from March 2022 to the present time, in particular the impact of inflation on costs for schools and the Council, which has been logged with the DfE as a risk. A risk also exists in relation to the capital requirements to fund the expansion of specialist places projected in the Safety Valve agreement due to a shortfall against the planned DfE funding, now requiring the Council to secure the capital through its Free School programme. A successful bid to this programme is not guaranteed, and therefore the capital investment remains a risk (see below).

### **Capital budgets**

- 4.50 Surrey's Safety Valve Agreement with the DfE includes a condition to deliver an ambitious Special Education Needs and Disabilities (SEND) and Alternative Provision (AP) Capital Programme that will improve the long-term sufficiency of state-maintained specialist educational provision that meets the needs of communities across Surrey in the long term. The Capital Programme's successful delivery is a key dependency of the Safety Valve Agreement and directly supports SCC's priorities to eliminate the council's Dedicated Schools



Grant High Needs Block (DSG HNB) deficit and contain cost through significantly reduced reliance on the Service's commissioning of higher cost out of county placements and the non-maintained and independent school sectors.

- 4.51 Robust data modelling and forecasting of what the profile of need of Surrey resident children and young people with additional needs and disabilities is likely to look like to 2031/32 has been completed and is updated annually. Between 2019-2023 Cabinet approved the Capital strategy for four phases of the SEND Capital Programme and the AP Capital Programme and £260m investment. With this investment the programme is aiming to deliver 2,440 permanent additional specialist school places between 2019-2026 to create capacity for 5,760 Surrey state-maintained school places by 2030/31.
- 4.52 The Capital Programme's delivery of additional specialist school places remains on track. The programme has successfully delivered 40 of 83 committed projects to date at a cost of £41m. This has expanded Surrey's state-maintained education estate by 917 places from around 3,320 places when the programme started in 2019 to 4,237 places at the start of academic year 2023/24.
- 4.53 The £223m approved SEND and AP capital programme in the MTFs is largely funded with external funding sources, a small amount remains unsecured for 2025/26 and 2026/27. The capital budget forecast for 2024/25 is £74.3m for SEND and AP. CFLT continue to reprofile the rate of spend based against the known risk associated with individual schemes. In most cases mitigations to secure place availability against sufficiency need are already planned and practical completion will be achieved in line with the agreed plans so there is no risk to overall delivery.
- 4.54 Programme delivery in full is still achievable through utilising capped budgets per scheme. These remain subject to timely legal permissions and approvals, and confirmation of asset/ site viability along with affordable mitigating measures deliverable within the approved MTFs. Ongoing risks in relation to affordability, planning and procurement delays, identification of appropriate sponsors and school/Trust engagement continue to be managed out with appropriate partners.
- 4.55 In addition to the SEND Capital programme, a number of other capital projects impact directly within CFL. Several of these are managed through Land and Property (L&P) but the service benefits or costs would be seen within CFL budgets. As well as the SEND strategy referenced above, there is £19m for the Schools Basic Need programme (grant funded) in 2024/25 and £12m for capital maintenance in schools for 2024/25. Work continues on the programme for the next 5 years with financial forecast due later.
- 4.56 In a similar way to SEND, the Council is also wanting to expand the in-house provision for CLA as a lack of sufficiency within the County means that securing good value placements is increasingly difficult. As well as refurbishing existing children's homes, the CLA Capital programme is focusing on creating an additional 30 bed capacity through new homes in the County. This programme is also looking to support Care Leavers through increased provision of 24 beds for group living.

## Horizon scanning

- 4.57 CFLT continue to work in an incredibly difficult market, with rising demands, increasing complexity of needs and operating in dysfunctional markets where rates are increasing at unprecedented levels. Surrey along with other authorities continue to lobby government over funding into the sector.
  - **The ADCS Resources and Strategy Policy Committee** highlighted evidence of pressures being experienced across the sector through national research, below are some of the headlines;
  - **CIPFA performance tracker** highlighted £11.1 billion spent on children's social care in 2021/22, a 41% rise in real terms compared to 2009, while the children's population grew by less than 10% over the same period.
  - **Safeguarding Pressures Phase 8 (2022)** showed that there was an overall increase in safeguarding activity between 2019/20 and 2021/22 with more children previously unknown to social care services presenting at a later stage, with greater levels of need and higher risks.



- **The Independent Review of Children’s Social Care**, 2022 found that only 56% of the increase in the numbers of children in care since 2013 could be explained by population growth and an increase in the number of unaccompanied asylum seeking children arriving. It found that children are staying in care for longer, with 12% fewer children leaving care in 2021 than in 2016. It estimated that, without implementation of the proposed reforms, total spend on children’s social care is likely to rise to just under £12bn in 2024/25. Full roll out of the reforms will not be seen until 2025/26 at the earliest.
  - **Family Justice Observatory Deprivation of Liberty (DoL)** data, between July 2022 and May 2023, the national DoL court issued 1217 applications across 153 different LAs, for a total of 1142 children. 53.8% of children in July and August 2022 were placed in unregistered setting in the first six months of the order being granted. Indicating a lack of suitable regulated provision for children experiencing risk of criminal exploitation, emotional difficulties, behaviours that were a risk to others, and self-harm risks.
  - **Competitions and Markets Authority** review concluded there are not enough placements of the right kind, in the right places, which means that children are not consistently getting access to care and accommodation that meets their needs. The largest private providers of placements are making materially higher profits and charging materially higher prices than would be expected from a functioning market. Some of the largest private providers are carrying very high levels of debt which creates a risk that disorderly failure of highly-leveraged firms could disrupt placements.
  - **S251 Data Outturn**, reported that in 2021/22, LA gross expenditure on children and young people's services was £11.9 billion. £3.6 billion of which was spent in placements. Private residential placement costs increased the most, by 90.56%, while LA placement costs increased by 18.78%.
  - **Children’s Home Association’s State of the Sector Survey 2023** highlighted the private sector’s approach to formal procurement and tendering, with over a third not engaging with formal processes (twice as many as in 2021) and half of all providers selectively considering which tenders to bid for.
  - **Regulatory regime for supported accommodation Demand and Capacity of Homes for Children in Care (CCN, LIIA, Newton, 2023)** found that between 2019 and 2022, the number of young people living in supported accommodation increased by 21.3%.
  - **The Independent Review of Children’s Social Care**, 2022 estimated the additional cost of employing agency staff at approximately £26k per worker per year (53% of the average social worker salary), indicating a loss of over £100 million per year. DfE data (2023) shows that the agency social worker rate increased from 16% in 2021 to 18% in 2022, with 13% more agency social workers in total in 2022. This compares to Surrey stats which show the additional costs of an agency worker at £21k (39% of the average social worker salary). Based on the government return done for 2022, if we apply this to 165 fee agency, indicating a loss of £3.4m in year.
- 4.58 Surrey Additional Needs and Disabilities Partnership was inspected under the new Area SEND inspection framework in September 2023. The outcome from the inspection was published in November 2023 and the Improvement Plan following the inspection was published on the Local Offer website in January 2024.
- 4.59 Within the timeframe of the Medium-Term Financial Strategy there is also likely to be a full children’s social care Ofsted inspection (in addition to one or more focused visits) and HMIP Youth Justice inspection. These service areas are all actively engaged in improvement work which it is essential to maintain in order to secure reliably good services for our children and families and to work towards delivering outstanding services.
- 4.60 Any financial implications resulting from ongoing legislative changes will be monitored.

## ENVIRONMENT, INFRASTRUCTURE AND GROWTH (EIG)

### Context

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

- Maintenance and improvement of highways, footways, street lighting and other highway assets;
- Public transport;
- Waste management, including recycling or disposal of household waste and operation of community recycling centres;
- Transport infrastructure and place development;
- Countryside;
- Planning & Development;
- Supporting the county's and Council's response to climate change and carbon reduction; and
- Supporting economic growth

4.62 Over the period of the Medium Term Financial Strategy, EIG's key priorities are to:

- Continue to strengthen our financial sustainability to provide value for money to communities by leveraging available funding opportunities, identifying new commercial opportunities, opportunities for partnership working, innovating service delivery and developing our Greener Futures Finance Strategy;
- Continue to improve bus services, including the introduction of a half price travel scheme and digital demand responsive transport services;
- Continue to work with Ringway, the new Highways contract provider, improving quality of works across the county, continuing to identify opportunities to innovate and work more effectively, and delivering against carbon reduction outcomes including immediate adoption of a minimum 11% EV fleet with commitment to reach net zero by 2030;
- Deliver the Council and county's carbon emission reduction targets in line with our Climate Change Delivery Plan. With 41% of Surrey's emissions resulting from Transport, a key part of delivering these targets will be supported by delivery of the Surrey Transport Plan, EV network rollout, improvements to local bus services and the introduction of Digital Demand Responsive Transport;
- Deliver the capital programme including the River Thames flood alleviation scheme in partnership with the Environment Agency, the Surrey Infrastructure Programme, and develop the pipeline for future schemes
- Continue to maximise external funding toward revenue and capital activities, including grants, income and developer contributions.

### Current 2023/24 budget position

4.63 EIG's current annual revenue budget is £181m. Key areas of spend include managing the recycling and disposal of the county's domestic waste collected at the kerbside and deposited at community recycling centres, managing the county's 3,000 miles of highways including repairing and maintaining the county's roads, streetlights, bridges and other assets, passenger transport including contracting bus services and operating the concessionary travel scheme for elderly and the disabled, and management of the countryside including providing visitor services.

4.64 A significant proportion of the Directorate's budget is linked to contracts, and EIG therefore recognises the need to work in close partnership with providers and markets to explore opportunities for efficiencies.

4.65 At month 8 EIG forecasts an overspend of £1.5m including:

- a number of pressures in Highways & Transport including additional staffing, reduced income and increased costs (£0.7m)
- additional capacity including project management to support improvements and legislative change across the directorate (£0.3m) and
- acceleration of treatment to address ash dieback in the countryside (£0.2m).

## Financial pressures

4.66 The EIG 2024/25 revenue budget includes pressures of £27.5m, £44.9m for the whole 2024-29 MTFS period; including:

- Inflation: significant spend within EIG is delivered through medium and long term contracts including bus services, highway maintenance, and waste management. Most contracts include provision for an annual inflationary uplift, e.g. to recognise that materials and labour costs are increasing. The budget generally assumes contract inflation at 5% (£5.8m) for 2024/25. Pay inflation is also included at 4% (£1.7m) for 2024/25.
- Supporting and enhancing transport services: the budget includes significant investment in bus services, the introduction of a half price travel scheme and digital demand responsive transport (£11.9m). Most of this investment is initially funded by Government grants, resulting in a budget pressure in future years.
- Supporting and enhancing highways and environment services: following a task and finish review undertaken by Cabinet earlier in the year, investment in a range of service improvements are proposed including refreshing road lines, additional investment in gulley cleaning, area stewards and grass-cutting (£5.2m).
- Greener Futures activities (Climate Change and Natural Capital) previously funded through Transformation are transitioning to the EIG revenue budget resulting in growth of £1.2m after reprioritising and reprofiling activity to reduce the initial investment ask.
- Staffing changes in other areas (e.g. project management capacity to support service improvement and respond to legislative changes, senior management capacity, and restructuring the Waste team) results in growth of £1.1m.

## Financial Efficiencies

4.67 The EIG 2024/25 revenue budget includes efficiencies totalling £18.8m including:

- Transport funding: including one-off and prior year transport grants and ongoing changes in concessionary fares volumes (£11.4m) which will be applied to manage the costs associated with bus service improvements set out above, resulting in a financial pressure from 2025/26.
- Waste management: the revenue budget anticipates efficiencies from new contracts for residual waste and dry mixed recyclables (£0.6m and £0.3m respectively, both part-year) when those contracts commence in October 2024.
- Land & Property: efficiencies arising from new facilities management contract arrangements (£1m), the Agile programme (e.g. office building rationalisation and running costs, £0.9m) and other asset and service reviews (£1.1m).
- Other efficiencies include ongoing efficiencies following new arrangements for enforcement of on street parking restrictions (£0.5m) and enforcement of bus lane and moving traffic offences (£0.3m), income from highway advertising (£0.3m), and transformation and integration of services across ETI.

## Capital budgets

4.68 EIG delivers infrastructure improvements through the Capital Programme, which includes the capital budget for projects which are in or approaching delivery, and the capital pipeline for schemes under development and subject to business cases. EIG's 5 year capital programme totals £1.8bn across the MTFS period. Key programmes and schemes include:

- Structural maintenance of roads, bridges and other highway assets
- The River Thames flood alleviation scheme and wider flood alleviation programme
- Highways and transport improvement schemes and programmes, such as the A320 Improvements, low emission buses, and the Surrey Infrastructure Plan
- Greener Futures, the Council's ambitious carbon reduction plan, and

- Investment in the Council's Land and Property estate, developed in close consultation with front line services to ensure the Council's assets are used effectively and are fit to support the efficient delivery of services to our residents and to support our staff to carry out their responsibilities.

## Horizon scanning

4.69 In future years further opportunities are anticipated in a number of areas.

- Following an extensive procurement process the Council's new highways maintenance and improvement contract, delivered by Ringway, started in April 2022. The Council and its contractor continue to work in partnership to explore further efficiencies, for example innovations in working practices and use of improved materials.
- The Government is consulting on its Waste and Resources Strategy which could have implications for how the Council manages domestic waste, and the cost of doing so. The Strategy includes provision to improve the reuse of products, to make producers responsible for the cost of managing the disposal of products and packaging, and to change the way waste and recyclable materials are collected – all of which could provide opportunities for achieving efficiencies in ETI's budget over the MTFS period and beyond. The Strategy will have implications for waste infrastructure which will need to be considered within the Council's wider capital programme, including future arrangements for maintaining existing waste sites including the Eco park.

## SURREY FIRE & RESCUE SERVICE

### Context

- 4.70 Surrey Fire and Rescue Service (SFRS) is a statutory service which aims to make Surrey a safer place to live, work, travel and do business. In recent years, in response to now His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), SFRS has put in place major improvement programmes which was, in part, set out in the Making Surrey Safer Plan (MSSP) 2020-24. A big part of the MSSP is about improving how we deliver prevention and protection activities, helping to prevent emergencies from happening in the first place.
- 4.71 Partnership working is key to the success of the MSSP, starting within Surrey County Council with Adult Social Care and Integrated Commissioning, Children, Families and Lifelong Learning and Public Health services, to help prioritise support to our most vulnerable residents. SFRS also aim to work better with other emergency services, District and Borough Councils and closer working with businesses to support the Surrey economy.

### Current 2023/24 budget position

- 4.72 SFRS, including the Emergency Management Team, has an annual revenue budget of £39m. At month 8 the service forecasts an overspend of £0.2m on revenue budgets due to a backdated national pay award for uniformed staff for 2022/23 of 7%, which was agreed after the current budget was approved and exceeds the 5% uplift assumed in the Council's MTFS. This creates a pressure of £0.7m, which is partially offset by vacancies (£0.4m) and other efficiencies, and is reflected in the new MTFS.

### Financial Pressures

- 4.73 The SFRS 2024/25 revenue budget includes pressures of £2.6m, £7m across the whole 2024-29 MTFS period; including:
- Expected growth through pay inflation, including anticipated growth from nationally agreed firefighter's pay awards in 2023/24 and 2024/25 and including the current year pressure, totalling £2.4m next year.
  - Other adjustments largely offset each other and include recruitment and resilience measures designed to offset the ongoing impact of operational firefighters leaving the authority, increased communications costs, increased level of contingency cover and extension of the corporate Reasonable Adjustments offer to encompass SFRS, offset by removal of time-limited prior year growth including temporary staffing.

## Financial Efficiencies

4.74 The SFRS 2024/25 revenue budget includes efficiencies totalling £0.7m, rising to £1.2m over the MTFS period, including reviews of Fire Investigation, Logistics and the Operations Management Centre (OMC)/Staff Office, alongside cessation of operational staff rotations and capitalisation of the costs of staff delivering the capital programme.

## Capital budgets

4.75 SFRS currently has a Capital Programme of £21m across the 5-year MTFS period which includes replacement of fire appliances, other vehicles and equipment.

## Horizon scanning

4.76 Efficiency measures subject to further development include developing a shared use offer for future training and fleet maintenance facilities, and savings anticipated from a new communications system. The Community Risk Management Plan (MSSP) will be reviewed and updated for early 2025, and will include a wider review of the service, including efficiency and an opportunity to consult on any changes.

# CUSTOMER AND COMMUNITIES

## Context

4.77 The Directorate includes the following services:

- Customer Services
- Libraries, Arts, and Heritage
- Registration and Nationality Services
- Coroners
- Trading Standards and Health & Safety
- Community Investment and Engagement
- Community Partnerships and Prevention

4.78 Customer and Communities delivers critical day-to-day services and operations, while also shaping and driving several connected key strategies and transformation programmes that are central to the successful achievement of the Surrey County Council (SCC) Organisation Strategy, 2030 Community Vision and Surrey's Health and Wellbeing Strategy.

4.79 The Directorate is at the forefront of shaping and delivering the Council's priority ambition for empowered and thriving communities. Supporting the development of thriving communities is essential to delivering a greener future, driving a sustainable local economy, and tackling health inequalities - and strong and active communities are a crucial ingredient in enabling more people to live independently for longer.

4.80 The Directorate is delivering key transformation work that continues to adapt and improve services to meet the changing needs to our residents and ensure financial sustainability including:

- **Customer Transformation** - making the experience of dealing with the council quicker, easier, and better by shaping relationships with our customers, managing their enquiries in a more efficient, proactive, and connected way and increasing our use of digital self-serve technologies and data insights;
- **Libraries and Culture Transformation** - delivering a modern and efficient set of services across Libraries, Arts and Heritage reducing net cost and increasing impact for communities in Surrey;
- **Enabling Empowered Communities** – designing and introducing new approaches to reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey's future.

## Current 2023/24 budget position

4.81 The net budget for the Directorate for 2023/24 amounts to circa £21m. This includes significant income budgets in excess of £17m, primarily across Cultural Services (Libraries and Surrey Arts) and Registration and Nationality Services.

- 4.82 All areas have delivered significant service improvements and cost reductions over the last three years. For example, the Library Service net budget has reduced by 43% since 2019/20. The ambition is not only to ensure the sustainability and quality of services provided, but to also think creatively about how services are delivered efficiently and effectively.
- 4.83 The month 8 forecast is £0.1m overspend. The main reason for the overspend is £0.3m Libraries income pressure and additional staff in Customer Services in response to activity levels, £0.2m. These overspends are offset by staffing underspends in other services. 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 Libraries' income pressure is likely to continue into 2024/25 as are the high demand and rising customer expectations leading to resourcing pressures.

### Financial pressures

- 4.84 In 2024/25, the directorate is likely to have £1.2m of inflationary pressures. Over 77% of the Customer & Communities Directorate budget is staffing and consequently, the majority of, its inflationary pressures relate to pay inflation, estimated at £1.1m next year. There are a range of other smaller pressures, totalling £0.6m, including the continuation of the 2023/24 Libraries income pressure.
- 4.85 There are also continued risks as all services are experiencing high demand and rising customer expectations leading to resourcing pressures.

### Financial Efficiencies

- 4.86 The Directorate has had to identify £1.3m of efficiencies to offset the £1.8m pressures. These have been developed and are guided by the following principles:
- Maximise income in 2024/25 by setting rate increases equal to inflation (or more where the market allows) and driving income generation from other sources where possible;
  - Prioritise the continuation of operational services and offers we have strongly committed to as part of our strategy – for example a network of 52 libraries and support for Your Fund Surrey;
  - Ensure we can continue to build on the new capabilities we have developed for the future design of the organisation for example Customer Services, local engagement and community-based prevention;
  - Consideration of the statutory duties and requirements that relate to C&C services;
  - Ability to practically deliver the expected efficiencies and to mitigate impacts;
  - Consideration of efficiencies already made in recent years across C&C services;
- 4.87 The efficiencies include increased income of £0.6m and service reviews which do not impact the strategic direction, £0.2m. In addition, £0.5m of more challenging efficiencies.

### Capital budgets

- 4.88 The Directorate has capital investment plans to transform the libraries. The Directorate also oversees the corporate Your Fund Surrey capital investment programme.
- 4.89 The capital pipeline and budget contains £23.2m investment to enable the libraries transformation programme. This is a five-year programme of work to modernise library settings across Surrey to;
- Enable libraries to meet the changing needs of communities;
  - Support wider strategic priorities; and
  - Ensure library assets are fit and sustainable for the future.
- 4.90 The capital and pipeline budget includes £30m for Your Fund Surrey of which £4m is for the small fund which supports local small capital projects in their community. A whole range of projects have been funded from this scheme to date, including refurbishment of village halls, new pathways, community gardens, playgrounds and inclusive sports facilities. In order to build on this success, and to ensure the Council supports as many initiatives as possible and spread the fund more widely across the County, the allocation to individual Members is increasing by an additional £50,000, to a total of £100,000 each.



## RESOURCES

### Context

- 4.91 The Resources Directorate sits at the heart of the Council, predominantly responsible for enabling services, but also for some front-line services. The directorate is committed to providing highly effective support to colleagues across the council spanning the breadth of our functional responsibilities, but in a way that feels joined up and responsive.
- 4.92 The aim of the Resources directorate is to be seen as a 'True Business Partner' by all colleagues and customers. This means supporting and enabling service colleagues as the primary objective, because through them Resources is contributing to great outcomes for Surrey and Surrey residents. The directorate also aims to embody the culture of Surrey County Council as a successful and effective organisation; demonstrating the same agility and responsiveness that we all aim to provide to residents. Thinking primarily about customer's perspective and presenting issues, rather than Resources own organisational structure and arrangements.
- 4.93 The Directorate's focus in the medium term is:
- Delivering highly effective and value for money services
  - Delivering high impact collaborative support, to enable the organisation to deliver high quality services and good outcomes for residents.
  - Empowering our people to reach their full potential across the organisation, ensuring no one is left behind.
  - To deliver excellent financial management by ensuring a balanced and sustainable budget, providing insight and solutions, supporting robust commercial activity and investing in the services that matter to our residents.
  - Supporting the organisation to become agile and dynamic in our ways of working.
  - Providing efficient systems & governance to enable the organisation to deliver high quality services and good outcomes for residents.
  - Continually challenge ourselves and others to improve and innovate for the benefit of our residents.

### Current 2023/24 budget position

- 4.94 The Directorate is forecasting an overspend of £0.5m at month 8, after mitigations. This excludes the £0.3m overspend variance relating to Land and Property (L&P) whose budget will transfer to EIG in April. The largest Resources variance is the expected reduction in income of £0.3m from the provision of payroll services, due to decreases in customer numbers. There are also staffing pressures in People & Change and Business Services due to agency and restructure costs (£0.4m). These pressures are offset by staffing underspends in other services due to holding vacancies to mitigate the overspends.

### Financial pressures

- 4.95 The Directorate is forecasting inflationary pressures of £2.6m, mainly from staffing and also continued high inflation levels for food and insurance premiums. Although the headline rate of inflation on staffing costs is lower than some of the external ones, staffing accounts for a majority of costs within the directorate.
- 4.96 The inflationary pressure along with the continuation of 2023/24 pressures and some specific increases, result in likely 2024/25 pressures of £4m. Specific pressures mainly relate to insurance where the current levels of insurance claims and reduced recovery of insurance costs as schools convert to academies is leading to a pressure of £0.6m.

### Financial Efficiencies

- 4.97 The directorate has identified £0.9m of efficiencies. Each service within the directorate is reviewing activities to make service based efficiencies of £0.6m and a directorate wide capacity review will achieve further efficiencies.



4.98 These efficiencies are likely to have a significant impact on staffing, particularly the payroll services changes which are likely to lead to a reduction in full time equivalent staff of circa 50.

### Capital budgets

4.99 The Directorate manages capital investment relating to the Council's IT&D services, equating to £31.3m over the MTFS period. Investment plans are developed in close consultation to support the efficient delivery of services to our residents and to support our staff to carry out their responsibilities.

### Horizon scanning

4.100 The Directorate contains the Design & Transformation service, which drives further financial efficiencies across the organisation through the ambitious and forward-looking transformation and SWITCH (Surrey Way Innovation, Transformation & Change) programmes and therefore making a significant contribution to achieving the financial sustainability required, so that the Council can deliver priorities, resulting in better outcomes for Surrey residents.

## COMMUNICATIONS, ENGAGEMENT AND PUBLIC AFFAIRS

### Context

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

4.102 The Directorate:

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

4.103 There is an ongoing requirement for the service to maintain good, clear, consistent communication in support of the County's recovery from the pandemic including providing enhanced communications relating to the medium-term impacts of the pandemic, such as mental health, domestic abuse and financial hardship.

### Current 2023/24 budget position

4.104 The Directorate operates within an overall budget of £2.2m, managing demand pressures within existing financial resources wherever possible. The latest month 8 forecast is a balanced position.

### Financial pressures & Efficiencies

4.105 The majority of the directorate's expenditure is on staffing, leading to pay inflation pressures of £0.1m. The inclusion of a new Resident Intelligence Unit (RIU), which will collect, interpret and report resident insights and intelligence and guide, support and track engagement and consultation across the entire organisation is estimated to cost £0.4m. It is assumed that the planned review of Communications activities across the Council will deliver organisation wide efficiencies of £0.4m to offset the pressures in the directorate.

## 5. FINANCIAL STRATEGY AND 2024/25 BUDGET

5.1 This section sets out our approach to developing a Budget and Medium-Term Financial Strategy. We committed, as part of our Finance Improvement Programme, to assessing future budget setting processes

against a best practice framework. This process began for 2020/21’s budget and has continued in successive years. The following six hallmarks are used as a self-assessment tool, with current progress set out alongside.

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

Hallmark	Self-Assessment
<p><b>The budget has a Medium-Term focus which supports the Strategic Plan</b></p>	<ul style="list-style-type: none"> <li>• The budget process has been coordinated across Directorate Leadership Teams, Corporate Strategy &amp; Policy, Transformation/Design &amp; Change and Finance; the integrated approach ensures that the budget is focussed on delivering corporate priorities and is linked to the core planning assumptions and Directorate business plans.</li> <li>• Despite significant uncertainty in the financial planning environment, our approach continues to focus on a five-year Medium-Term period, which bears the hallmarks of sustainability and avoids short-term measures or depletion of reserves.</li> <li>• The Council launched a cross-cutting approach to budget setting for 2023/24 onwards to ensure that dedicated focus, resource, and adequate time is dedicated to solving the medium-term budget gap and well as a focus on balancing the budget for 2024/25. The SWITCh Programme continues this focus from 2024/25 onwards.</li> </ul>
<p><b>Resources are focused on our vision and our priority outcomes</b></p>	<ul style="list-style-type: none"> <li>• The budget is based on clear integration with the Organisation Strategy, the transformation programme and corporate priorities; developed in partnership across the organisation through the Strategic and Integrated Planning Group.</li> <li>• The budget has been subject to numerous iterations through Cabinet and CLT over the last seven months to narrow the gap and clarify and update assumptions.</li> <li>• Core planning assumptions are developed using the comprehensive application of a recognised PESTLE+ framework to review the likely environment for budget setting and service delivery, contributed to by representatives from across the Council’s services, to provide a consistent framework for planning purposes.</li> </ul>
<p><b>Budget not driven by short-term fixes and maintains financial stability</b></p>	<ul style="list-style-type: none"> <li>• Budget preparation is integrated with transformation and with a focus on opportunities required over the medium-term to ensure that we are acting now to secure a sustainable budget over the next five years.</li> <li>• Business cases are built around corporate priorities; focussing on benefits realisation and deliverability across transformation, invest to save and capital.</li> <li>• For the past five years, we have not used General Fund reserves to support the budget – the planning assumptions are for a continuation of this strategy over the medium-term.</li> <li>• We aim to continue to hold general fund reserves appropriate to meet the assessed risk environment and specific pressures to ensure our continued financial resilience despite an increasingly volatile and uncertain external environment.</li> <li>• We assess the level of our reserves, in the context of the risk environment in which we operate but also with reference to levels recommended by external auditors (<i>‘Lessons from recent Public Interest Reports’</i>) and, looking at the direction of travel (ie are reserve levels increasing or decreasing over the medium term) and utilising comparisons and benchmarking data to compare to similar authorities.</li> </ul>
<p><b>The budget is transparent and well scrutinised</b></p>	<ul style="list-style-type: none"> <li>• The Budget Task Group and Select Committees have been involved early in the budget process to set out the approach, covering the Core Planning Assumptions, funding projections and baseline financial planning assumptions.</li> </ul>

	<ul style="list-style-type: none"> <li>• Select Committees have been asked to identify areas of focus to enable more robust and detailed scrutiny of specific areas of pressure and/or risk. They have been provided the opportunity to put forward suggestions to close the budget gap.</li> <li>• In October, Directorate pressures and proposed efficiencies were shared in advance of finalising the budget proposals. These sessions will continue throughout the budget setting process.</li> <li>• Opposition Groups have been engaged earlier in the budget setting process since 2023/24. They have been consulted on the core planning assumptions, funding projections, key areas of risk and underlying financial planning assumptions. They have been asked to contribute suggestions to close the budget gap.</li> </ul>
<p><b>The budget is integrated with the Capital Programme</b></p>	<ul style="list-style-type: none"> <li>• Section 6 sets out the Capital Programme</li> <li>• The Capital Programme is developed alongside the revenue budget and is overseen by Capital Programme Panel. We continue to clearly demonstrate delivery of corporate and service priorities and set out the impact and linkages with the revenue budget.</li> <li>• Where decisions on available funding have been required, dedicated capital sessions have been held with the Corporate Leadership Team and Cabinet to inform prioritisation of capital bids, taking into account parameters such as alignment to corporate priorities and impact on the revenue budget.</li> <li>• The full borrowing costs of proposed Capital Programme are reflected in the revenue budget and the trajectory for borrowing costs has been assessed over the long-term.</li> <li>• The full lifecycle costs of new investment are assessed to establish the long-term financial impact.</li> </ul>
<p><b>The budget demonstrates how the Council has listened to consultation with local, people, staff and partners</b></p>	<ul style="list-style-type: none"> <li>• Section 10 sets out our approach to consultation and engagement.</li> <li>• We delivered a multi-method exercise to ask residents and other stakeholders what the most important outcomes were, what they wanted the council to focus most on, what they wanted the organisation to deliver, how the council’s financial resources should be allocated, how the budget should be balanced and the circumstances under which residents would most likely support or oppose any increases in council tax.</li> <li>• Between November 2023 to January 2024, we consulted with residents, businesses, district and borough councils, other public service partners and the voluntary, community and faith sector to understand their views on key investment proposals in the budget and measures to close the budget gap for 2024/25.</li> </ul>

**Budget Principles**

5.2 The MTFs for successive years has been built on a number of high-level principles which are used as a framework to set the budget. These have proven to be successful and have been reaffirmed for the 2024/25 budget.

5.3 The principles are:

- An integrated approach linking Organisation Strategy, Service and Transformation plans to the MTFs through cross-cutting business partnership;
- A balanced revenue budget with only targeted use of reserves and balances (i.e. using them for their intended purpose to cover one-off or time-limited costs);
- Regular review of reserves to ensure appropriate coverage for emerging risk;
- Budget envelopes set for each Directorate to deliver services within available resources;

- Ensuring a culture of budget responsibility where managers are accountable for their budgets – budgets are agreed and acknowledged annually by Accountable Budget Officers through Budget Accountability Statements;
- Cost and demand pressures contained within budget envelopes to ensure ownership and accountability;
- Robust efficiency plans which are owned, tracked, and monitored;
- Scenario planning across pessimistic, optimistic, and likely assumptions to set realistic boundaries on the likely operating environment; and
- Working with partners to create best value for residents.

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

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

### Revenue Budget Headlines

- 5.4 As an organisation we are constantly affected by our external environment, which has implications for both what we want to achieve and how we will deliver for our residents and communities. The budget has been developed during a period of significant uncertainty; with the impact of inflation forecasts, Government leadership and policy changes, funding, the impact of increased cost-of-living and likely demand for services in 2024/25 all very unclear. Understanding this context is integral in helping inform and shape how we plan and respond as an organisation to possible future scenarios.
- 5.5 The Council develops a set of Core Planning Assumptions to help manage this uncertainty, setting out assumptions about the council's most likely operating context. The assumptions are developed from emerging policy trends and predictions drawn from government messaging, strategies, policy think tanks and other influential institutions to build an expectation of future conditions. They are not intended to define a specific future, but list important factors that may affect the council's resources and services to inform strategic and financial planning in the short to medium term.
- 5.6 Throughout the planning process, we have followed the budget envelope principle where Directorates are challenged with producing a budget that matches available funding. This entailed Directorate identifying efficiencies to offset pressures from demographic growth, inflation and new responsibilities.
- 5.7 Directorate growth pressures have been subject to a number of iterations and changing assumptions, particularly in relation to forecast inflation and the ongoing impact of in-year changes to demand pressures; culminating in the final budget, with the following main changes from 2023/24:
- An increased budget of £94.9m
  - Total pressures of £148.6m, comprising
    - Staffing pressures of £17.6m

- Contract & Price inflation of £52.4m
- Demand and other pressures of £69.4m
- Capital financing costs of £9.2m; and
- Efficiencies of £53.7m

5.8 The level of identified pressures represents the second year where the Council are experiencing a significant increase compared to previous years' average annual pressures, primarily due to the high inflation environment. This has necessitated the identification of a higher level of efficiencies in the last 2 years than has been required historically.

5.9 In setting the budget, pay, contract and price inflation has been calculated by Directorates, informed by corporate assumptions. Pay inflation at 4% has been calculated and allocated to Directorates, in addition to other pay and recruitment pressures. This is a planning assumption only and does not represent the proposed pay award. The actual pay award for 2024/25 will be decided by the People, Performance and Development Committee after formal consultation. Any further pressure or reduction from the 4% will be dealt with in-year. Contract and price inflation has been set based on a blended assumption of annual average RPI and CPI of 5% for 2024/25, with variations for specific contracts and market variations where appropriate. Inflation has been included in Directorate envelopes.

5.10 The revenue budget envelopes for Directorates, Central Income and Expenditure and Funding are summarised in the table below. Overall, net expenditure has grown by £94.9m (8.6%):

- Pressures and Efficiencies are set out in further detail in **Annex A**
- A breakdown of the 2024/25 budget by Directorates and Services in **Annex B**.

**Table 2: Summary Budget Position for 2024/25**

Directorate	Restated Budget 23/24 £m	Pay Pressures £m	Contract & Price Inflation £m	Demand & Other Pressures £m	Efficiencies & Funding £m	Total Movement £m	Budget 2024/25 £m
Adults, Wellbeing & Health Partnerships	474.8	5.2	34.0	11.2	(22.7)	27.8	502.6
Children, Families and Lifelong Learning	249.4	5.8	10.5	29.8	(8.8)	37.2	286.6
Environment, Infrastructure and Growth	178.8	1.7	5.8	19.9	(18.8)	8.6	187.4
Surrey Fire & Rescue Service	39.2	2.4	0.2	0.0	(0.7)	1.9	41.1
Customer and Communities	20.8	0.2	1.1	0.6	(1.3)	0.6	21.4
Comms, Public Affairs & Engagement	2.2	0.1	0.0	0.4	(0.4)	0.1	2.3
Resources	57.6	2.1	0.7	1.4	(0.9)	3.4	61.0
<b>Total Directorate Envelopes</b>	<b>1,022.8</b>	<b>17.6</b>	<b>52.4</b>	<b>63.3</b>	<b>(53.7)</b>	<b>79.6</b>	<b>1,102.4</b>
Central Income & Expenditure	79.4			15.3		15.3	94.7
<b>Total Net Expenditure</b>	<b>1,102.2</b>	<b>17.6</b>	<b>52.4</b>	<b>78.6</b>	<b>(53.7)</b>	<b>94.9</b>	<b>1,197.1</b>
Business Rates (inc related grants)	(131.0)				(23.6)	(23.6)	(154.6)
Grants	(112.1)				(11.8)	(11.8)	(123.9)
General Council Tax	(753.3)				(30.8)	(30.8)	(784.1)
Adults Social Care Precept	(112.7)				(18.1)	(18.1)	(130.8)
Collection Fund (Surplus) / Deficit*	6.9				(10.6)	(10.6)	(3.7)
<b>Total Funding</b>	<b>(1,102.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(94.9)</b>	<b>(94.9)</b>	<b>(1,197.1)</b>

## National Funding Context

### Autumn Statement & Local Government Finance Settlement

5.11 On the 22nd November 2023, the Chancellor of the Exchequer, the Right Honourable Jeremy Hunt MP, announced the Autumn Statement, alongside the publication of updated economic forecasts for the UK by the Office for Budget Responsibility (OBR). No new funding was announced for local government in the Autumn Statement, beyond what had previously been announced in the 2022 Autumn Statement in respect of social care grant allocations.

5.12 The Provisional Local Government Finance Settlement (LGFS) followed on the 18 December and provided more details for 2024/25. In the context of a series of s114 announcements, publicised issues with local government funding and extensive lobbying to the Treasury, it was hoped that there would be some further funding within the provisional LGFS. The policy statement, issued on 5<sup>th</sup> December suggested this would not be the case, however intensive lobbying leading up to the announcements provided positive indications that there would be some additional support. This proved to not be the case.

5.13 The Autumn Statement and Provisional LGFS headlines for Surrey County Council are as follows:

#### Revenue:

- The Levelling Up Secretary Michael Gove confirmed Government figures indicate an average increase in Core Spending Power (CSP) of 6.5% in 2024/25 nationally. Almost half of this increase, comes from the presumption that all councils will levy the maximum increase in council tax permitted.
- The agreement for next year includes a one-off Funding Guarantee that ensures every council in England will see at least a 3% increase in core spending power before any local decisions around council tax are taken.
- The increases in the social care grant announced in the 2023/24 local government finance settlement were confirmed.
- The grant allocations announced resulted in additional grant allocations of £3.5m, when compared to the Council's draft budget assumptions consisting of:
  - 3% funding guarantee funding of £6.6m
  - Additional social care grant allocations of £1.3m
 Offset by:
  - New Homes Bonus allocation was confirmed at £1.1m (£0.5m less than assumed in the draft budget)
  - The reduction in the Services Grant resulted in Surrey County Council's allocation confirmed as £0.7m (a decrease from the £4.7m assumed in the draft budget)
- The LGFS confirmed that the Fair Funding Review of the allocation of Government Grant will not commence within this Parliament.
- The core Council Tax referendum threshold was confirmed as to up to 3% for 2024/25.
- The Adults Social Care (ASC) Precept limit is set at 2% for 2024/25.
- Each 1% increase in either the core Council Tax or ASC Precept generates c£8.6m. The final budget assumes that 4.99% will be raised.

#### Capital

- Capital grants were not confirmed as part of the LGFS.
- SEND capital investment announcements made in the previous year's settlement span 3 financial years to 2023/24. Confirmation of specific annual allocations from 2024/25 are yet to be announced. The Capital Programme includes a comprehensive SEND investment programme, so any additional grant will reduce our need to borrow to fund these requirements.
- In November 2023, the Department for Transport (DfT) announced an additional pothole allocation, as part of £8.3bn repurposed HS2 funding. This allocated the Council an additional capital grant of £2.6m per year for 2023/24 and 2024/25, on top of the £25.691m existing DfT grants covering potholes, maintenance and integrated transport schemes. The minimum additional funding to the Council over the 11 year period to 2033/34 is £82m, implying future annual amounts will be higher, although allocations and profile are yet to be confirmed.
- Assumption on other capital grant funding have been made in the final capital programme, based on historic allocations. Changes between these assumptions and final grant announcements will be managed in year.

5.14 Looking further ahead, prospects for local government finance settlements in the next spending review period look very tight. There is no change in the overall planned increase in Resource Departmental



Expenditure (RDEL) of 1% in real terms, which means real-terms cuts for unprotected services, including most of local government. Details of spending plans for the medium term are not set out, these will depend on the speed and level of improvement and growth in the economy. This continues the trend of uncertainty and a real risk of reductions being required in public spending in the medium term.

### Final Funding for 2024/25

- 5.15 For some years, the most significant anticipated influence on the Council's funding has been the long-awaited implementation of fundamental Government funding reform; the Review of Relative Needs and Resources, alternatively referred to as the Fair Funding Review. Our assumption is that reform would see Surrey's funding drop significantly over the medium-term. Government have confirmed that these reforms will not be implemented in this parliament and our current planning assumption is that these will not impact until 2026/27, at the earliest.
- 5.16 Total funding for 2024/25 for Surrey County Council is set out in the sections below.

### Council Tax Funding £921.1m (Council Tax £914.9m plus collection fund surplus £6.2m)

- 5.17 The Chancellor announced in the November 2022 Autumn Statement, that core council tax referendum principles would continue for 2024/25 as set in 2023/24. This means councils can increase core council tax by up to 3% without the need for a referendum and can raise up to 2% in an additional adult social care precept.
- 5.18 In setting the budget the Council has built in a 2.99% increase in core council tax. A 2% increase in the Adult Social Care precept is also proposed. Taking these factors into account it is proposed to increase council tax by 4.99% in 2024/25. This equates to an increase of £1.61pence per Band D Property per week (£83.52 per year).
- 5.19 In setting the tax base for future years the District and Borough councils make allowances for growth in new properties, increases to reliefs, irrecoverable amounts and appeals. Going into next year, anticipated growth in base equates to 0.7% increase to the tax base.
- 5.20 **Full details of the Council Tax Requirement and breakdown of the taxbase by District and Borough can be found in Annex E.**
- 5.21 The Council also needs to consider the potential surplus or deficit relating to actual collection of council tax when setting the budget. This is the difference between the estimated council tax collectable each year, and that collected. We were expecting the Boroughs and Districts to report an underlying surplus for 2024/25 of £5.8m. The difference between this and the final figures provided is managed through an adjustment to the Collection Fund equalisation reserve.
- 5.22 The position of the collection fund is determined by billing authorities (Boroughs and Districts) and is implicitly driven by both current positions and judgements about how prudent or optimistic their forecasting assumptions are in relation to their overall budget positions. As a precepting authority, Surrey County Council are required to use the forecasts adopted by the billing authorities. Such information is received too late in the budget setting process to enable robust analysis or testing of assumptions. The Council therefore takes a decision in respect of any collection fund equalisation adjustments to ensure prudence in the budget and because where forecasts are unusual there is a high possibility of a correction next financial year. Volatility in future collection fund figures is exacerbated by economic volatility and the increased cost of living which could impact collection rates. The Council therefore uses the collection fund equalisation to smooth impacts and avoid significant year on year fluctuations.



**Table 4: Council Tax Requirement**

Council Tax	2023/24 £m	Change £m	2024/25 £m
Core Council Tax	753.3	30.8	784.1
ASC Precept	112.7	18.1	130.8
<b>Council Tax Requirement (CTR)</b>	<b>866.00</b>	<b>48.9</b>	<b>914.9</b>
Collection Fund surplus/ deficit (-)	6.8	0.0	6.8
Collection Fund equalisation adjustment	(10.6)	10	(0.6)
<b>Council Tax budget</b>	<b>862.2</b>	<b>58.9</b>	<b>921.1</b>

8

5.23 The Council continues to work with the Borough and Districts to improve the information flow and enable more accurate forecasting of the taxbase and collection fund surplus/deficit at the draft budget stage, requesting information on multiple occasions throughout the year. A working group has been set up to specifically look at collection rates and this group will be utilised to help improve information sharing going forwards.

**Business Rates funding £152.1m (Business rates £154.6m less collection fund deficit £2.6m)**

5.24 As part of the Autumn Statement and the Provisional Local Government Finance Settlement, the Government confirmed there would be a freeze to the business rates multiplier for small businesses and an increase the standard multiplier in line with the September Consumer Price Index (CPI). Ministers were given powers in the Non-Domestic Rating Act 2023 (which received Royal Assent on 26 October 2023) to de-couple the two multipliers and to apply different indexation factors to them. This was then enacted in the Autumn Statement. This change has been modelled into our assumptions for business rates received directly and through S31 payments.

5.25 As with council tax, the Council also needs to consider the potential surplus or deficit relating to the actual collection of business rates when setting the budget. The business rates collection fund deficit is an estimated £2.5m (2023/24 deficit was £3.1m). Some reliefs are compensated for by Central Government, £36.5m of compensation grant funding for business rates income has been assumed to offset that element of the collection fund deficit.

**Table 5: Business rates funding**

Business Rates	2023/24 £m	Change £m	2024/25 £m
Business Rates income	110.1	8	118.1
Business Rates grants and reliefs	20.9	15.6	36.5
Collection Fund surplus/ deficit (-)	(3.1)	0.5	(2.6)
<b>Business Rates budget</b>	<b>127.9</b>	<b>24.1</b>	<b>152.1</b>

**Grant funding £123.9m**

5.26 All grant assumptions have been updated to reflect the information provided through the provisional Local Government Finance Settlement as well as other proposals and publications.

5.27 In total general **grants have increased by £11.8m** from 2023/24. The increase is broadly driven by:

- Increase in Social Care Grant, £8.9m
- Increase in Public Health Grant, £0.6m
- 3% funding Guarantee, £6.6m
- Other smaller grant movements, £0.2m

offset by:

- Reduction in the Services Grant (£4m)
- Reduction in New Homes Bonus (£0.5m)

5.28 The **total £123.9m general grant funding included in the budget** includes the following main elements:

- Social Care Grant - £61.4m
- Public Health Grant - £41.5m (to be confirmed)
- PFI credit funding for Streetlighting - £6m
- Dedicated Schools Grant Funding for Council services £5.9m
- 3% Funding Guarantee £6.6m
- Services Grant - £0.7m
- New Homes Bonus and other minor grants £1.8m

### Overall Funding

5.29 The funding picture set out above results in overall funding as follows; with 2024/25 funding being £94.9m higher in total than 2023/24:

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

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m	£m
Council Tax	866.0	914.9	940.0	965.4	991.5	1,018.3
Business Rates	131.0	154.6	154.5	160.9	163.5	161.4
Grant funding	112.1	123.9	115.0	83.8	55.2	35.9
<b>Funding before Collection Fund</b>	<b>1,109.1</b>	<b>1,193.4</b>	<b>1,209.5</b>	<b>1,210.2</b>	<b>1,210.3</b>	<b>1,215.6</b>
CT Collection Fund	6.8	6.8	2.8	2.9	3.0	3.1
Collection Fund equalisation adjustment	(10.6)	(0.6)	0.0	0.0	0.0	0.0
BR Collection Fund	(3.1)	(2.6)	(2.6)	(2.9)	(3.0)	(3.1)
<b>Total Funding</b>	<b>1,102.2</b>	<b>1,197.1</b>	<b>1,209.7</b>	<b>1,210.1</b>	<b>1,210.3</b>	<b>1,215.6</b>

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

### Fees & Charges

5.30 Fees & Charges generate c£56m across all Directorates, including:

- £8m in Children, Families and Lifelong Learning mainly for Surrey Adult Learning and Surrey Outdoor Learning and Development,
- £8m in Customer & Communities including the Registration and Nationalisation Service, Surrey Arts and the Library Services,
- £18m in Environment, Infrastructure & Growth including Streetworks and Transport Development Planning,
- £21m in Resources relating mainly to Twelve15 (schools catering and services).

5.31 As part of the budget planning process, Directorates have undertaken a full review of fees and charges, considering prices, volumes and associated costs and benchmarked against other providers and neighbouring local authorities where appropriate.

5.32 When setting 2024/25 fees and charges budgets, the principals applied are in line with directorate inflation rates, with most services applying a 5% inflation rate to uplifts where appropriate and in line with market conditions. In specific circumstances, services may apply higher increases or propose a lower increase to prices, to ensure affordable and accessible services for residents and to remain competitive in their respective markets.

5.33 The gross budgeted income from fees and charges has reduced by £0.4m compared to 2023/24. Increases in prices have been offset by reduced demand and volumes, and changes to central government policy (where prices are informed by government policy).

## Reserves & Risk Mitigation Strategy

5.34 The Council is required to maintain an adequate level of reserves to deal with future forecast or unexpected pressures. We are not permitted to allow spend to exceed available resources which would result in an overall deficit. Sections 32 and 43 of the Local Government Finance Act 1992 require authorities to have regard to the level of reserves to meet estimated future spend when calculating the budget requirement.

5.35 Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies; and
- A means of building up funds (earmarked reserves) to meet known or predicted liabilities.

A summary of earmarked reserves and the forecast of reserves and balances can be found in **Annex D**.

5.36 The appropriate level of reserves needs to be considered alongside an assessment of the Council's risk environment. The higher the risk inherent in budget planning cycle, the higher the level of reserves needs to be in order to mitigate this risk. Therefore, an assessment of the risk environment is required in order to determine the suitability of the baseline reserves position, this assessment should include consideration of the robustness of efficiency plans, levels of uncertainty (demand / price), policy changes and wider national economic and political factors.

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

- Reserves should only be used to fund one-off or time-limited investment that will drive out efficiencies, deliver the capital programme or improve the delivery of services and council priorities;
- Reserves cannot be used as a substitute for permanent efficiencies to meet permanent spending pressures;
- Budgets such as the Transformation Fund (£8m) and Capital Feasibility Fund (£5m) should be seen as contributions to reserves, with any use drawn-down from the reserve when needed;
- Reserve contributions should be reviewed annually to ensure contributions are equal to planned use over the medium-term;
- Over the medium-term, reserves should stay flat or ideally increase – as financial uncertainty, the efficiency requirement and the investment ambition will remain high across the MTFs period;
- Currently, General Fund and Earmarked reserves (excluding technical balances such as PFI sinking funds) stand at approximately £150m / 14% of the net budget.
- Reserves should not drop below 10% of the net budget. It is proposed to implement a 2% buffer over the 10% threshold, with remedial action taken if reserves are used for unforeseen financial shocks. This would establish the following three levels:
  - **Minimum** – reserves do not drop below 10% and, if they do, are rebuilt as soon as possible in the following years' budget
  - **Basic** – reserves do not drop below 12% (10% + 2% buffer) and, if they do, are rebuilt to at least 12% over medium-term
  - **Enhanced** – reserves stay flat or grow from the current c14%, dependent on analysis of the risk environment.

- To avoid a programmed reduction in reserves, the use of reserves to support Transformation or other investment should be less in any given year than the planned budget contingency.
- Unutilised risk contingency budget should first be used to ensure reserve levels are sustained, thereafter there is opportunity to invest in future years in strategic priorities, further transformation and/or service improvements (one-off costs). Any such investment should result in strengthening of the financial position, ie reducing risk or generating revenue efficiencies.

5.38 Given future funding uncertainty, retention of the Council's reserves will be essential in order to mitigate risk and protect against unplanned pressures and/or the non-delivery of planned budget efficiencies.

5.39 The Council has traditionally maintained a low General Fund balance (c2% of net budget). Although there is no generally recognised official guidance on the level to be held, the level should be justifiable in the context of local and external economic factors, and that taxpayers' money should not be tied up unnecessarily. This level of General Fund balance is low by comparison to other authorities, and we have held an ambition to increase it over time. As at 31 March 2023, the General Fund Balance stood at £49m (4.4% of the 23/24 net revenue budget).

5.40 The Council's external auditor comments on the level of reserves as part of the annual audit of the Council's Accounts.

5.41 The 2024/25 budget assumes the potential use of £5m of reserves to fund the additional childrens' services improvements and targeted prevention in the event that additional funding is not allocated as part of the Final Local Government Settlement.

5.42 For 2024/25, in addition to the £49m General Fund balance, we have also allowed for a £20m contingency as part of budget setting. While the contingency budget for 2023/24 has needed to be utilised to cover the current in-year forecast overspend, it is expected that the £38m of contingency brought forward from previous years' will not be required, giving a total contingency of £58m for 2024/25. The General Fund balance, in combination with the contingency (for general purpose use), will mean that there is £107m (8.9%) of cover to mitigate against future risk and uncertainties.

5.43 On the basis of the above the Section 151 Officer considers the 2024/25 Budget to be robust.

## Staffing Position

5.44 During the pandemic, the Council increased staff resources in a number of key areas to deliver increased activities and provide essential support to residents while continuing to improve services. Over the last 12 months, we have seen the headcount of the organisation reduce and the budget proposals see further decreases.

5.45 The table below shows the forecast FTE (Full time equivalent) movements as a result of both the current year and 2024/25 budget proposals. Staffing budgets are included in Annex B and show an overall increase in the staffing budgets from current year to next of £14.5m, made up of an overall net decrease of £2m, offset by estimated pay inflation of £16.5m.

Directorates	2023/24	2024/25	Overall Movement	Movement Category		
	Staffing Budget	Staffing Budget		Pay Inflation	Service Change	FTE Change
	Adults, Wellbeing & Health Partnerships	£93.7m		£92.0m	(£1.7m)	£3.5m
Children, Families and Lifelong Learning	£139.0m	£147.8m	£8.8m	£5.5m	£3.3m	113.0
Environment, Infrastructure and Growth	£42.7m	£46.4m	£3.8m	£1.7m	£2.0m	-85.0
Surrey Fire & Rescue Service	£40.5m	£42.3m	£1.8m	£2.4m	(£0.6m)	-8.3
Customer and Communities	£28.0m	£28.9m	£0.9m	£1.1m	(£0.2m)	-8.0
Communications, Public Affairs and Engagemer	£1.8m	£1.9m	£0.1m	£0.1m		0.0
Resources	£53.7m	£54.5m	£0.9m	£2.1m	(£1.3m)	-49.0
Central Income & Expenditure	£1.5m	£1.5m	£0.0m			
<b>Total - Our Council</b>	<b>£400.9m</b>	<b>£415.4m</b>	<b>£14.5m</b>	<b>£16.5m</b>	<b>(£2.0m)</b>	<b>-437.2</b>

8 5.46 Over two financial years there is an anticipated decrease in FTEs of 435. Some of the largest areas of change include reductions as a result of the re-tender of facilities management contracts (in Environment, Infrastructure & Growth), the closure of in-house older peoples' homes (in Adults, Health & Wellbeing and Health Partnerships) and the ceasing of the school payroll provision (in Resources). Increases relate primarily to the intensive family support service and other increases in in-house provisions in Childrens, Families & Lifelong Learning. Through the Council's SWITCH (Surrey Way Innovation, Transformation & Change) Programme, further reductions in headcount is anticipated, as we aim to align our capacity to future available resources.

### CIPFA Resilience Index Update

5.47 The 2023/24 Budget and Medium-Term Financial Strategy to 2027/28 report to Council in February 2023 provided an update on the Council's performance in the CIPFA resilience index, based on provisional 2021/22 data. Final data for 2021/22 has now been released, which confirms the finding in February's report, in particular showing improvements in reserves sustainability. The level of reserves held, compared to other authorities is no longer low, however remains significantly less than a number of our nearest neighbours.

5.48 2022/23 data has not yet been released. When available, we anticipate the 2022/23 data to show a further improvement in resilience.

### CIPFA FM Code of Practice

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

5.50 It is for individual authorities to determine whether they meet the standards and to make any changes that may be required to ensure compliance. Officers have carried out a review of practices in place for the 2023/24 financial year against the guidance and concluded that:

- the Council can demonstrate overall compliance with the standards;
- evidence could be strengthened for a small number of indicators; and
- there are several areas where, as a result of the focus on financial management capabilities as part of the Finance Improvement Programme initiated in 2018, the Council's arrangements exceed the expected standards.

5.51 The results of the Council's self-assessment against the Code are set out in Annex J, including areas where further development or improvement would be beneficial. The long-term sustainability of local services is an area identified for specific focus during 2024/25.

### Best Value Standards

5.52 The Department for Levelling Up, Housing & Communities (DLUHC) have recently consulted on a new set of statutory guidance 'Best Value Standards and Intervention.' These have been developed to provide greater

clarity to the local government sector on how to fulfil the Best Value Duty, by describing what constitutes best value, the standards expected and the models of intervention available to the Secretary of State in the event of a failure to uphold these standards. The guidance sets out seven best value themes, including characteristics of a well-functioning local authority and indicators used to identify challenges that could indicate potential failure.

- 5.53 The Council have responded to the consultation, which closed in September 2023. Once the results of the consultation have been reviewed and final guidance issued by DLUHC, the Council intends to carry out a self-assessment against the guidance and is expected to report the results to the Audit & Governance Committee.

## 6. CAPITAL PROGRAMME 2024/25 TO 2028/29

### Overview & Approach

- 6.1 This section provides an update on the development of the Capital Programme for 2024/25 to 2028/29, taking into account work that has been carried out by officers and Cabinet Members over the last nine months.
- 6.2 Over recent years the Council's capital ambition and delivery has grown significantly, in recognition of historic under-investment in our assets and in order to improve the condition of the infrastructure in the County. The capital programme is aligned to the Council's corporate priorities and invests in the areas of most importance to our residents.
- 6.3 Our aspirations remain high and the Capital Programme for 2024/25 – 2028/29 remains ambitious and proposes ongoing investment in priority areas such as highways infrastructure, improving the condition of our property estate, creating additional school places including for children with special educational needs and disabilities, the green agenda, transforming our libraries and investing in Adult Social Care accommodation with care and support.
- 6.4 The capital programme is developed based on an asset planning approach to ensure that affordable, value for money capital solutions are identified which focus on outcomes for residents, deliverability and affordability and contributes to the Community Vision for Surrey 2030, aligned with the organisation's priorities.
- 6.5 Despite our continued ambitions, the economic environment has changed over recent years. High inflation is making delivery of capital schemes more expensive and successive interest rate rises have increased the cost of financing borrowing. In order to sustain our financial resilience, we need to tighten up and re-set our capital expenditure approach, to ensure the affordability and sustainability of our capital programme in the medium term.
- 6.6 Due to the economic climate and the growing size of our capital investment plans, additional work has been undertaken in developing the proposed capital programme for 2024/25 - 2028/29 to assess the impact of borrowing costs on the revenue budget in the short, medium and long-term. As a result of this work the following have been used as the foundations for establishing the Capital Programme:
- Clear identification and prioritisation of schemes that will be self-funded, with borrowing costs directly met through income and efficiencies. These schemes are not a burden on the revenue budget. Self-funded schemes are scrutinised in detail at the business case stage and assessed during implementation and completion to provide assurance that benefits are realised and borrowing costs covered. When there is deviation, a governance framework exists to escalate and take action;
  - Establishing a borrowing limit for schemes that will be funded centrally and setting out an improved framework to ensure prudent decisions are taken in the approval of capital schemes with "unfunded" borrowing, to prioritise those that provide the best value for money. Many schemes



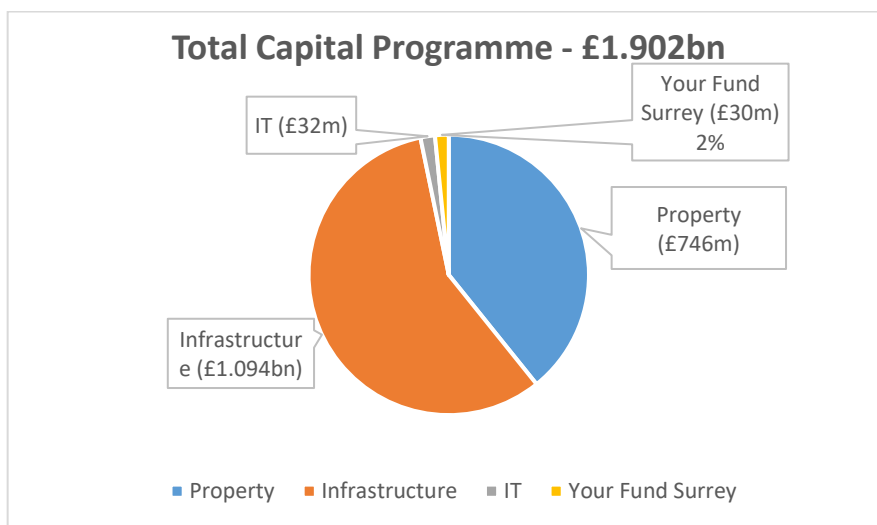
that have unfunded borrowing receive considerable match funding and are critical to improving infrastructure in the county, enabling the continuation of providing statutory services, improving services, and realising priorities such as climate change;

- 8
- 6.7 The Capital Programme planning process began in May this year, maintaining the trend of starting the process earlier each year as part of a continual drive to improve governance, deliverability and accountability in capital.
  - 6.8 The challenge of developing an affordable capital programme that complies with this limit and effectively delivers Council priorities has grown, due to the impact of inflation driving up costs of delivery and interest rate rises increasing the overall cost of borrowing. Over the summer, investment plans have been robustly reviewed and schemes in the programme prioritised, re-scoped, removed or re-profiled to ensure the proposals best reflect the council's priorities and are deliverable within available financial and operational resources. Opportunities to utilise other sources of funding have been factored into the proposed budget.
  - 6.9 The Council operates a capital pipeline, in addition to the capital programme. Pipeline schemes act as a placeholder for schemes in early stage of development which are moved into the approved budget only when their benefits and deliverability are adequately demonstrated. The nature of the pipeline is to be a flexible portfolio of schemes that contribute to the Council's strategic objectives.
  - 6.10 Pipeline schemes have also been reviewed as part of the work recently carried out and a number of schemes have been re-scoped and re-prioritised, seeing an overall decrease in the 'unfunded borrowing' elements of the pipeline. This dampening of our ambitions is required to ensure the ongoing deliverability and affordability of the remaining, significant capital investment.
  - 6.11 An officer-led, Capital Programme Panel (CPP), ensures that the framework for setting the Capital Programme continues to focus on outcomes for residents, deliverability and affordability and contributes to the Community Vision for Surrey 2030 and aligning with the organisation's priorities.
  - 6.12 Governance of the Capital Programme is led by CPP and the three Strategic Capital Groups (SCGs) for Property, Infrastructure and IT with support from Finance and Members. The SCGs are tasked with developing the Capital Programme based on an asset planning approach to ensure that affordable, value for money capital solutions are identified to meet the needs of residents.
  - 6.13 CPP provides additional assurance that capital plans fit in with corporate priorities and that deliverability and benefits can be achieved. In collaboration with Finance, the impact of the Capital Programme on financial resources is assessed with each new iteration to ensure it is sustainable, with particular focus on overall borrowing levels and borrowing costs in the medium to long term.
  - 6.14 Officers work closely with Cabinet to shape the development of the Capital Programme. Cabinet approve the addition of new schemes, as well as transfers from the capital pipeline into budget, following the rigorous business case process. Assurance on the delivery of high priority schemes is also provided through the Major Projects Board as well as specific project boards for individual major schemes.
  - 6.15 Governance structures, processes and procedures of the Capital Programme are continually assessed to strengthen financial management, decision making, and accountability. This includes internal audit, external reviews and work led by CPP and SCGs in collaboration with Finance.
  - 6.16 For commercial capital investments, the Member led Strategic Investment Board (SIB) monitors the Council's investment properties and subsidiary companies to ensure satisfactory performance and effective risk management. The financial returns delivered by trading and investment help to ensure that we continue to deliver quality services to our residents.
  - 6.17 SIB provides effective oversight, ensuring alignment with the strategic objectives and values of the Council. SIB safeguards the Council's interests and takes decisions in matters that require the approval of the Council as owner or as a shareholder of a company.

## **Capital Programme 2024/25 – 202/29 (MTFS Budget & Pipeline Summary)**



6.18 The proposed Capital Programme of £1.902bn is set out in more detail in **Annex C**. This consists of £1.291m in the capital programme and a further £611m in the capital pipeline. In developing this programme, detailed modelling of the impact of the MTFS on borrowing costs and borrowing limits has been carried out to ensure that revenue costs remain within the budget envelopes set out.



6.19 Uncertainty remains over the economic backdrop. Inflation remains high, driving up the cost of scheme delivery. While it is widely anticipated that interest rate rises have peaked, there remains uncertainty on the path of interest rates. These risks and uncertainties will be monitoring through CPP and mitigating actions taken where required.

6.20 CPP ensures that the framework for setting the Capital Programme continues to focus on outcomes for residents, deliverability and affordability and contributes to the Community Vision for Surrey 2030 and aligning with the organisation’s priorities.

6.21 The Capital Programme contributes towards the delivery of the Council’s priority objectives as follows:

Priority Objective	Value of schemes in MTFS – Budget and Pipeline (£m)
Tackling health inequality	325
Enabling a greener future	638
Empowering communities	45
<b>Total</b>	<b>1,008</b>

6.22 A further £894m of capital schemes contribute towards achieving service and organisation effectiveness.

## STRATEGIC CAPITAL GROUP - CAPITAL STRATEGIES

6.23 The Council is committed to developing a 10-year capital strategy, setting out a clear framework for managing our capital assets over the next ten years. It will enable us to make informed decisions on investments, asset disposals, and maintenance, and ensure that our assets are used effectively and efficiently to deliver the services our residents need, while also maintaining and improving their quality.

6.24 The first step in developing a 10-year strategy has been for each Strategic Capital Group to develop a 5 year strategy alongside the proposed 5-year capital programme.

### Property Panel

#### Strategic Objectives

6.25 The Council’s capital strategy plays a key part in the achievement of the Council’s ambitions, providing the physical infrastructure that allows services to be delivered effectively, where most needed.

- 6.26 The Land and Property Team is continuing to transform Surrey County Council's property portfolio property in line with its Asset and Place Strategy (2019-2030) which sets out: the Council's approach to the strategic management of its assets; how it will support service delivery; provide income to the Council; be used to promote growth and place shaping within Surrey; and deliver Surrey's Community Vision to 2030.
- 6.27 Additionally, the capital investment framework for property is shaped by the relevant Service Strategies that are underpinned by property assets, such as the:
- Additional Needs Strategy & Transformation Programme which aims to eliminate the council's Dedicated Schools Grant High Needs Block deficit through the provision up to 6000 pupil places across the county by 2030/31 (the "SEND & AP programme");
  - Schools Basic Needs (SBN) programme that will meet the changing demands for pupil places through to 2030;
  - Looked After Children (LAC) and Care Leavers Accommodation programme;
  - Adult Social Care Accommodation with Care and Support Programme (AwCS);
  - Agile Office Programme (AOP);
  - Libraries Transformation Programme; and
  - Inclusion of other corporate projects, including fire station upgrades, depot refurbishments, a new Gypsy Romany Traveller transit site, hubs in Sunbury and Bookham, and upgrade to an Outdoor Learning site.
- 6.28 Capital investment across these programmes is prioritised on those projects that:
- Address any statutory requirements;
  - Are self-financing schemes and/or grant aided;
  - Generate revenue efficiencies;
  - Enhance the existing asset base and deliver against wider corporate objectives such as Net Zero; and
  - Rationalise the overall property estate and deliver an overall step change improvement in the condition of remaining asset base.

#### Asset Maintenance Programme

- 6.29 There are two key recurring capital maintenance budgets for the property estate, for:
- Schools – includes all local authority maintained secondary and primary schools where the council is obligated to fund and deliver life cycle works; and
  - Corporate – includes all other council owned and/or occupied buildings where the council has the obligation as a freeholder or leaseholder to fund lifecycle works.
- 6.30 New condition surveys are being commissioned for schools and other corporate assets which will provide data to inform the prioritisation of spend on capital maintenance. Surveys will only be carried out on properties that expected to remain within the property estate beyond 2030 (aligned to the Asset & Place Strategy).
- 6.31 The profile of spend on school asset maintenance is front loaded to take account of a significant increase in works over the next 2-3 years as we work through the priorities highlighted in the lifecycle surveys to be undertaken by the end of March 2024, and to fund works required prior to the academisation of schools. Contingency has been included in the schools estimates to deal with "unknowns" (e.g. RAAC) over and above assumed grant levels. The annual figures for the last two years of the MTFS (FY27/28 & FY28/29) are forecast to reduce, as the number of maintained schools in portfolio is anticipated to decline. The forecast for the schools' budget is based on the following assumptions:
- £35m of capital expenditure required above the forecast Government grant funding up to 2028/29.
  - based on c12 schools per year converting to Academy status.
  - includes inflation estimates
  - includes in excess of £20m of known backlog maintenance
  - contingency to deal with

- Unforeseen works pre-academisation
- Fire compartmentalisation
- Asbestos removal
- Climate change affecting schools
- Possible fire protection with sprinklers

6.32 For the corporate maintenance programme, the increased spend in the first 3 years will be driven by a combination of the outputs from the lifecycle assessments and increased expenditure on decarbonising the corporate estate to achieve the 2030 targets. Leading up to 2026 there will also need to be investment in retained buildings (as a result of service collocation and disposal of other properties), and for leased out buildings which will need to have an EPC rating of “C” or better.

6.33 Spend will reduce towards 2030, due to the rationalisation of the corporate estate and as major refurbishment and new build works under the Service Strategies listed above will avoid the need for investment from this budget. There is however a need to ensure the capital maintenance budget remains sufficient to avoid putting pressure on the revenue budget and minimising the whole-life costs of property. The forecast in the MTFs and is based on the following assumptions:

- In excess of £30m of known backlog maintenance across the operational estate
- delivery of the Net Zero 2030 targets across the operational estate
- includes inflation estimates
- delivery of the Asset & Place Strategy by 2030, seeking portfolio consolidation and maximising property utilisation.

#### Programme Management and Governance

6.34 In addition to the overarching governance to approve capital spend, there are Programme Boards that govern the delivery of the respective projects and programmes. Each Programme Board is chaired by the client or “sponsor” of the project and programmes – to ensure that Land & Property continues to deliver to the Services’ requirements, is held to account and secures the sponsorship and commitment to the investment at each stage of the respective project.

6.35 Land & Property continually engages with Services throughout programme and project delivery to ensure the required financial and non-financial benefits remain on track.

#### Asset Disposals

6.36 The Asset & Place Strategy 2019-2030, sets out two key outcomes:

- A reduction in the number of operational estate properties (non-schools); and
- the generation of capital receipts.

6.37 The process for identifying surplus assets is based on a forensic review of the estate to determine which properties provide no or limited benefit to the council, and those properties are then shared with services to establish if there is any likely service benefit from retention. Once a property is formally declared surplus, it is then prepared for disposal.

## **IT & Digital Governance Board**

#### Strategic Objectives

6.38 The core strategy which underpins the IT&D capital programme is the Core Infrastructure Architecture (C.I.A). This sets out the technical direction for the MTFs period, denoting the technologies which will be implemented throughout its lifecycle.

6.39 The IT&D capital programme should be seen as an underpinning enabler to the delivery of the council’s strategic priorities and operational imperatives. There are three priority outcomes sought from the capital programme:

- Cyber Resilience: Maintain and develop a proactive posture to the risk of cyber-attack investing in new and extending existing technology assets to support the prevention, detection and response to a

cyber-attack. The benefit from this investment is cost-avoidance and risk management, reducing the council's exposure to catastrophic, costly and highly disruptive service failure.

- **Maintaining core operations:** Invest in essential technology asset refresh that enables the council to maintain normal operations. Capital schemes falling within this priority include device refresh including laptops and mobile phones and infrastructure components such as the Wide Area Network (WAN), Local Area Network (LAN), Wi-Fi and telephony. This investment ensures the provision of the underpinning technology foundations without which the council would not function.
- **Strategic innovation:** Capital schemes that strategically drive, promote and facilitate innovation and the enablement of council service transformation. Investments would include the Internet of Things and the capital asset elements of software platform developments. Such investment provides potential for service redesign and enhanced operational efficiencies and improved effectiveness.

### Asset Maintenance Programme

6.40 The IT&D main refresh programmes fall into the following categories:

- Infrastructure (Servers, Storage, Security Devices and backup capability)
- LAN / WAN and Wi-Fi Refresh (Networking)
- Desktop and Laptop Refresh (end user computing)
- Mobile Devices
- Data Centre Maintenance

6.41 The refresh cycles are derived using the following main metrics:

- **Age of hardware** – a customer device such as a laptop will have a life span of up to four years before it becomes completely obsolete. Server and storage refreshes are based upon 5-year replacement cycles and networking is based upon 7 years.
- **Supportability from the manufacturer** – devices, servers and networking assets are serviced by the manufacturer. This includes replacements parts and software updates (which will include fixes for critical security fixes). Manufacturers do not support hardware indefinitely and the replacement cycles are linked closely to the age of the hardware.

6.42 The main purpose of the IT & Digital capital and pipeline schemes is to provide a robust, secure, reliable and performing technical infrastructure to all users within the council, to enable our staff to provide quality services to our residents 24 hours a day/ seven days a week.

### Programme Management & Governance

6.43 IT & Digital's capital programme is governed by the IT & Digital Capital and Revenue governance board. Meeting monthly the board reviews the capital pipeline, new business cases and revenue impact of capital schemes. In addition to the governance board, larger IT & Digital schemes have their own programme boards which monitor spend and report any issues or delays directly to the IT & Digital senior leadership team.

### Asset Disposals

6.44 Assets are disposed of via the chosen vendors during our refresh cycles. Collected assets are categorised according to their condition and those which are determined to have a re-sale value are securely wiped, refurbished and proceeds from the sale are treated as capital receipts.

## **Infrastructure Board**

6.45 The Infrastructure Strategic Capital Group includes Environment, Transport, Infrastructure Projects, Community Protection & Emergencies, including Surrey Fire & Rescue Service.

### Strategic Objectives

6.46 EIG are the key driver of the Council's primary place strategies, including the Climate Change Delivery Plan, the Surrey Transport Plan, and the Surrey Infrastructure Plan, as well as the services that deliver these ambitions – all of which are critical in achieving the corporate ambition to enable a Greener Future for

Surrey communities, as well as the other key priorities for the Council. Through this and our broader work we are also tackling health inequalities, delivering initiatives such as green social prescribing and active travel schemes across the county. We are increasing our focus on engagement across the board so that communities have more say about the services and schemes that are delivered for them and strengthening our approach to delivering infrastructure with a place-based approach, working more closely with local partners to unlock funding and improve the physical infrastructure in our towns and villages.

6.47 Key EIG strategies delivered through capital investment include:

- **Greener Future Finance Strategy** which sets out how the Council will finance our 2030 net zero carbon target and how we will generate and leverage funding and investment to contribute towards the county's 2050 net zero target, focusing on areas where investment generates multiple benefits. This strategy is closely aligned to the Council's Greener Futures priority and also links to No One Left Behind and Growing Surrey's Economy.
- **Surrey Transport Delivery Plan** (including Ultra-low emission (bus) vehicles, Active Travel & Road Safety programmes). Adopted in July 2022, the new and ambitious Surrey Transport Plan, sets out our 'Core Strategy' and sets out policies and measures that aim to develop and deliver safe, cleaner, greener ways of travelling and accessing services and opportunities in the future.
- **Highways Asset Maintenance (Horizon Highways Programme)** prioritises works on roads, pavements, structures, drainage, safety barriers and traffic signals to provide the best outcomes possible within available financial resources. Using an "asset management strategy" we balance the needs of the assets based on their condition, the risk to the public and the priority of the road network. We carry out both structural and preventative maintenance to ensure that whatever funds are available are spent on the right schemes at the right time and that schemes are prioritised using optimisation methodologies to maximise risk reduction and minimise whole life costs.
- **Surrey Infrastructure Plan (SIP)**, produced in 2020, sets out 15 objectives derived from the full range of strategies that impact on and determine the county's priorities for placemaking, from the Place Ambition, the Surrey Climate Change Strategy, the Surrey Health and Wellbeing Strategy, the Local Transport Plan, the Local Plans of the districts and boroughs, and Council's own organisational strategy. By bringing together a comprehensive set of objectives that capture the intent of this full range of strategies, the Plan will enable the Council and partners to take a truly integrated view of infrastructure that delivers not just for one agenda at a time. Major schemes included in the Plan include A320 to provide additional capacity improvements to local junctions and links within the local highway network; Farnham Town Centre to tackle the town's air quality and congestion issues and deliver attractive, well-integrated, future focused and high-quality infrastructure for Farnham that enables a connected and vibrant town; and the River Thames Scheme which is a Nationally Significant Infrastructure Project that will reduce the risk of flooding from the Thames for communities in Runnymede and Spelthorne.
- **Waste Infrastructure Strategy** - sets out an outline programme of work for the development of strategic waste infrastructure over the next seven years that will support a resilient and efficient waste management service for residents over the next thirty years. It focuses on the upgrade and development of assets within the geography of Surrey where there is a critical need for that infrastructure. It presents a series of recommended work packages needed to both safeguard the future of waste services and develop more opportunities for recycling and reuse.

- **Local Highways Schemes (Individual Member Highway Allocations)** enables Members to promote important local improvements which do not have the option to be funded from other sources. These can include safety and accessibility improvements through to maintenance works. This helps to support the objectives within the Surrey Transport Plan and our Asset Management strategy.
- **Surrey Local Flood Risk Management Strategy (Surrey Flood alleviation Programme)** - sets out the objectives for reducing the risk of flooding in the county alongside the approach and actions Surrey County Council and its partners should take in delivering those objectives. It tackles the impact of climate change and delivers multiple environmental benefits through nature-based solutions, reduces the economic impact of flooding and encourages community resilience to flooding as well as forming part of placemaking through sustainable drainage.
- **Land Management Policy** - sets out how the Council manages its land to safeguard and replenish its natural assets, how it will contribute to delivering the Government's 25 year Environment Plan, the Council's obligations towards reporting on biodiversity as a local authority and as a landlord as well as addressing other Council's priorities.

6.48 Key priorities for capital investment within Community Protection & Emergencies are:

- to demonstrate the service's commitment to deliver high-quality and sustainable services through continuous development of our physical and data assets to ensure that they are fit for purpose, collaborative, sustainable and support the delivery of outcomes as detailed within the Making Surrey Safer Plan (MSSP).
- to maximise capital allocations, deliver value for money and support a greener future through the capital replacement/improvement programme.
- identify drivers and objectives of the service Digital Roadmap, which sets out how our approach to digital will help enable improved outcomes for our residents.

#### Programme Management & Governance

6.49 All capital investment approvals are governed in the same way via Infrastructure Board, the Capital Programme Panel and Cabinet.

#### Environment Infrastructure & Growth:

6.50 EIG capital programmes are prioritised against the policy framework set out above and benefits are specifically assessed against the principles set out in the Surrey Way.

6.51 In addition to the governance to approve capital spend, there are also multiple Programme, Partnership and Contract Boards that govern the delivery of the respective projects and programmes. These include the broader strategies of Greener Futures and the Surrey Transport Plan in addition to more targeted capital spend programmes by project or theme. For example, projects delivering the Council's climate change Delivery Plan will be developed in close consultation with the Greener Futures Board to provide oversight, challenge and practical support during delivery. Decision making and prioritisation of detailed schemes for some programmes such as Visitor Improvement at Countryside Sites will be overseen by its own internal steering board.

#### Community Protection and Emergencies:

6.52 The Capital Replacement/Improvement Programme sets out the long-term investment requirements to meet the MSSP and Service operational and transformation objectives, strategic oversight is assured through our governance framework.



6.53 The Asset Strategy is reviewed annually to identify additional capital investment requirements. Programmes are then managed by the strategic leads for Logistics and Data & Digital monitored via the Resources Working Group.

#### Asset Maintenance Programme

6.54 As Highway Authority and Lead Local Flood Authority, we are responsible for over 3,000 miles of roads, 1,800 bridges and structures and 3,520 miles of pavement. We are also responsible for cycle facilities, streetlights, embankments and safety barriers. Few of our assets are in an 'as new' state and we must prioritise our work to achieve best value. The network is heavily trafficked reflecting Surrey's high economic output, used daily by most of the travelling public for commuting, business, social and leisure activities.

6.55 The Highway Asset Strategy is modelled over a 15-year period, however it is recognised that things can change over time, such as access to government grant or changing council priorities. The modelling we carry out assumes normal deterioration patterns and does not make allowance for any significant damage caused by severe weather events. The modelling is refreshed every 5 years and the level of funding in the budget will determine whether a steady state, managed decline or improvement strategy will be pursued for each asset. In relation to roads specifically, it is estimated that our backlog figure to bring roads to "good" condition is currently around £270m. The proposed levels of investment in the MTFS, which is significantly above the government grant provision for maintenance, shows an improving picture of road condition overall with the current enhanced programme of investment and subsequent return to a baseline of £40m from 26/27 onwards until the end of the 15 year period.

6.56 Countryside Assets such as rights of way, car parks, visitor centres, information infrastructure, lock gates, bridges and trees all require maintenance and upgrading. With a quarter of the 4,000 enquiries outstanding after Covid, tackled in the last two years, investment in the rights of way network is a statutory duty for the Council. Maintenance of the Basingstoke Canal's navigational and recreational infrastructure is managed on a cyclical programme with locks requiring refurbishment every 20 years. Benches and information boards on the countryside estate have a life span of 15 years, most of which required replacing following the change in agreement with Surrey Wildlife Trust in 2020. Popular car parks require annual maintenance. The Council's Tree Planting programme to plant 1.2m trees by 2030 is underpinned by annual planting programmes with three years of maintenance post planting. Asset management is generally carried out on a reactive basis for most assets except the tree planting and the canal, where an asset management plan sets out the actions required for the Council to fulfil landlord and health and safety duties.

#### Asset Disposals

6.57 Environment, Infrastructure & Growth: The Land Based Asset Management Plan may identify disposals as part of estate-based (several parcels of land located close to each other including a range of assets such as buildings and land) approaches to investments. All asset disposals are considered by Land and Property's Corporate Asset Panel to evaluate all potential Council uses before disposal and consideration of best value is given to all disposals.

6.58 Community Protection and Emergencies: When disposing of a vehicle or equipment, at the end of its life, the following factors are considered, to ensure the most appropriate route and best value on the overall investment:

- Maximising re-sale value, however, where public value is best served there may also be alternative routes for disposal within the public sector.
- Security of future proposed use.
- Potential supply of end of life assets to charitable organisations.
- Utilisation of spare parts prior to disposal

### **MTFS Capital Budget 2024/25 to 2028/29**

6.59 A total of **£1,291m of schemes are included in the proposed capital budget over the MTFS (excluding pipeline)**. Business cases for these well-developed schemes have been prepared and subjected to



appropriate testing and scrutiny before being approved. The schemes will be monitored during the year for cost control, deliverability and to ensure budget estimates remain realistic over the period of the Capital Programme. Table 4 below shows a breakdown of budget schemes into the three SCGs over the MTFS period 2024/25 - 2028/29:

**Table 4: MTFS Capital Budget by Strategic Capital Group (excluding pipeline):**

Strategic Capital Group	MTFS Budget (£m)
Infrastructure	705
Property	560
IT	27
<b>Total Budget</b>	<b>1,291</b>

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6.60 These schemes deliver priorities across the county, including investment in schools, the transport network, flood alleviation, making the most efficient use of the corporate estate and providing support to vulnerable residents. The top 10 schemes in the Capital Programme (excluding pipeline) make up 73% of the total estimated budget:

- £260m - Highway Maintenance – improvements to roads and footways across the County
- £140m - SEND Strategy – increasing sufficiency of provision for special education needs and disability in schools across Surrey
- £123m - Surrey Flood Alleviation - River Thames Programme (element within the 5-year MTFS)
- £122m - Schools Basic Need – increasing school places and building schools across the County
- £82m - Recurring Capital Maintenance: Corporate (non-schools) – County wide maintenance of service buildings, community facilities and offices
- £60m - Recurring Capital Maintenance: Schools – County wide schools maintenance programme
- £44m - Bridge/Structures Maintenance – improvements and safety maintenance of specialist infrastructure
- £37m – Alternative Provision Strategy – investment in Pupil Referral Unit places and improvements for improved pupil support.
- £37m – Local Highways Schemes
- £35m - A320 North of Woking and Junction 11 of M25 – Homes England grant funded road and junction improvements

## 2024/25 Capital Budget (excluding pipeline)

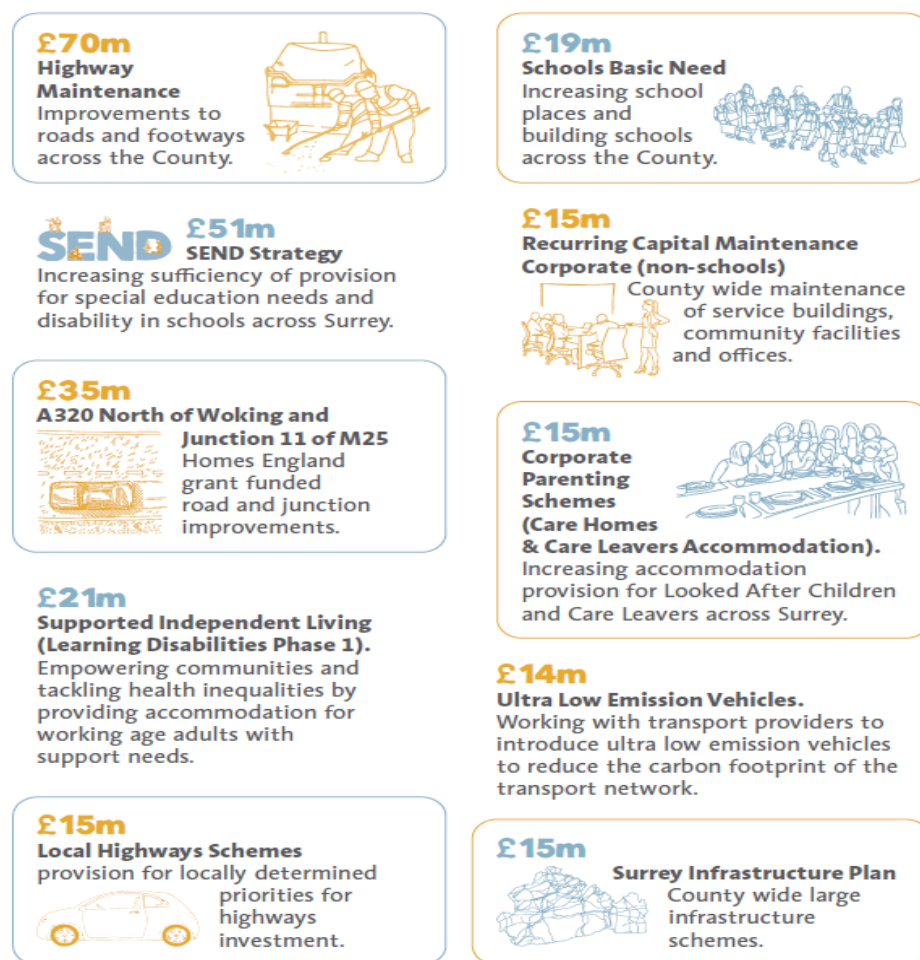
6.61 £405m is included in the capital budget for 2024/25, as set out in the table below:

**Table 5: 2024/25 Capital Budget by Strategic Capital Group:**

Strategic Capital Group	2024/25 Budget (£m)
Infrastructure	221
Property	173
IT	11
<b>Total Budget</b>	<b>405</b>

6.62 Successful delivery of the 2024/25 budget is a key part of ensuring the Capital Programme overall remains on course. The focus of the 2024/25 budget will be on the schemes that comprise the majority of forecast spend. The top 10 schemes account for 66% of the 2024/25 budget:

## TOP 10 BUDGET SCHEMES



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### MTFS Pipeline Schemes 2024/25 to 2028/29

6.63 **Pipeline schemes** include proposals developed to a stage where they can be earmarked against a flexible funding allocation built into the wider Capital Programme. The pipeline allows projects to be approved during the year, subject to business case approval. The SCGs have come forward with an ambitious set of proposals to support key strategic priorities and safeguard the future for Surrey residents. The table below shows a breakdown of pipeline schemes into the SCGs over the MTFS 2024/25 – 2028/29:

**Table 6: MTFS Capital Pipeline by Strategic Capital Group:**


Strategic Capital Group	MTFS Pipeline (£m)
Infrastructure	389
Property	187
IT	5
Your Fund Surrey	30
<b>Total Pipeline</b>	<b>611</b>

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


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

development for District and Borough partners and to regenerate towns and local economies. The top 10 pipeline schemes based on estimated spend over the MTFS period are shown below.

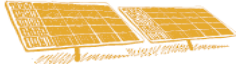
## TOP 10 PIPELINE SCHEMES (OVER 5 YEAR MTFS)

**£139m**  
**Farnham Infrastructure Programme - A31 Hickleys Corner**  
  
 Measures to relieve congestion in Farnham centred around changes to Hickley's Corner.

**£30m**  
**Your Fund Surrey**  
 Investing in community-led place-making or place-improving projects.


**£87m**  
**Surrey Infrastructure Plan**  
  
 County wide large infrastructure schemes.


**£21m**  
**Materials Recovery Facility**  
  
 Construction of MRF in Surrey to deal with dry mixed recyclable material arising from kerbside collections.


**£63m**  
**Greener Futures - Net Zero 2030**  
  
 Measures to reduce the Council's carbon emissions.

**£18m**  
**Farnham Infrastructure Programme (Town Centre)**  
  
 Improvements to roads and pavements in Farnham Town Centre.

**£39m**  
**Supported Independent Living (Learning Disabilities Phase 2)**  
 Working with market providers to deliver and operate quality and affordable SIL accommodation units.

**£18m**  
**Reigate Priory School**  
  
 Development and delivery of options to provide school places.

**£35m**  
**Extra Care Housing**  
  
 Part of the strategic ambition to building 725 units of affordable accommodation across Surrey by 2030.

**£16m**  
**Ultra Low Emission Vehicles (Bus Companies)**  
  
 Working with transport providers to introduce ultra low emission vehicles to reduce the carbon footprint of the transport network.

6.66 Of the total pipeline allocation in the MTFS, c.£252m or 41% is proposed for schemes that contribute to reducing carbon emissions, tackle climate change and enable a greener future for residents. A further £386m is included in the capital budget, bringing the total to c.£638m. The Council has brought in expertise to better understand and report on carbon impacts of the Capital Programme and to set established processes for assessing capital plans and capturing necessary information for business case scrutiny and benefits realisation.

6.67 All pipeline proposals are subject to ongoing development, scrutiny and challenge to ensure feasibility and deliverability before being approved to budget and confirmed into the Capital Programme.

6.68 The nature of the pipeline is to be a flexible portfolio of schemes that contribute to the Council's strategic objectives. As a result, SCGs may update the pipeline accordingly to adapt to changing circumstances, emerging priorities and financial constraints.

## 7. FINANCIAL PERFORMANCE 2023/24

7.1 The Month 8 Finance Update report is reported to the same Cabinet on 30th January 2024. Headline performance is set out below.

7.2 **Revenue:** As at November 2023 (Month 8), Directorates are projecting a full year overspend of £21.7m, reducing to £1.7m after the application of the Council's contingency budget. The Directorate positions continue to be challenging, recognising the impact continued high inflation has on the cost of delivery of

our services and specifically the very significant price increases felt in relation to childrens' placements and Home to School Travel Assistance contracts.

- 7.3 The current level of projected overspend is in excess of the contingency budget held and it is therefore imperative that this reduces before we reach the end of the year. Otherwise, there could be a material negative impact on the level of the council's reserves at a time when the level of external financial risk is extremely high.
- 7.4 The Council remains committed to budget accountability and the budget envelope approach and therefore Directorates which are currently forecasting an overspend position are expected to put in place mitigating actions to offset the residual forecast overspend position.
- 7.5 **Capital:** The Council approved a capital budget for 2023/24 of £308.7m in February 2023, after adjustments for carry forwards and acceleration the opening capital budget was £326.4m. In Month 5, the Council undertook a capital budget re-set, to ensure the budget reflected revised 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.
- 7.6 The forecast at M8 is for full year spend of £267.4m, representing a £0.9m variance against the re-set capital budget of £268.3m, which is the net effect of acceleration in some areas and slippage against other schemes.
- 7.7 More information on the revenue and capital position can be found in the 2023/24 Month 8 (November) Financial report to Cabinet on 30th January 2024.
- 7.8 Many of the factors impacting the 2023/24 expected outturn position for both revenue and capital will continue into 2024/25 and the medium term. Budget estimates for 2024/25 include the ongoing impact of Directorate variances from the current financial year, where they are expected to continue. Both the ongoing impact of inflationary pressures being felt this financial year and estimates of high inflation rates throughout 2024/25 are included in the starting point for 2024/25. Demand pressure trajectories have also been continued into 2024/25 in relation to those services experiencing pressures over and above the budget assumptions in 2023/24, specifically within adult social care and children's services. This provides confidence that the underlying budget, overall, is realistic and deliverable. These increased pressures in-year significantly escalate the efficiency requirement in 2024/25.

## 8. MEDIUM TERM FINANCIAL OUTLOOK AND STRATEGY 2024/25 TO 2028/29

### Funding Context for the Medium-Term

- 8.1 Over the medium-term, the gap between expected Directorate spending pressures and projected funding grows significantly. By 2028/29, the Council will need to close a gap of c.£271m.
- This is driven by:
- Growth pressures: including demand and inflation: c£428m;
  - Increased borrowing costs of the capital programme: £61m;
- Offset by:
- An overall increase in funding: c£113m;
  - Less efficiencies identified to date: c£105m.
- 8.2 Although our immediate priority is understandably closing the gap and setting a balanced budget for 2024/25, our medium term focus means that transformation and service delivery plans are being

developed now to identify opportunities to improve our medium-term financial outlook. These proposals will continue to iterate as plans and projections gain more certainty.

**Table 7: MTFS Gap to 2028/29**

	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m	£m	£m
Brought forward budget	1,102.2	1,197.1	1,284.5	1,361.9	1,422.7	
Directorate pressures	139.4	78.0	80.0	64.1	66.8	428.3
Increased borrowing costs for capital programme	9.2	18.2	14.6	10.8	8.4	61.2
Identified efficiencies	(53.7)	(8.8)	(17.3)	(14.0)	(11.0)	(104.8)
<b>Total Budget Requirement</b>	<b>1,197.1</b>	<b>1,284.5</b>	<b>1,361.9</b>	<b>1,422.7</b>	<b>1,486.9</b>	<b>384.7</b>
Change in net budget requirement	94.9	87.4	77.3	60.9	64.2	384.7
Opening funding	1,102.2	1,197.1	1,209.7	1,210.1	1,210.3	
Funding (reduction) / increase	94.9	12.6	0.4	0.2	5.3	113.4
<b>Funding for Year</b>	<b>1,197.1</b>	<b>1,209.7</b>	<b>1,210.1</b>	<b>1,210.3</b>	<b>1,215.6</b>	
<b>Overall Reductions still to find</b>	<b>0.0</b>	<b>74.8</b>	<b>151.7</b>	<b>212.4</b>	<b>271.3</b>	
<b>Year on Year - Reductions still to find</b>	<b>0.0</b>	<b>74.8</b>	<b>76.9</b>	<b>60.7</b>	<b>58.9</b>	<b>271.3</b>

## Council Tax

- 8.3 A neutral medium-term scenario for Council Tax has been modelled assuming a core council tax rate increase of 1.99% from 2025/26 onwards, below the current referendum limit. The variable used is the tax base which has been modelled at a 0.70% growth on an ongoing basis.
- 8.4 No assumption is currently made on the level of Adult Social Care precept from 2025/26 onwards.
- 8.5 It is important to note that the Council's main funding source is Council Tax. On average, this funds 77% of net revenue expenditure, the impact of the increased cost-of-living on residents affecting their ability to pay Council Tax make this area particularly difficult to predict. Local Council Tax Support schemes provide some assistance, with increasing support here likely to result in a reduced tax base approved by district and boroughs.

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

- 8.6 The review of Local Government funding distribution, the Review of Relative Needs and Resources or Fair Funding Review (FFR), and the move to 75% retention of Business Rates has been delayed again. The Government has confirmed that this will now not be implemented in the current parliament. Given the upcoming General Election, current modelling assumptions use 2026/27 as the earliest possible opportunity for these changes to be implemented.
- 8.7 Confirmation over the timing of the reform is crucial to planning, not least because we anticipate the results will reduce our overall funding. We have assumed transitional arrangements will be put in place so the pace of reduction is phased and the impact more manageable. Under normal circumstances officers would review technical working group papers as a highly effective means of keeping informed about the potential direction of reform. However, working groups which were previously developing the new system have been suspended and so the ability to gather any new and robust intelligence has been reduced. In addition, previous formulas and workings from the FFR relied heavily on 2011/12 data including on populations, which will be critically out of date if used without being updated.

## Business Rates

- 8.8 As set out in paragraph 8.6, the timing of Business Rate reform remains uncertain. Once implemented the Council is likely to see an initial increase to Business Rates retention and a decrease to grant income as grants will be 'rolled-in' to the Business Rates formula, along with the Business Rates Multiplier and Social Care grants. The level of Business Rates retained has a direct relationship with funding reform and as such we expect this funding to reduce over the remainder of the MTFs as transitional arrangements unwind.
- 8.9 For 2024/25 to 2025/26 a growth increase of 0.5% has been modelled, with the assumption some growth will occur through inflationary increases to the multiplier. Business rate reform is then modelled from 2026/27. We are reviewing the medium-term impact that splitting the multiplier (as described in paragraph 5.24) will have on business rate income categories.

## Grant income

- 8.10 The Autumn Statement and Provisional Local Government Finance Settlement did not provide much indication of the level of grant that can be expected from 2025/26 and little information is likely to be made available until after the next General Election. The following assumptions have been factored into forecasts:
- Social Care Grant – inflationary increases have been assumed, although there is very little certainty over the future of this grant and how it will be impacted by proposals relating to Adults Social Care Reform
  - New Homes Bonus – Government have indicated a review of this source of funding will be carried out. It is considered likely that the Council's share will reduce or be removed altogether and therefore no further grant funding is assumed after 2024/25.
  - Services Grant – this was announced as a one-off grant in 2022/23. Annual announcements about its continuation have come with significant reductions in the amounts available. There is no indication from Government that it will continue beyond next financial year and therefore no further income has been assumed after 2024/25.
  - There is no indication from Government about the continuation of the 3% funding guarantee. Planning assumptions do not include any future allocation in relation to this.
  - Dedicated Schools Grant, expected to continue over the MTFs.

From 2026/27 onwards, centrally held grants are reduced or eliminated altogether following the assumption of large-scale Business Rate reform.

## 9. DEDICATED SCHOOLS GRANT

- 9.1 The Council is required by law to formally approve the Total Schools Budget, which comprises Dedicated Schools Grant funding and post 16 grant funding. This budget is used to fund schools' delegated and devolved expenditure and other maintained schools' expenditure, nursery education provided by state schools and private providers plus expenditure on a range of school support services specified in legislation. The Total Schools Budget, as presented here, is shown both before and after subtracting funding allocated to individual academy schools which is deducted from the Council's Dedicated Schools Grant and paid directly to the academies by the government but is based on the funding formula and number of funded SEN places agreed by the Council.
- 9.2 The Total Schools Budget is a significant element of the proposed total budget for the CFLL Directorate. Table 8 outlines the proposed Total Schools Budget for 2024/25 of £1,243m including a planned overspend of £25m on the High Needs Block and £5.7m Education and Skills Funding Agency sixth form grant for school sixth forms. From this, an estimated £586.3m is paid directly by DfE to academies, leaving a net schools budget of £656.7m which is included within the Council's overall budget.



**Table 8 - Analysis of Total Schools Budget for 2024/25**

	Schools' & nurseries delegated budgets	Centrally managed budgets	Total
	£m	£m	£m
Gross DSG allocated to Surrey in 2024/25	994.0	209.3	<b>1,203.3</b>
ESFA sixth form grant	5.7		<b>5.7</b>
Anticipated DFE safety valve contribution		9.0	<b>9.0</b>
Planned overspend		25.0	<b>25.0</b>
<b>Total Schools Budget including funding allocated directly to academies</b>	<b>999.7</b>	<b>243.3</b>	<b>1,243.0</b>
less paid directly by DfE to academies and colleges (est)	(586.3)		<b>(586.3)</b>
<b>Net Schools Budget</b>	<b>414.4</b>	<b>243.3</b>	<b>656.7</b>

- 9.3 For this purpose, centrally managed services include the costs of:
- Placements for pupils with special educational needs in non-maintained special schools and independent schools;
  - Funding of state maintained special schools and SEN centres, other than place funding already agreed;
  - Part of the cost of alternative education (including part of the cost of pupil referral units);
  - Additional support to pupils with special educational needs; and
  - A range of other support services including school admissions. Funding for private nursery providers counts as delegated.
- 9.4 In 2024/25 total DSG includes an estimated increase of £35m for the extension of funded early education and childcare to children aged 9 months to three years of working parents.
- 9.5 Schools are funded through a formula based on pupil numbers and ages with weightings for special educational needs and deprivation. Cabinet considered and agreed a detailed report on the 2024/25 school funding formula on 28 November 2023. The funding rates for schools for 2024/25 will be subject to amendment by the Cabinet Member for Education and Learning and the Director of Education and Lifelong Learning, to ensure affordability when all funding data for schools is known.
- 9.6 Schools will also receive pupil premium funding, based on the number of:
- Pupils receiving free school meals at some time in the past six years;
  - Looked after children;
  - Children adopted from care; and
  - Pupils from service families (or who qualified as service children within the last six years, or in receipt of a war pension).
- 9.7 In 2023/24 schools also received recovery premium and school led tutoring grant, both of which will continue for the summer term 2024 only. Schools also received a range of other grants for example to support infant free school meals and physical education and sport in primary schools. At the point of setting the Council's budget, these grants have yet to be confirmed for the academic year 2024/25.

#### High Needs Block (HNB)

- 9.8 The HNB is an element of DSG used to support children with additional needs. Since changes in legislation around Local Authorities responsibilities were made in 2014, the rate of increase in demand has



significantly outstripped increases in funding, causing significant financial pressures in this area. The current position is set out in section 4.46 to 4.49.

- 9.9 In 2021 the DfE initiated a programme called “Safety Valve”, which aims to provide support to those councils with the highest percentage Dedicated Schools Grant deficits through Agreements that assure a timely return to financial sustainability.
- 9.10 The Safety Valve agreements all include commitments to enable a return to in-year balance including potential financial contributions from the DfE, local authority and other DSG blocks as well as additional capital investment (assessed through a parallel bidding process).
- 9.11 In November 2021, the DfE invited Surrey County Council, and a number of other local authorities, to enter a second round of negotiations, and in March 2022, the Surrey agreement was formalised. Surrey’s Safety Valve agreement includes additional DfE funding worth £100m over five years.
- 9.12 The Council provides regular monitoring reports on the ‘safety valve’ agreement to the DfE which include financial projections and risk management. To date, the 2023/24 reports were approved by DfE and positive feedback was received. These each triggered instalments of £3m. The final report for 2023/24 was submitted in December and we anticipate this triggering the final £3m payment for the year. In 2023/24 the cumulative forecast position is expected to be c£108m, net of these contributions.
- 9.13 The 2024/25 HNB budget includes another £9m of DfE contribution as well as a 1% (c£8m) transfer from the Schools DSG block to the High Needs Block (subject to formal agreement by the Secretary of State).
- 9.14 Prior to the Safety Valve agreement, in order to best mitigate the HNB deficit liability, the Council was making a contribution from the General Fund to a separate off-setting reserve which matched the deficit on the HNB, ensuring stability in the balance sheet. The Safety Valve agreement means the reserve contribution budget has materially reduced in the Medium Term Financial Strategy, to £5m, as the agreement removes the need for future contributions.

## 10. ENGAGEMENT AND CONSULTATION

- 10.1 The Council has undertaken substantial consultation and engagement with a wide range of stakeholders to inform the shape of this final budget. Over 2,700 stakeholders have shared their views including residents, partner organisations from the statutory and voluntary, community and faith sectors, businesses and elected Members.
- 10.2 The approach this year was divided into two phases:
- The first phase took place in the summer of 2023. The objectives of this phase were to gather insight on what the most important priority outcomes were for stakeholders, their views on how the Council allocated its financial resources, approaches to balancing the budget and circumstances under which a council tax increase would be supported. A range of methods were used to gather the views of over 1,600 stakeholders across the county.
  - The second phase was a consultation on the Council’s draft budget. The main objectives of this phase were to gauge support or opposition to the draft proposals for investment and making efficiencies, primarily for 2024/25. It was an opportunity for the Council to be transparent about its plans and source as much feedback from as many Surrey stakeholders as possible. 1,135 stakeholders responded to the consultation, of which 1,080 (95%) were residents.
- 10.3 Stakeholders provided their views on the priorities the Council should focus on, preferred approaches to allocating resources and balancing the budget and scenarios under which they would support a council tax increase. Following publication of the draft budget in November 2023, most stakeholders were supportive

of the Council's investment priorities and proposed measures to balance the budget for 2024/25.

10.4 For the full outcomes of the consultation and engagement process, details can be found in Annex H.

## 11. EQUALITY, DIVERSITY & INCLUSION

11.1 Impacts of budget proposals, both positive and negative, are considered by services in a variety of ways, including through services' own consultation and engagement exercises and the use of Equality Impact Assessments (EIAs). Given the nature of the services we provide as a local authority, we already ensure that services are delivered in a way that appreciates resources are finite and should therefore be targeted to areas where they are needed most. This means it is challenging to avoid all scenarios where some vulnerable groups are affected. EIAs, therefore, are one of many measures we use to guide budget decisions and manage the risks of any potential negative equality impacts.

11.2 A high-level EIA on the revenue efficiencies proposals has been undertaken, and is set out in Annex I. Full EIAs on specific efficiency proposals are signposted to on the Council's website through this document, reflecting their advanced stage of development. Further EIAs will be produced where appropriate before individual efficiency proposals are implemented. Members must read the full EIAs and take their findings into consideration when determining these proposals.

11.3 The Council considers impacts on the nine characteristics protected under the Equality Act 2010, such as Age and Disability, but also a range of other vulnerable groups, for example, those at socio-economic disadvantage, Gypsy, Roma and Traveller communities and those experiencing homelessness. Members are required to have 'due regard' to the objectives set out in section 149 of the Equality Act – the Public Sector Equality Duty - , i.e., the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; the need to advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it; and the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

11.4 Having due regard does not necessarily require achievement of all the aims set out in Section 149 of the Equality Act. Instead, it requires that Cabinet understand the consequences of the decision for those with the relevant protected characteristics and consider these alongside other relevant factors when making the decision to pursue one course of action rather than an alternative that may have different consequences. The regard which is necessary will depend upon the circumstances of the decision in question and should be proportionate.

11.5 A review of the available EIAs, as well as potential impacts identified by officers as efficiencies are developed, shows groups with the potential to be affected by multiple changes by efficiencies in the 2024/25 budget are:

- Older adults and their carers, adults of all ages who are disabled, are experiencing mental health difficulties or have learning disabilities and their carers, and men from ethnic minority backgrounds.
- Children and young people, including those with special educational needs and disabilities (SEND), and their families.
- Surrey County Council staff who work in frontline operational roles and roles based in the community.
- Surrey County Council officers working in support services.

11.6 The majority of impacts are positive as the Council is prioritising services for those who are most in need. For example, many efficiency proposals aim to support vulnerable children, including those that prioritise placing looked after children within the county and closer to friends and supportive communities. Another example is proposed changes to the way adult social care is delivered to support more people in their own homes.

11.7 To respond to any potential negative impacts, the Council will adopt a range of mitigating actions to minimise them. These include co-designing, consulting and engaging residents and other stakeholders to produce services that are responsive and focus on supporting people that need them most. Services have also committed to increase investment in preventative activity and early-intervention to enable better outcomes earlier and avoiding the need for residents to access high-cost, acute response services that increase demand pressures on our budget. Services have also committed to work closely with strategic partners to mitigate impacts where relevant.

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2024/25	2025/26	2026/27	2027/28	2028/29
£m	£m	£m	£m	£m
1,102.2	1,197.1	1,284.5	1,361.9	1,422.7

a) Brought forward budget

### Pressures

Directorate	Pressure					Total £m
	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Adults, Wellbeing & Health Partnerships	50.5	55.4	60.7	43.9	46.1	256.5
Children, Families and Lifelong Learning	46.1	13.5	12.6	12.0	12.4	96.6
Environment, Infrastructure and Growth	27.5	4.8	3.4	4.6	4.6	44.9
Surrey Fire & Rescue Service	2.6	1.2	1.0	1.1	1.1	7.0
Customer and Communities	2.0	0.9	0.7	0.7	0.7	5.0
Comms, Public Affairs & Engagement	0.5	0.1	0.0	0.0	0.0	0.7
Resources	4.2	2.2	1.7	1.7	1.8	11.5
Central Income and Expenditure	15.3	18.2	14.6	10.8	8.4	67.3
<b>b) Total Pressures</b>	<b>148.6</b>	<b>96.2</b>	<b>94.6</b>	<b>74.9</b>	<b>75.2</b>	<b>489.6</b>

### Efficiencies

Directorate	Efficiency					Total £m
	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Adults, Wellbeing & Health Partnerships	(22.7)	(6.2)	(5.8)	(6.8)	(5.9)	(47.4)
Children, Families and Lifelong Learning	(8.8)	(9.1)	(9.8)	(6.6)	(4.7)	(39.1)
Environment, Infrastructure and Growth	(18.8)	6.8	(1.2)	(0.4)	(0.4)	(14.0)
Surrey Fire & Rescue Service	(0.7)	(0.1)	(0.4)	0.0	0.0	(1.2)
Customer and Communities	(1.3)	(0.0)	0.0	0.0	0.0	(1.4)
Communications, Public Affairs & Engagement	(0.4)	0.0	0.0	0.0	0.0	(0.4)
Resources	(0.9)	(0.1)	(0.1)	(0.1)	0.0	(1.2)
Central Income and Expenditure	0.0	0.0	0.0	0.0	0.0	0.0
<b>c) Total Efficiencies</b>	<b>(53.7)</b>	<b>(8.8)</b>	<b>(17.3)</b>	<b>(14.0)</b>	<b>(11.0)</b>	<b>(104.8)</b>

<b>Indicative Budget Requirement (a + b - c)</b>	<b>1,197.1</b>	<b>1,284.5</b>	<b>1,361.9</b>	<b>1,422.7</b>	<b>1,486.9</b>	<b>384.8</b>
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<b>d) Indicative funding increase / (reduction)</b>	<b>94.9</b>	<b>12.6</b>	<b>0.4</b>	<b>0.2</b>	<b>5.3</b>	<b>113.4</b>
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<b>Remaining Gap (b - c - d)</b>	<b>0.0</b>	<b>74.8</b>	<b>76.9</b>	<b>60.7</b>	<b>58.9</b>	<b>271.4</b>
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\*Columns and rows may not sum throughout the annex due to the impact of minor rounding discrepancies

## ADULTS WELLBEING & HEALTH PARTNERSHIPS

### Pressures

Pressure	Description	Net Pressure					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
ASC Price inflation (care packages & contracts)	Estimated cost of price inflation taking into account forecast increases to key inflation indicators including the NLW & CPI prior to inflation mitigation efficiencies	33.2	24.4	25.1	26.7	28.0	137.4
Public Health contract inflation	Contract inflation on Public Health commissioned contracts	0.8	0.7	0.7	0.7	0.7	3.5
Care package carry forward pressure from 2023/24	Estimated extent to which care package full year commitments will be higher than the 2023/24 budget at year end and therefore carry forward as a pressure against the 2024/25 budget	13.5					13.5
Care package demand in future years	The estimated cost of young people transitioning each year from Children's, Families and Learning services to Adult Social Care, plus estimated demand based on demographic growth and other drivers of demand for Older People, Physical & Sensory Disabilities 25+ Learning Disabilities & Autism 25+ and Mental Health.	5.3	13.2	13.6	14.1	14.9	61.1
Community equipment demand	ASC's share of the estimated increased expenditure requirement on the joint community equipment store (a pooled budget with ICB health partners) based on rising demand.	0.3	0.4	0.4	0.5	0.6	2.2
Assessed charges debt	Creation of a budget allowance for write offs and increases to the bad debt provision given rising levels of assessed charges debt in the context of increased charging income.	2.0					2.0
Pay inflation	Estimated cost of pay inflation modelled at 4% 24/25, 3% 25/26 and 2% 26/27, 27/28 & 28/29	3.5	2.7	1.9	1.9	2.0	12.0
End of transformation funding for ASC programmes	Ongoing costs for ASC's Accommodation with Care & Support and Learning Disabilities & Autism programmes formerly funded out of the Corporate Transformation fund and funded temporarily by reserves in 2023/24	2.1					2.1
Other staffing budget changes	Pay progression, the cost impact of deleting pay scale 1, non-pay inflation for staffing budgets and increased staffing requirements to meet capacity demands	1.7					1.7
Closure of Arundel in-house learning disability services	Results in a reduction in FTEs but there is no ASC budget change as the current in-house budget is being transferred in full to the ASC care package budget as the cost of replacement care externally is expected to be broadly the same as the current in-house cost	0.0					0.0
Adult Social Care Charging and Fair Cost of Care reforms	Latest estimate of the potential funding gap created by the ASC Charging and Fair Cost of Care reforms based on the latest mid-point of estimated additional costs of the reforms compared to potential government funding based on DHSC funding consultation		14.0	19.0			33.0
Increase to Better Care Fund income for Adult Social Care	Additional income to ASC based on the 2 year BCF plan approved by Surrey's Health & Wellbeing Board for the period 2023/24 to 2024/25	(3.0)					(3.0)
ASC Market Sustainability & Improvement Fund	Increased funding based on the provisional Local Government Finance Settlement for 2024/25	(8.1)					(8.1)
ASC Discharge grant funding	Increased funding based on the provisional Local Government Finance Settlement for 2024/25	(1.1)					(1.1)
Changes to other ASC grants	End of ASC grant funding for Social Care in Prisons and Local Reform & Community Voices, partially offset by a small increase to the improved Better Care Fund grant	0.2					0.2
<b>Total Pressures</b>		<b>50.5</b>	<b>55.4</b>	<b>60.7</b>	<b>43.9</b>	<b>46.1</b>	<b>256.5</b>

NLW - National Living Wage

CPI - Consumer Price Index

ICB - Integrated Care Board

DHSC - Department of Health and Social Care

**ADULTS WELLBEING & HEALTH PARTNERSHIPS**

**Efficiencies**

Efficiency	Description	Efficiency					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Demand management - Older People	Mitigating some of the cost of increased demand for ASC services included in pressures based on the current demand trajectories for each client group through a range of actions including embedding strengths based practice, redesigning the front door, utilising technology enable care services, maximising the benefit of reablement services.	(0.4)	(1.2)	(2.2)	(3.1)	(3.6)	(10.5)
Demand management - Physical & Sensory Disabilities		(0.0)	(0.1)	(0.2)	(0.2)	(0.2)	(0.7)
Demand management - Transition for Learning Disabilities & Autism		(0.1)	(0.3)	(0.5)	(0.8)	(1.1)	(2.8)
Demand management - Mental Health		(0.1)	(0.2)	(0.5)	(0.5)	(0.5)	(1.8)
Learning Disabilities & Autism strength based reviews	Reviews of additional personalised support for residential care and supported living care packages to check it is still set at an appropriate level for people who are well settled in their care settings	(0.5)	(0.7)	(0.7)	(0.6)	(0.2)	(2.7)
Remodel Learning Disabilities & Autism day support services	Continue to move towards a more personalised approach to supporting people during the day, including reducing reliance on institutionalised building based services.	(0.3)	(0.3)	(0.3)	(0.3)		(1.1)
Review and remodel transport arrangements to and from ASC care settings	Reduce the scale of transport to institutionalised building based day services in line with the approach to move towards a more personalised approach to supporting people during the day.	(0.1)	(0.1)	(0.1)	(0.1)		(0.3)
Strategic shift from Learning Disability / Autism residential care to supported independent living	Where appropriate and subject to review of people's needs, support people to move from institutionalised residential care to supported independent living services in the community. This will be facilitated through delivering SCC's ambition to drive the development of 500 new supported independent living units, including some on Council owned land.	(0.3)	(0.1)	(0.1)			(0.5)
Expand affordable Extra Care Housing county-wide offer for Older People	Develop new affordable Extra Care Housing schemes on SCC owned land and secure nomination rights for ASC funded clients. SCC has an ambition to create 725 new affordable Extra Care Housing units by 2030.		(0.0)	(0.7)	(0.9)	(0.1)	(1.7)
Out of county care packages	Reducing expenditure on people who are receiving care funded by SCC outside of Surrey through either transferring to the host local authority where appropriate, ensuing appropriate funding from local health commissioners or supporting people to move back into Surrey with better outcomes at lower cost.	(1.0)	(1.0)				(2.0)
Improved purchasing of Older People nursing/residential placements	Purchase 80% of Older People nursing & residential care placements at SCC's affordable guide prices and limit the cost of placements purchased above guide prices through effective management of the SCC's Dynamic Purchasing System.	(1.5)	(1.1)	(0.6)	(0.4)	(0.1)	(3.7)
Improved purchasing of Home Based Care packages	Improve the average price at which ASC purchases home based care services by maximising usage of more affordable capacity in the market based on continued development of the Approved Provider List dynamic purchasing system	(0.2)					(0.2)
Mitigation of Adult Social Care price inflation	Reduction on the gross budgeted price inflation on care packages and contracts through mitigating actions which include working closely with the provider sector on models of care and costs of service delivery.	(9.1)	0.0	0.0	0.0	0.0	(9.1)
Review of Older People in-house services	The final savings related to the completion of the closure of 8 Older People residential care homes operated in-house by the Council following the decision made by Cabinet in February 2022 to close the homes.	(6.1)					(6.1)
Review of Learning Disability in-house services	The remaining full year effect of efficiencies achieved through the conversion of services at the Rodney and Landgown sites from residential to supported independent living	(0.3)					(0.3)
Review of in-house services to specialist housing settings	ASC is ceasing to provide in-house staffing resources in some specialist housing settings. Care packages with external ASC providers will be sourced for people in these settings with eligible needs under the Care Act.	(1.0)					(1.0)
Workforce redesign	Efficiencies to be identified through ASC's workforce redesign programme	(1.0)	(1.0)				(2.0)
Discretionary services	Removal of budgets for discretionary services where there is not clear evidence that they are preventing care package demand	(0.4)					(0.4)
Mitigation of Public Health contract inflation	Limiting or avoiding inflationary uplifts where they are not a fixed contractually or changing service delivery outside of fixed contracts to mitigate inflation pressures	(0.4)					(0.4)
<b>Total Efficiencies</b>		<b>(22.7)</b>	<b>(6.2)</b>	<b>(5.8)</b>	<b>(6.8)</b>	<b>(5.9)</b>	<b>(47.4)</b>



CHILDREN, FAMILIES AND LIFELONG LEARNING

Pressures

Pressure	Description	Net Pressure					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Pay inflation	Increase in staffing costs as per the corporately agreed pay award. Currently estimated at 4% in 24/25, 3% in 25/26 and 2% thereafter	5.5	4.3	3.0	3.0	3.1	19.0
Re-unification team	Currently funded by one off funding, the need to fund these posts longer term in order to deliver the financial benefits	0.3					0.3
Quality assurance and performance	Additional resources required ongoing from one off funding in 2023/24 meeting increases in demand	0.8					0.8
Recruitment and retention - market supplements	Proposed increases in market supplements which is an ongoing proposition one off funded in 2023/24	1.3					1.3
Recruitment and retention - Pathways to Social work	Restructuring of vacancies in the system currently mitigating agency pressures	1.0					1.0
Recruitment and retention	Additional costs of ASYE scheme, apprenticeships	0.2	0.2	0.2			0.5
Early Help and family support	Implementation of the intensive family support service as an ongoing service, funded with one off funding in 2023/24	1.3	0.2				1.6
EHCP timeliness	The long term ongoing costs of being able to meet the timeliness of EHCP referrals			1.0			1.0
Children Looked After (CLA) Placements - Demand	Trajectory modelling of anticipated demand increases	1.1	1.7	2.1	2.6	2.6	10.2
Children Looked After (CLA) Placements - inflation	Trajectory modelling of anticipated inflationary increases (5% in 24/25)	4.6	2.3	2.5	2.6	2.8	14.8
Children Looked After (CLA) Placements - Historic pressure	Projected overspend in 23/24 which will roll forward into 24/25	10.1					10.1
Home to School Travel Assistance - Historic pressure	Projected overspend in 23/24 which will roll forward into 24/25	6.7					6.7
Home to School Travel Assistance - Demand	Trajectory modelling of anticipated demand increases	1.7	1.6	1.5	1.5	1.6	7.9
Home to School Travel Assistance - Inflation	Trajectory modelling of anticipated inflationary increases (5% in 24/24)	3.6	2.2	1.5	1.3	1.3	9.9
Special Guardianship Order rates	Increase in rate in line with legislation to match foster carer rates	1.7					1.7
Contract inflation	Assumed inflation on key contracts at 5% for 2024/25 based on current market projections	1.9	0.9	1.0	1.0	1.0	5.8
Pay inflation (non SCC T&Cs)		0.3					0.3
CWD packages of care - Historic demands	Increased numbers of CWD requiring support	1.5					1.5
Care Leavers	Rising levels of demand of care leavers adding to pressures to accommodation costs and staffing support.	1.3					1.3
Short breaks	Real term reductions in short break funding impacting on outcomes for children, additional funding required to maintain levels of service	0.4					0.4
2023/24 Twin Track savings	Undelivered Twin Track programmes in 2023/24	0.8					0.8
<b>Total Pressures</b>		<b>46.1</b>	<b>13.5</b>	<b>12.6</b>	<b>12.0</b>	<b>12.4</b>	<b>96.6</b>

ASYE - Assessed and Supported Year in Employment

EHCP - Education, Health and Care Plan

CWD - Children with Disabilities

**CHILDREN, FAMILIES AND LIFELONG LEARNING**

**Efficiencies**

Efficiency	Description	Efficiency					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Home to School Travel Assistance	Full year effect of efficiencies in 23/24 focused on route optimisation and reduction of solo vehicle use	(2.6)	(2.4)	(2.5)	(2.6)	(2.7)	(12.8)
Annual Procurement Plan	Estimated blended 10% reduction on contracts due for re-procurement in 24/25	(1.0)					(1.0)
Children Looked After (CLA) Placements - Reunification	Dedicated team supporting social work practices to help children return home	(0.7)	(0.8)	(0.8)	(0.9)	(0.9)	(4.2)
Children Looked After (CLA) Placements - Early help and family support	Ability to reduce escalations of need for children and avoid entry to care	(0.0)	(0.3)	(0.4)	(0.0)	(0.0)	(0.7)
Children Looked After (CLA) Placements - Adolescence	Collaborative working across teams targeted at avoidance of entry to care for teenagers.	(0.5)	(1.6)	(1.7)	(1.2)	(0.1)	(5.2)
Children Looked After (CLA) Placements Other	Increase in SGO with proposals to increase allowances alongside continued placements closer to home	(0.3)					(0.3)
Children Looked After (CLA) Placements - In-house residential development	Developing schemes and processes for increasing utilisation of existing residential capacity and Investment in 30 new in-house residential beds to help disrupt the market and meet demand in Surrey.	(0.6)	(0.4)	(0.4)	(0.3)	(0.0)	(1.7)
Children Looked After (CLA) Placements - In House fostering	Looking a new models to maximise in house utilisation of carer capacity	(0.5)	(0.6)	(0.5)	(0.4)	(0.3)	(2.3)
Children Looked After (CLA) Placements - Permanence directive	Exploring early adoption avenues and promoting special guardianship arrangements through working with wider friends, family and foster carers.	(0.1)	(0.2)	(0.1)	(0.0)	(0.0)	(0.5)
Children Looked After (CLA) Placements - Commissioning rates	Negotiation of rates with providers to develop strategic partnerships, looking at discount incentives for sibling groups, multiple placements	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.3)
Children Looked After (CLA) Placements - Inflation management	Review and challenge of inflationary uplifts, scrutinising cost bases of providers and their increase in cost base	(1.0)	(0.5)	(0.6)	(0.6)	(0.6)	(3.2)
Care leavers Placements - Houses of multiple occupancy	Capital investment in 6 new 4 bed homes with floating support to reduce demands on supported accommodation at current rates	(0.2)	(0.2)	(0.1)	0.0	0.0	(0.5)
Workforce strategies developing a permanent workforce	Reduce demand on agency and reduce agency pressures		(0.5)	(0.5)			(1.0)
Early Help and family support	Targeted early help work with families to reduce demands on statutory case work	(0.5)	(1.0)	(1.6)			(3.1)
Twin Track - contract efficiencies	Work being driven by Procurement to review contract value across the Council. Share of £2m target previously held in Corporate I&E.	(0.4)	(0.4)	(0.4)	(0.4)		(1.6)
Twin Track - Fees and charges	Work being driven by the Commercial team to review fees and charges. Share of £1m target previously held in Corporate I&E.	(0.2)	(0.2)	(0.2)	(0.2)		(0.8)
<b>Total Efficiencies</b>		<b>(8.8)</b>	<b>(9.1)</b>	<b>(9.8)</b>	<b>(6.6)</b>	<b>(4.7)</b>	<b>(39.1)</b>

ENVIRONMENT, INFRASTRUCTURE AND GROWTH (EIG)

Pressures

Pressure	Description	Net Pressure					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
All - Pay Inflation	Expected inflationary increase in salary costs. Corporate assumption 4% 24/25, 3% 25/26, then 2%.	1.7	1.4	0.9	1.0	1.0	6.0
All - Non-Pay Inflation	Assumes 5% for contract inflation applying in 2024/25, 2% thereafter.	5.8	2.7	2.8	2.9	2.9	17.1
Additional Digital Demand Responsive Transport	Further growth of DDRT (net of offsetting reductions to local bus services), over and above the first tranche agreed by Cabinet as part of the bus network review.	6.5	0.3	0.1	0.1	0.1	7.3
H&T - Bus network review	Estimated financial impact of retendering expiring local bus contracts, the introduction of a first tranche of Digital Demand Responsive Transport (DDRT), and introduction of a half price travel scheme.	5.4	0.3	(0.4)	0.7	0.6	6.6
Task & Finish groups	Recommendations from Task & Finish groups including refresh of road lines, addressing a backlog of gully defects, implementation of Area Stewards, and other improvements. All proposals total £8.7m, this pressure captures higher priority items subject to further funding review.	5.2					5.2
Environment - Greener Futures funding	Greener Futures programme transitions to EIG BAU budget, including Climate Change and Natural Capital	1.5					1.5
Planning, Performance & Support staffing	Additional project management capacity to support service improvements and legislative change, and dedicated resources to support community engagement activities and events.	0.5					0.5
Environment - Waste team capacity	Review the waste management team structure	0.3					0.3
All - ETI senior management capacity	Increased capacity at director and assistant director level.	0.3					0.3
Environment - Waste - CRC charges	Government has decided to remove charges for small amounts of DIY materials at CRCs. Cost will depend on the volume of materials returning to CRCs.	0.3					0.3
Planning & Place - Planning appeals	More appeals likely going forwards	0.1					0.1
H&T - Active Travel	Maintaining new highway infrastructure to heightened design standards			0.1			0.1
H&T - Works IT system	2023/24 budget includes cost of replacement system, some of which is one-off.	(0.0)					(0.0)
Environment - Staffing	2022/23 budget included £350k growth in staffing resources to support delivery of Greener Futures and Rethinking Waste, which was assumed to reduce in 2024/25.	(0.1)					(0.1)
Environment - Countryside - ash dieback	£0.2m was added to the 23/24 budget to deal with ash dieback impact on countryside trees, e.g. where they effect public rights of way.		0.0	(0.2)			(0.2)
		27.5	4.8	3.4	4.6	4.6	44.9

8

SURREY FIRE & RESCUE SERVICE

**Pressures**

Pressure	Description	Net Pressure					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Pay inflation	Expected inflationary increase in salary costs	2.4	1.4	1.0	0.9	0.9	6.5
Fire - Non Pay inflation	Expected inflationary increase in costs	0.2	0.2	0.2	0.2	0.2	1.0
Partnership shared costs	Pressures offset by sharing with partners	(0.1)					(0.1)
Airwave communications system	Grant not kept pace with costs & grant reduction	0.1	0.1	0.1			0.3
Fire Pension Ill Health Charges	Requirement for all officers to meet fitness requirements leading to more ill health retirements. £250k added to 2023/24 budget, reducing in future years.	(0.1)		(0.1)			(0.3)
Recruitment & resilience: temporary staffing increase	£0.6m added in 2023/24 to provide a multi skilled, agile group to provide cover, 12FTE to end of 2024	(0.5)	(0.2)				(0.6)
Recruitment & resilience: management of annual leave	£51k added to 2023/24 budget to centralise coordinate staff deployment and annual leave, for a fixed period.		(0.1)				(0.1)
Recruitment & resilience : removal of operational vacancy factor	Requirement to be over operational establishment to allow time to recruit and train staff to be operational. Expected to be 1-2 years to reach this level, £0.4m added to 2023/24 budget.	0.3					0.3
140 day plan	£375k added to 2023/24 budget to fund short term changes required within service	(0.1)	(0.1)	(0.1)			(0.3)
Contingency Cover	Increased level of cover required	0.1					0.1
Reasonable adjustments	Extend Corporate contract for adjustments to neurodiversity to cover Fire, until included within main County Contract retender	0.1	(0.1)	(0.1)			0.0
Emergency Management - Additional staff capacity	Additional staff capacity	0.2					0.2
<b>Total Pressures</b>		<b>2.6</b>	<b>1.2</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>	<b>7.0</b>

**Efficiencies**

Efficiency	Description	Efficiency					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Fire investigation	Options being assessed. Rationalisation of posts.	(0.1)					(0.1)
Fire Cadets	Stop scheme after current cohort completes. (avoids pressures from expanding scheme)	(0.0)					(0.0)
Utilise new training facilities. Expand L&D to external partners.	Linked to development of Wray park training facilities. Use by other FRS and/or private organisation. New facilities designed for use by two teams at same time.			(0.3)			(0.3)
Expand the use of new Logistics (Engineering) facilities to other users	Linked to development of Wray Park workshop facilities. Use by other in services or external partners			(0.1)			(0.1)
Stop operational staff rotations	Reduces training requirements	(0.1)					(0.1)
Replacement of airwave radio system	Current assumption that savings from new provider will offset grant reductions once implemented		(0.1)	(0.1)			(0.2)
Logistics - review of Staff, Property and Non Capital Assets	PS8 post retiring in the first quarter of the year. Keeping the PS11 post Vacant until review complete and recommendations implemented. Further PS9 & PS6	(0.2)	(0.0)				(0.2)
Charging Police Partners for Support at Certain Incidents.	MoU now in place to recharge time for planned (non-emergency) incidents.	(0.0)					(0.0)
Recharge for use of Fire facilities	Allowing external organisations to use the facilities	(0.0)					(0.0)
Capitalisation of staff time	Recharge time for Digital Project Manager Role PS11, Senior Project Manager Assets PS11	(0.1)					(0.1)
Operations Management Centre /Staff office review	Reduction in Group Commander	(0.1)					(0.1)
Staffing vacancy	Primary Authority Lead PS10	(0.1)					(0.1)
<b>Total Efficiencies</b>		<b>(0.7)</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>(1.2)</b>

ENVIRONMENT, INFRASTRUCTURE AND GROWTH (EIG)

Efficiencies

Efficiency	Description	Efficiency					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Environment - Residual waste repurchase	Estimate of saving expected from the repurchase of residual waste, contract goes live October '24.	(0.6)	(0.6)				(1.2)
Environment - Rethinking waste	Review waste operating model and assess the implications of new Government strategy - including extended producer responsibility, deposit return scheme, recycling credits, infrastructure, etc.		(1.0)				(1.0)
Maximising our income	Placeholder pending further income reviews		(0.2)	(0.2)	(0.2)	(0.2)	(0.8)
H&T - traffic signal conversions	Reversal of time limited funding for traffic signal upgrades			(0.7)			(0.7)
Environment - Dry Mixed Recyclables	Estimate of saving expected from the repurchase of DMR, contract goes live October '24,	(0.3)	(0.3)				(0.6)
H&T - New arrangements for Civil Parking Enforcement	Full year impact of changes to the operation of Civil Parking Enforcement including contractual arrangements.	(0.5)					(0.5)
H&T - enforcement of bus lanes and moving traffic offences	Estimated contribution to highway costs	(0.3)	(0.1)				(0.5)
Making the most of our contracts	Placeholder pending further contract management reviews	(0.1)	(0.1)	(0.1)	(0.1)		(0.4)
IMP - income from EV charging contract	Contract provides SCC with a share of the income	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.4)
H&T - bus service funding	Use of bus improvement grants, prior year grant balances and ongoing changes in concessionary journey volumes.	(11.4)	11.1				(0.3)
H&T - Commercialisation & innovation	Advertising on the Highway, large and small format	(0.3)					(0.3)
Environment - efficiencies proposed for Surrey Environment Partnership (SEP)	Work with SEP team and partners to identify efficiencies	(0.3)					(0.3)
Planning & Place - Planning transformation efficiencies	Transformation including review of structure	(0.3)					(0.3)
Environment - Resist pressure from transfer of Greener Futures from transformation to EIG budget	Reprioritise Greener Futures activity and timescales	(0.3)					(0.3)
Efficiencies as part of wider Place directorate changes	Efficiencies as a result of merging wider functions into ETI's existing structures & centralised services.	(0.3)					(0.3)
Additional efficiencies from the amalgamation of ETI, E&G and L&P	As above, recognising potential for further efficiencies.	(0.2)					(0.2)
Planning & Place - staffing	Deletion of vacant posts in TDP	(0.2)					(0.2)
H&T - automation	Increased automation for some activities such as inspections (e.g. from AI, improvements to digitisation)		(0.1)	(0.1)			(0.2)
H&T - increasing bus stop suspension fee	Increasing the fee for bus stop suspensions associated with streetworks to the same rate as TFL	(0.1)					(0.1)
Planning, Performance & Support - capitalisation of staff costs	Review capitalisation guidance concerning Programme Management Office capital recharge activities. Look to capitalise more staff time thereby reduce call on revenue budget.	(0.1)					(0.1)
Environment - reduced consultancy spend	Reduced need for waste consultancy for new procurement. Consultancy relating to capital schemes would be funded from feasibility or capitalised.	(0.1)					(0.1)
Planning & Place - income	Income from provision of Historic Environment Planning activities		(0.1)				(0.1)
Planning, Performance & Support - PMO support to other bodies	Offer PMO support outside ETI - support to B&Ds for example		(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Planning & Place - Absorb planning appeal pressure within planning budget	Remove the planning appeal contingency	(0.1)					(0.1)
Environment - capitalisation of staff costs	Capitalise additional staff costs on tree planting and RTS	(0.1)					(0.1)
Planning & Place - income	Healthy Streets Licensing		(0.1)				(0.1)
Planning & Place - Planning income	Income from Planning Performance Agreements and charges for discretionary services	(0.0)	(0.0)				(0.0)
Planning & Place - income	Planning fees		(0.0)				(0.0)
Growth Strategy Efficiencies	Re-prioritise economic growth investment	(0.1)					(0.1)
Economic Growth Staffing	Reduce strategic and operational capacity	(0.1)					(0.1)
Land & Property Agile Transformation	Office building rationalisation, running cost reductions offset by additional running costs and borrowing costs	(0.9)					(0.9)
Land & Property Facilities Management Transformation	New facilities management contract	(1.0)	(0.2)				(1.3)
Land & Property efficiencies	Efficiencies from rationalising assets, business infrastructure and staffing	(1.0)					(1.0)
Land & Property efficiencies	Variety of measures including improved supply chain management and a review of income generation opportunities		(1.5)				(1.5)
Land & Property	Service based efficiencies	(0.1)					(0.1)
<b>Total Efficiencies</b>		<b>(18.8)</b>	<b>6.8</b>	<b>(1.2)</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(14.0)</b>

## CUSTOMER AND COMMUNITIES

### Pressures

Pressure	Description	Net Pressure					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Pay Inflation	Estimated cost of pay inflation modelled at 4% 24/25, 3% 25/26 and 2% 26/27, 27/28 & 28/29	1.1	0.8	0.6	0.6	0.6	3.7
Non-pay inflation	Non-pay inflation (3%)	0.2	0.1	0.1	0.1	0.1	0.8
Libraries - Income	Declining income levels on the High Street and temporary effect of refurbishment	0.4	(0.1)				0.3
Trading Standards - Income	Income has reduced, including the impact of Covid-19, and expected to recover over the MTFs period. SCC share 0.66%	(0.0)	(0.0)	(0.0)	0.0		(0.1)
Customer Services	Customer complaints post to support the Council's customer services	0.1					0.1
Libraries staffing	Adjustment to reflect the agreed structure of the service	0.2					0.2
<b>Total Pressures</b>		<b>2.0</b>	<b>0.9</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>5.0</b>

### Efficiencies

Efficiency	Description	Efficiency					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Maximising our income	Generate additional income through uplifts to fees and charges and increased volumes.	(0.5)	(0.0)	0.0			(0.6)
Reduce costs whilst maintaining strategic direction	Consistent application of vacancy factor, recognising the levels of staff turnover	(0.1)					(0.1)
Targeted reductions	Variety of measures to reduce spend including removal of flexible in year VCFS support budget and efficiencies in Coroner processes	(0.1)					(0.1)
Further income maximisation	Generate further additional income through uplifts to fees and charges and increased volumes across C&C services	(0.1)					(0.1)
Customer Services non staffing efficiency	Small reductions and efficiencies in non staffing budgets	(0.0)					(0.0)
VCFS Infrastructure organisation grants	Shared reduction across the different VCFS infrastructure organisation grants	(0.1)					(0.1)
Libraries and Cultural Services	Adjustments to Library staffing patterns, plus reductions to the cultural events budget.	(0.1)					(0.1)
Rationalisation of staffing	Staffing and management rationalisation across C&C services including Trading Standards, Community Investment & Engagement, Communities & Prevention, and Libraries & Culture	(0.3)					(0.3)
<b>Total Efficiencies</b>		<b>(1.3)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(1.4)</b>

VCFS - Voluntary, Community and Faith Sector

## RESOURCES

### Pressures

Pressure	Description	Net Pressure					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Inflation	Estimated cost of pay inflation modelled at 4% 24/25, 3% 25/26 and 2% 26/27, 27/28 & 28/29	2.1	1.7	1.1	1.2	1.2	7.3
Inflation	Non-Pay Inflation at 3% 24/25 and 2% 2025/26 onwards	0.9	0.8	0.8	0.8	0.8	4.1
Inflation	Non-Pay Inflation at 5% for food & insurance premiums	0.6	0.4	0.5	0.6	0.6	2.7
Inflation	Income Inflation at 3%	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(4.0)
Business Services payroll income	Reduced demand from schools for payroll services	0.4					0.4
Legal Services Demand	Ongoing demand linked to case volumes requires additional capacity and increased external fees	0.3					0.3
Resources communications role	Provide communications resource for the directorate	0.1					0.1
Agile	Ongoing bus service to Woodhatch Place	0.1					0.1
Insurance	Reduced income from schools due to academisation and the rebuilding of the insurance reserve to recommended actuarial levels	0.6					0.6
<b>Total Pressures</b>		<b>4.2</b>	<b>2.2</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>11.5</b>

### Efficiencies

Efficiency	Description	Efficiency					Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Previous years efficiencies	Remove one-off and unachievable 2022/23 efficiencies	0.8					0.8
IT&D - Network & Wi-fi	New contract to replace the existing network to it's sites and the internet	(0.3)					(0.3)
People & Change - Efficiencies	Various such as Improved processes following MySurrey will lead to a reduction in FTE and increased income	(0.0)	(0.0)				(0.1)
Making the most of our contracts	A new contract management team in Procurement will be leading a review of contracts across the Council to identify opportunities for efficiency and then progressing these with services. The current efficiency targets are indicative at this stage and will be updated as the contract management team's work progresses.	(0.1)	(0.1)	(0.1)	(0.1)		(0.4)
Income efficiencies	Increased recharges for pension and public health services	(0.3)					(0.3)
Various Services	Directorate wide capacity review	(0.5)					(0.5)
Various Services	Service based efficiencies	(0.5)					(0.5)
<b>Total Efficiencies</b>		<b>(0.9)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>(1.2)</b>



COMMUNICATIONS, PUBLIC AFFAIRS AND ENGAGEMENT

**Pressures**

Pressure	Description	Net Pressure					
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Inflation	Estimated cost of pay inflation modelled at 4% 24/25, 3% 25/26 and 2% 26/27, 27/28 & 28/29	0.1	0.1	0.0	0.0	0.0	0.2
Inflation	Non-pay inflation (2%)	0.0	0.0	0.0	0.0	0.0	0.0
Organisation wide	Creating a Research intelligence Unit	0.4					0.4
<b>Total Pressures</b>		<b>0.5</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>

**Efficiencies**

Description		Efficiency					
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Organisation wide Communications review	SWITCH review of communications to drive out organisation wide efficiencies	(0.4)					(0.4)
<b>Total Efficiencies</b>		<b>(0.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.4)</b>

## CENTRAL INCOME AND EXPENDITURE

### Pressures

Pressure	Net Pressure					Total £m
	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	
Capital Financing Costs	9.2	18.2	14.6	10.8	8.4	61.2
Non-achievement of prior year efficiencies	6.1					6.1
<b>Total Pressures</b>	<b>15.3</b>	<b>18.2</b>	<b>14.6</b>	<b>10.8</b>	<b>8.4</b>	<b>67.3</b>

# Our Council

## 2024/25 Subjective Budget

2023/24 Restated Budget £m	Directorate	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2024/25 Budget £m
474.7	Adults, Wellbeing & Health Partnerships	92.0	602.2	694.2	(161.1)	(30.6)	502.5
249.3	Children, Families and Lifelong Learning	147.8	802.9	950.7	(23.9)	(640.2)	286.6
178.6	Environment, Infrastructure and Growth	46.4	183.1	229.6	(28.7)	(13.5)	187.4
39.2	Surrey Fire & Rescue Service	42.3	4.8	47.1	(3.0)	(3.0)	41.1
20.8	Customer and Communities	28.9	12.4	41.3	(11.7)	(8.1)	21.4
2.2	Communications, Public Affairs and Engagement	1.9	0.4	2.3	0.0	0.0	2.3
57.2	Resources	54.5	37.3	91.9	(30.9)	(0.1)	60.9
79.8	Central Income & Expenditure	1.5	116.8	118.3	(23.6)	0.0	94.7
<b>1,101.9</b>	<b>Total - Our Council</b>	<b>415.4</b>	<b>1,760.0</b>	<b>2,175.4</b>	<b>(282.9)</b>	<b>(695.4)</b>	<b>1,197.1</b>
<b>Central funding:</b>							
(862.2)	Council tax				(921.1)		(921.1)
(127.9)	Business Rates				(73.1)	(79.1)	(152.1)
(111.8)	Central Government Grants					(123.9)	(123.9)
<b>0.0</b>	<b>Total - Our Council</b>	<b>415.4</b>	<b>1,760.0</b>	<b>2,175.4</b>	<b>(1,277.1)</b>	<b>(898.4)</b>	<b>0.0</b>

## Budget movements from 2023/24 Budget to 2024/25 Budget

2023/24 Restated Budget £m	Service	2023/24 Virements and Other Adjustments £m	2023/24 Budget £m	Inflation £m	Pressures & funding changes £m	Efficiencies £m	2024/25 Budget £m
474.7	Adults, Wellbeing & Health Partnerships	0.1	474.8	37.5	13.0	(22.7)	502.5
249.3	Children, Families and Lifelong Learning	0.0	249.4	16.3	29.8	(8.8)	286.6
178.6	Environment, Infrastructure and Growth	0.2	178.8	7.5	20.0	(18.8)	187.4
39.2	Surrey Fire & Rescue Service	0.0	39.2	2.5	0.1	(0.7)	41.1
20.8	Customer and Communities	0.0	20.8	1.3	0.7	(1.3)	21.4
2.2	Communications, Public Affairs and Engagement	0.0	2.2	0.1	0.4	(0.4)	2.3
57.2	Resources	0.4	57.6	2.8	1.4	(0.9)	60.9
79.8	Central Income & Expenditure	(0.4)	79.4	0.0	15.3	0.0	94.7
<b>1,101.9</b>	<b>Total - Our Council</b>	<b>0.3</b>	<b>1,102.2</b>	<b>68.1</b>	<b>80.6</b>	<b>(53.8)</b>	<b>1,197.1</b>
(1,101.9)	Overall funding	(0.3)	(1,102.2)		(94.9)		(1,197.1)
<b>0.0</b>	<b>Total - Our Council</b>	<b>0.0</b>	<b>0.0</b>	<b>68.1</b>	<b>(14.3)</b>	<b>(53.8)</b>	<b>0.0</b>

# Adults, Wellbeing & Health Partnerships

Executive Director:  
Helen Coombes

## 2024/25 Subjective Budget

2023/24 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2024/25 Budget £m
35.7	Public Health	5.0	35.6	40.6	(0.1)	(4.1)	36.3
439.0	Adult Social Care	87.0	566.7	653.7	(161.0)	(26.4)	466.2
<b>474.7</b>	<b>Total - Adults, Wellbeing &amp; Health Partnerships</b>	<b>92.0</b>	<b>602.2</b>	<b>694.2</b>	<b>(161.1)</b>	<b>(30.6)</b>	<b>502.5</b>

## Budget movements from 2023/24 Budget to 2024/25 Budget

2023/24 Restated Budget £m	Service	2023/24 Virements and Other Adjustments £m	2023/24 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2024/25 Budget £m
35.7	Public Health	0.1	35.8	1.0		(0.4)	36.3
439.0	Adult Social Care		439.0	36.5	13.0	(22.3)	466.2
<b>474.7</b>	<b>Total - Adults, Wellbeing &amp; Health Partnerships</b>	<b>0.1</b>	<b>474.8</b>	<b>37.5</b>	<b>13.0</b>	<b>(22.7)</b>	<b>502.5</b>

# Children, Families and Lifelong Learning

Executive Director:  
Rachael Wardell

## 2024/25 Subjective Budget

2023/24 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2024/25 Budget £m
57.2	Family Resilience	42.7	27.0	69.8	(1.4)	(5.0)	63.3
23.4	Education and Lifelong Learning	44.2	240.4	284.6	(15.2)	(244.6)	24.7
9.8	Quality Assurance	10.9	0.9	11.8	(0.7)	(0.1)	11.0
94.1	Corporate Parenting	32.7	95.6	128.4	(4.3)	(13.6)	110.5
68.7	Commissioning	16.5	147.4	163.9	(2.3)	(82.8)	78.7
(3.8)	Exec Director central budget	0.8	(2.5)	(1.7)			(1.7)
<b>249.3</b>	<b>Total - Children, Families and Lifelong Learning</b>	<b>147.8</b>	<b>508.9</b>	<b>656.7</b>	<b>(23.9)</b>	<b>(346.2)</b>	<b>286.6</b>
0.0	Delegated Schools		294.0	294.0		(294.0)	0.0
<b>249.3</b>	<b>Total - Children, Families and Lifelong Learning</b>	<b>147.8</b>	<b>802.9</b>	<b>950.7</b>	<b>(23.9)</b>	<b>(640.2)</b>	<b>286.6</b>

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## Budget movements from 2023/24 Budget to 2024/25 Budget

2023/24 Restated Budget £m	Service	2023/24 Virements and Other Adjustments £m	2023/24 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2024/25 Budget £m
57.2	Family Resilience		57.2	2.1	5.3	(1.3)	63.3
23.4	Education and Lifelong Learning	(0.0)	23.4	1.3	0.3	(0.2)	24.7
9.8	Quality & Performance		9.8	0.5	0.7	0.0	11.0
94.1	Corporate Parenting		94.1	6.0	14.5	(4.1)	110.5
68.7	Commissioning		68.7	4.4	8.9	(3.3)	78.7
(3.8)	Exec Director central budget	0.0	(3.7)	2.0	0.1	0.0	(1.7)
249.3	Total - Children, Learning, Families and Culture	0.0	249.4	16.3	29.8	(8.8)	286.6
0.0	Delegated Schools		0.0		0.0		0.0
<b>249.3</b>	<b>Total - Children, Families and Lifelong Learning</b>	<b>0.0</b>	<b>249.4</b>	<b>16.3</b>	<b>29.8</b>	<b>(8.8)</b>	<b>286.6</b>

# Environment, Infrastructure & Growth

Executive Director:  
Katie Stewart

## 2024/25 Subjective Budget

2023/24 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2024/25 Budget £m
68.5	Highways & Transport	20.7	82.2	102.9	(15.8)	(13.3)	73.8
79.3	Environment	6.9	79.5	86.3	(2.1)	(0.2)	84.0
2.8	Infrastructure Planning & Major Projects	5.1	0.1	5.3	(2.8)		2.5
24.9	Land & Property	9.9	21.3	31.2	(8.0)		23.2
1.6	Economic Growth	1.2	0.2	1.5			1.5
1.5	Planning Performance & Support (incl Cross Cutting Efficiencies)	2.6	(0.3)	2.3			2.3
<b>178.6</b>	<b>Total - Environment, Infrastructure &amp; Growth</b>	<b>46.4</b>	<b>183.1</b>	<b>229.6</b>	<b>(28.7)</b>	<b>(13.5)</b>	<b>187.4</b>

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## Budget movements from 2023/24 Budget to 2024/25 Budget

2023/24 Restated Budget £m	Service	2023/24 Virements and Other Adjustments £m	2023/24 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2024/25 Budget £m
68.5	Highways & Transport		68.5	2.1	15.9	(12.7)	73.8
79.3	Environment		79.3	3.8	2.5	(1.7)	84.1
2.8	Infrastructure Planning & Major Projects		2.8	0.2	0.1	(0.6)	2.5
24.9	Land & Property	0.2	25.1	1.2		(3.1)	23.2
1.6	Economic Growth		1.6	0.1		(0.2)	1.5
1.5	Planning Performance & Support (incl Cross Cutting Efficiencies)		1.5	0.1	1.4	(0.7)	2.3
<b>178.6</b>	<b>Total - Environment, Infrastructure &amp; Growth</b>	<b>0.2</b>	<b>178.8</b>	<b>7.5</b>	<b>20.0</b>	<b>(18.8)</b>	<b>187.4</b>

# Surrey Fire & Rescue Service

Chief Fire Officer: Dan Quin

## 2024/25 Subjective Budget

2023/24 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2024/25 Budget £m
38.7	Fire and Rescue	41.5	4.8	46.3	(2.9)	(3.0)	40.4
0.5	Emergency Management	0.8	0.0	0.8	(0.1)		0.7
<b>39.2</b>	<b>Total - Surrey Fire &amp; Rescue Service</b>	<b>42.3</b>	<b>4.8</b>	<b>47.1</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>41.1</b>

## Budget movements from 2023/24 Budget to 2024/25 Budget

2023/24 Restated Budget £m	Service	2023/24 Virements and Other Adjustments £m	2023/24 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2024/25 Budget £m
38.7	Fire and Rescue		38.7	2.5	(0.1)	(0.7)	40.4
0.5	Emergency Management		0.5	0.0	0.2		0.7
<b>39.2</b>	<b>Total - Surrey Fire &amp; Rescue Service</b>	<b>0.0</b>	<b>39.2</b>	<b>2.5</b>	<b>0.1</b>	<b>(0.7)</b>	<b>41.1</b>



# Customer and Communities

Executive Director: TBA (post April 2024)

## 2024/25 Subjective Budget

2023/24 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2024/25 Budget £m
1.6	Community Investment & Engagement	1.0	0.5	1.6	0.0	0.0	1.6
2.9	Customer Services	3.2	0.1	3.3	(0.2)	0.0	3.1
4.5	Coroners	2.4	2.2	4.6	0.0	0.0	4.6
1.9	Trading Standards	3.6	0.3	4.0	(2.1)	0.0	1.8
0.9	Customer & Communities Leadership	0.9	0.1	0.9	(0.1)		0.9
(1.5)	Registration and Nationality Services	2.5	0.1	2.6	(4.3)		(1.7)
8.3	Cultural Services	14.1	5.0	19.2	(4.4)	(5.7)	9.1
0.9	Community Safety	0.5	2.9	3.5	(0.5)	(2.0)	1.0
1.3	Community Partnerships & Prevention	0.6	1.1	1.7	(0.1)	(0.5)	1.2
<b>20.8</b>	<b>Total - Customer and Communities</b>	<b>28.9</b>	<b>12.4</b>	<b>41.3</b>	<b>(11.7)</b>	<b>(8.1)</b>	<b>21.4</b>

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## Budget movements from 2023/24 Budget to 2024/25 Budget

2023/24 Restated Budget £m	Service	2023/24 Virements and Other Adjustments £m	2023/24 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2024/25 Budget £m
1.6	Community Investment & Engagement		1.6	0.1		(0.1)	1.6
2.9	Customer Services		2.9	0.1	0.1	(0.0)	3.1
4.5	Coroners		4.5	0.1		(0.1)	4.6
1.9	Trading Standards		1.9	0.1	(0.0)	(0.2)	1.8
0.9	Customer & Communities Leadership		0.9	0.1		(0.1)	0.9
(1.5)	Registration and Nationality Services		(1.5)	0.1		(0.3)	(1.7)
8.3	Cultural Services	0.0	8.3	0.6	0.6	(0.3)	9.1
0.9	Community Safety		0.9	0.0			1.0
1.3	Community Partnerships & Prevention		1.3	0.1		(0.2)	1.2
<b>20.8</b>	<b>Total - Customer and Communities</b>	<b>0.0</b>	<b>20.8</b>	<b>1.3</b>	<b>0.7</b>	<b>(1.3)</b>	<b>21.4</b>

# Comms, Public Affairs and Engagement

Executive Director: Andrea Newman

## 2024/25 Subjective Budget

2023/24 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2024/25 Budget £m
0.1	Armed Forces and Resilience	0.1	0.0	0.1			0.1
2.1	Comms, Public Affairs and Engagement	1.8	0.4	2.2			2.2
<b>2.2 Total - Comms, Public Affairs and Engagement</b>		<b>1.9</b>	<b>0.4</b>	<b>2.3</b>	<b>0.0</b>	<b>0.0</b>	<b>2.3</b>

## Budget movements from 2023/24 Budget to 2024/25 Budget

2023/24 Restated Budget £m	Service	2023/24 Virements and Other Adjustments £m	2023/24 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2024/25 Budget £m
0.1	Armed Forces and Resilience		0.1	0.0			0.1
2.1	Comms, Public Affairs and Engagement		2.1	0.1	0.4	(0.4)	2.2
<b>2.2 Total - Comms, Public Affairs and Engagement</b>		<b>0.0</b>	<b>2.2</b>	<b>0.1</b>	<b>0.4</b>	<b>(0.4)</b>	<b>2.3</b>

# Resources

Executive Director: Leigh Whitehouse

## 2024/25 Subjective Budget

2023/24 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2024/25 Budget £m
20.2	Information Technology & Digital	11.2	10.6	21.7	(0.9)	0.0	20.9
8.1	People & Change	8.9	1.7	10.5	(1.7)	0.0	8.8
7.6	Finance	9.2	4.9	14.0	(5.4)	0.0	8.6
6.2	Joint Orbis	(0.0)	6.3	6.2	0.0	0.0	6.2
5.9	Legal Services	5.2	1.4	6.7	(0.4)	0.0	6.3
3.8	Democratic Services	1.8	2.3	4.1	(0.2)	(0.1)	3.9
2.3	Executive Director Resources (incl Leadership Office)	2.4	0.5	2.8	0.0	0.0	2.8
2.3	Transformation & Change	2.5	(0.1)	2.4	0.0	0.0	2.4
1.1	Corporate Strategy and Policy	0.9	0.2	1.2	0.0	0.0	1.2
0.9	Client Engagement & Development	0.5	0.0	0.5	0.0	0.0	0.5
0.2	Performance Management	0.2	0.0	0.2	0.0	0.0	0.2
0.0	Procurement	0.1	0.0	0.1	0.0	0.0	0.1
(1.3)	Twelve 15	11.7	9.6	21.3	(22.3)	0.0	(1.0)
<b>57.2</b>	<b>Total - Resources</b>	<b>54.5</b>	<b>37.3</b>	<b>91.9</b>	<b>(30.9)</b>	<b>(0.1)</b>	<b>60.9</b>

## Budget movements from 2023/24 Budget to 2024/25 Budget

2023/24 Restated Budget £m	Service	2023/24 Virements and Other Adjustments £m	2023/24 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2024/25 Budget £m
20.2	Information Technology & Digital	0.0	20.2	0.7	0.0	(0.0)	20.9
8.1	People & Change	0.2	8.3	0.3	0.4	(0.2)	8.8
7.6	Finance	0.0	7.6	0.4	0.6	0.0	8.6
6.2	Joint Orbis	0.0	6.2	0.1	0.0	(0.0)	6.2
5.9	Legal Services	0.0	5.9	0.2	0.3	(0.1)	6.3
3.8	Democratic Services	0.0	3.8	0.1	0.0	(0.0)	3.9
2.3	Executive Director Resources (incl Leadership Office)	0.0	2.3	0.4	0.2	(0.0)	2.8
2.3	Transformation & Change	0.0	2.3	0.1	0.0	(0.0)	2.4
1.1	Corporate Strategy and Policy	0.0	1.1	0.0	0.0	(0.0)	1.2
0.9	Client Engagement & Development	0.0	0.9	0.0	0.0	(0.4)	0.5
0.2	Performance Management	0.0	0.2	0.0	0.0	(0.0)	0.2
0.0	Procurement	0.1	0.1	0.0	0.0	0.0	0.1
(1.3)	Twelve 15	0.0	(1.3)	0.4	0.0	(0.1)	(1.0)
<b>57.2</b>	<b>Total - Resources</b>	<b>0.4</b>	<b>57.6</b>	<b>2.8</b>	<b>1.4</b>	<b>(0.9)</b>	<b>60.9</b>

# Central Income & Expenditure

Executive Director: Leigh Whitehouse

## 2024/25 Subjective Budget

2023/24 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2024/25 Budget £m
79.8	Central Income & Expenditure	1.5	116.8	118.3	(23.6)		94.7
<b>79.8</b>	<b>Total - Central Income &amp; Expenditure</b>	<b>1.5</b>	<b>116.8</b>	<b>118.3</b>	<b>(23.6)</b>	<b>0.0</b>	<b>94.7</b>

## Budget movements from 2023/24 Budget to 2024/25 Budget

2023/24 Restated Budget £m	Service	2023/24 Virements and Other Adjustments £m	2023/24 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2024/25 Budget £m
79.8	Central Income & Expenditure	(0.4)	79.4		15.3		94.7
<b>79.8</b>	<b>Total - Central Income &amp; Expenditure</b>	<b>(0.4)</b>	<b>79.4</b>	<b>0.0</b>	<b>15.3</b>	<b>0.0</b>	<b>94.7</b>

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## Capital Programme 2024/25 to 2028/29

Project	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total Budget £m
<b>BUDGET</b>						
Highway Maintenance - Core Programme	40.0	40.0	40.0	40.0	40.0	200.0
Highway Maintenance - Enhanced Programme	30.0	30.0	-	-	-	60.0
Local Highways Schemes - Core Programme	5.3	3.0	3.0	3.0	3.0	17.3
Local Highways Schemes - Enhanced Programme	9.7	9.7	-	-	-	19.4
Highway Maintenance - Signs	0.6	0.4	0.4	0.4	0.4	2.2
Bridge/Structures Maintenance	10.8	8.2	8.2	8.2	8.2	43.6
Flooding & drainage	2.7	1.7	1.7	1.7	1.7	9.5
Safety Barriers	2.5	1.5	1.5	1.5	1.5	8.6
Illuminated Street Furniture	1.9	0.5	0.5	0.5	0.5	3.9
External funding	1.2	1.2	1.2	1.2	1.2	6.0
Traffic signals	3.5	3.3	2.4	2.4	2.4	14.1
School road safety schemes	1.0	1.0	-	-	-	2.0
Road Safety Schemes	0.2	0.4	0.5	0.5	0.5	2.1
Road safety - speed management	1.1	1.1	-	-	-	2.2
A217 Reigate to Horley Safer Roads scheme	0.0	-	-	-	-	0.0
A25 Dorking to Regiate Safer Roads Fund 3 (dft funded)	0.5	0.8	0.5	-	-	1.8
Smallfield Safety Scheme (CIL)	0.1	-	-	-	-	0.1
Real Time Traffic Monitoring (Traffic Studies)	0.0	-	-	-	-	0.0
Ultra Low Emission Vehicles - Buses	10.5	-	-	-	-	10.5
Ultra Low Emission Vehicles - RTPi for buses	0.3	0.3	0.3	0.3	-	1.2
Ultra Low Emission Vehicles - bus priority	1.5	3.5	2.0	1.9	-	8.9
Ultra Low Emission Vehicles - Community Transport - Third Sector	1.8	1.4	1.5	-	-	4.7
Replacement Vehicles	0.2	0.2	0.2	0.2	0.2	0.8
Active Travel (both EATF & future)	1.1	-	-	-	-	1.1
Active Travel Tranche 3	4.4	-	-	-	-	4.4
Surrey Quality Bus Corridor Improvement	0.4	-	-	-	-	0.4
Local Enterprise Partnerships (LEP) Funded Schemes	0.1	-	-	-	-	0.1
Task & Finish - flooding & drainage	7.3	5.2	5.2	5.2	5.2	28.1
Task & Finish - road maintenance	0.1	0.1	0.1	0.1	0.1	0.5
Task & Finish - tree planting (& removals)	1.5	0.8	0.3	0.3	0.3	3.2
Air Quality A3 National Highways scheme - Electric Towns and Cities initiative	0.5	0.5	-	-	-	1.0
<b>Highways and Transport</b>	<b>140.8</b>	<b>114.8</b>	<b>69.4</b>	<b>67.3</b>	<b>65.2</b>	<b>457.5</b>
Surrey Flood Alleviation - River Thames	8.0	20.0	30.0	30.0	35.0	123.0
A320 North of Woking and Junction 11 of M25	34.6	-	-	-	-	34.6
Farnham Infrastructure Programme Town Centre - Quick Wins	1.5	-	-	-	-	1.5
EV infrastructure	0.0	-	-	-	-	0.0
Kerbside Charging solutions	0.0	-	-	-	-	0.0
Surrey Infrastructure Plan (SIP) - Weybridge town centre package	2.0	2.0	0.3	-	-	4.3
SIP: A308 Modernisation	3.8	3.8	-	-	-	7.6
SIP - Tongham Village & Ash Improvements	0.7	-	-	-	-	0.7
SIP - Croydon Road Regeneration, Caterham	1.0	-	-	-	-	1.0
SIP - Shelveys Hill, Tadworth Flood Reduction	2.2	-	-	-	-	2.2
SIP - Horley Town Centre revitalisation programme	2.2	-	-	-	-	2.2
SIP - Three Arch Junction Improvements	1.8	1.7	-	-	-	3.5
SIP - Guildford Ebike Scheme	0.8	0.2	0.1	-	-	1.1
<b>Infrastructure, Planning and Major Projects</b>	<b>58.8</b>	<b>27.6</b>	<b>30.4</b>	<b>30.0</b>	<b>35.0</b>	<b>181.8</b>
Surrey Flood Alleviation - Wider Schemes	4.4	7.9	5.9	5.7	3.8	27.7
Basingstoke Canal	0.4	0.4	0.4	0.4	0.4	1.8
Basingstoke Canal - Externally Funded	0.5	-	-	-	-	0.5
Public Rights of Way	0.7	0.7	0.7	0.7	0.7	3.7
Public Rights of Way - Externally Funded	-	0.0	0.1	0.1	0.1	0.2
Improving Access to the Countryside	0.2	0.0	0.0	0.0	0.0	0.4
Woodland Creation (Tree Planting)	0.1	-	-	-	-	0.1
Woodland Creation (Tree Planting) Bid 2	0.0	0.0	-	-	-	0.0
Treescapes Bid 2	0.1	0.1	-	-	-	0.1
Waste Recycling Initiatives	0.2	-	-	-	-	0.2
Closed landfill sites	0.1	0.1	0.1	0.1	0.1	0.3
Greener Homes LAD contribution	0.0	-	-	-	-	0.0
Home Upgrade Grant 2	9.5	-	-	-	-	9.5
<b>Environment</b>	<b>16.1</b>	<b>9.2</b>	<b>7.1</b>	<b>7.0</b>	<b>5.0</b>	<b>44.4</b>
Surrey Fire - Purchase of New Fire Engines & Equipment	4.9	5.2	2.8	5.6	1.6	20.1
Fire - Making Surrey Safer – Community Resilience	0.3	0.3	0.3	0.3	0.3	1.5
Fire - New Build IT	0.0	0.0	-	-	-	0.0
<b>Surrey Fire &amp; Rescue Service</b>	<b>5.3</b>	<b>5.5</b>	<b>3.1</b>	<b>5.9</b>	<b>1.9</b>	<b>21.6</b>
<b>INFRASTRUCTURE</b>	<b>221.0</b>	<b>157.1</b>	<b>110.0</b>	<b>110.2</b>	<b>107.1</b>	<b>705.3</b>

Project	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total Budget £m
<b>BUDGET</b>						
Schools Basic Need	18.9	42.8	31.3	19.7	9.5	122.1
Recurring Capital Maintenance Schools	12.0	15.0	13.0	12.0	8.0	60.0
Recurring Capital Maintenance Corporate	15.0	19.0	17.0	17.0	14.0	82.0
Agile Office Estate Strategy - Spokes fit-out	0.2	-	-	-	-	0.2
Surrey Outdoor Learning & Development	1.3	4.8	-	-	-	6.1
SEND (Special Education Needs & Disabilities Schools )	50.8	50.3	39.3	-	-	140.4
Alternative Provision Strategy (SEND)	11.5	15.1	10.6	-	-	37.2
Caterham Hill Library	-	5.6	-	-	-	5.6
Bookham YC	2.5	0.5	-	-	-	3.0
Libraries open access (extended hours of access to library facilities)	0.0	-	-	-	-	0.0
Looked After Children Schemes (Care Homes & Care Leavers Accommodation)	14.7	10.4	4.2	-	-	29.3
ASC Supported Independent Living - Learning Disabilities phase 1	21.1	-	-	-	-	21.1
ASC Extra Care Housing Phase 1a	0.1	0.0	-	-	-	0.2
Winter Maintenance Depot (Godstone & Merrow Salt Barns)	1.0	-	-	-	-	1.0
Pendell GRT Transit Site for Gypsy, Roma & Travellers	1.1	-	-	-	-	1.1
Weybridge Hub	5.8	1.8	0.2	-	-	7.8
Sunbury Hub	2.0	15.2	0.3	-	-	17.5
Libraries Transformation Phase 1	10.7	-	-	-	-	10.7
<b>Land and Property</b>	<b>168.8</b>	<b>180.3</b>	<b>115.9</b>	<b>48.7</b>	<b>31.5</b>	<b>545.2</b>
Devolved formula capital - schools	1.0	1.0	1.0	1.0	-	4.1
Adaptions For Children With Disabilities	0.6	0.5	0.5	0.5	0.5	2.6
Foster carer grants	0.4	0.2	0.2	0.2	0.2	1.2
Education Management System	0.4	-	-	-	-	0.4
<b>Childrens Services</b>	<b>2.4</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>0.7</b>	<b>8.3</b>
Adults Capital Equipment	1.5	1.5	1.5	1.5	-	6.0
ASC In house capital improvement scheme	0.2	0.1	0.1	-	-	0.4
<b>Adult Social Care</b>	<b>1.7</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>-</b>	<b>6.4</b>
<b>PROPERTY</b>	<b>172.9</b>	<b>183.6</b>	<b>119.3</b>	<b>51.9</b>	<b>32.2</b>	<b>559.9</b>
IT&D Hardware (incl accessibility equipment)	6.7	1.7	0.2	0.8	5.4	14.9
WAN / Wifi Refresh	2.7	0.4	0.1	0.5	-	3.6
IT&D Infrastructure (incl storage, processing & cyber security)	1.3	0.8	1.7	0.2	1.5	5.4
Replacement of the Corporate Phone System	0.1	0.1	0.1	0.1	1.0	1.5
Data Centre maintenance, renewals & replacements	0.1	0.1	0.1	0.1	0.1	0.5
Open Access Technology in Surrey Libraries	0.2	-	-	-	-	0.2
<b>IT&amp;D</b>	<b>11.1</b>	<b>3.1</b>	<b>2.1</b>	<b>1.7</b>	<b>8.0</b>	<b>26.0</b>
<b>TOTAL BUDGET</b>	<b>404.9</b>	<b>343.8</b>	<b>231.4</b>	<b>163.8</b>	<b>147.3</b>	<b>1,291.3</b>
Your Fund Surrey	20.0	10.0	-	-	-	30.0
Pipeline	100.6	240.3	127.4	59.6	53.3	581.1
<b>TOTAL PIPELINE</b>	<b>120.6</b>	<b>250.3</b>	<b>127.4</b>	<b>59.6</b>	<b>53.3</b>	<b>611.1</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>525.5</b>	<b>594.1</b>	<b>358.8</b>	<b>223.4</b>	<b>200.6</b>	<b>1,902.4</b>

### Capital Programme – Financing 2024/25 to 2028/29

Funding Source	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Grants	114.3	180.6	124.3	68.3	48.5	536.0
External Contributions & Revenue	31.1	25.6	20.4	11.4	10.7	99.2
Capital Receipts	31.0	30	21.5	15.0	10.0	107.5
Funded Borrowing	84.9	87.2	44.2	37.5	38.3	292.0
Unfunded Borrowing	264.2	270.7	148.4	91.2	93.1	867.7
<b>TOTAL FUNDING</b>	<b>525.5</b>	<b>594.1</b>	<b>358.8</b>	<b>223.4</b>	<b>200.6</b>	<b>1,902.4</b>



### Projected Earmarked Reserves and Balances 31 March 2024

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

- i) **Budget Equalisation Reserve:** This reserve was set up to support future years' revenue budgets from unapplied income, budget carry forwards and prior years' unutilised corporate contingency budgets. It provides overall financial resilience and the ability to 'smooth' one off financial impact.
- ii) **Business Rate Appeals Reserve:** As part of the localisation of business rates the Council is liable to refund business rate payers for its share of business rates if it is determined that a rate payer has been overcharged rates. This reserve will be used to fund any successful appeals.
- iii) **Economic Prosperity Reserve:** This reserve is to allay the risks of erosion in the Council's tax base or business rate income due to the impact of the localisation of Council Tax benefit and other factors influencing the collection of local taxes; and provide for investment in the local economy.
- iv) **Revolving Investment & Infrastructure Fund:** This Fund was established in the 2013-18 Medium-Term Financial Strategy, in order to provide for the revenue costs of funding infrastructure and investment initiatives that will deliver efficiencies and enhance income in the longer-term. It is also earmarked to cover the risk of potential short-term decreases in investment income from investment properties and/or the Council's subsidiary companies.
- v) **Insurance Reserve:** This reserve holds the balance resulting from a temporary surplus or deficit on the Council's self-insurance fund and is assessed by an actuary for the possible liabilities the Council may face. It specifically holds £4.2m to cover potential losses from the financial failure of Municipal Mutual Insurance (MMI) in 1992. The company had limited funds to meet its liabilities, consequently, future claims against policy years covered by MMI may not be fully paid, so would be funded from this reserve. The balance on this reserve represents the latest assessed possible liability.
- vi) **Investment Renewals Reserve:** Enables investment in service developments. The reserve makes loans to services for invest to save projects, which may be repayable. The recovery of the loan is tailored to the requirements of each business case, which is subject to robust challenge before approval as a part of the Council's governance arrangements. It is proposed that the balance in this reserve is transferred to the Transformation Reserve at the end of the 2023/24 financial year.
- vii) **Capital Investment Reserve:** To fund revenue costs to pump-prime capital investment.
- viii) **Eco Park Sinking Fund:** To smooth the impact of the compressed distribution of the contract costs and re-profiling of the PFI credits.
- ix) **Equipment Replacement Reserve:** Enables services to set aside revenue budgets to meet future replacement costs of large equipment items. Services make annual revenue contributions to the reserve and make withdrawals to fund purchases. This reserve is

being phased out over the medium-term to ensure consistency in the application of revenue funds for capital across the Council.

- x) **Street Lighting PFI Fund:** This reserve holds the balance of the street lighting PFI grant income over and above that used to finance the PFI to date. The balance in this reserve will be used in future years when the expenditure in year will exceed the grant income due to be received in the same year. It is anticipated that the reserve will be fully utilised in 2024/25.
- xi) **Transformation Reserve:** This was established to pump-prime projects that required upfront expenditure to deliver service re-design, critical to the Council.
- xii) **Interest Rate Reserve:** This reserve is to enable the Council to fund its Capital Programme from borrowing in the event of an unexpected change in interest rates or other borrowing conditions.
- xiii) **CFLC Inspection and System Improvements:** This reserve is to fund additional costs in preparation for the OFSTED re-inspection as well as reviewing and renewal of the monitoring and recording case system for children social care services funded from a review of the revenue unapplied grants
- xiv) **COVID-19 Emergency Fund:** This reserve holds unringfenced government grant money to support Surrey County Council to fund the loss of income and extra costs associated with the pandemic. The small remaining balance has been fully utilised in 2023/24.
- xv) **DSG & Schools Balances:** This represents unapplied revenue resources accumulated by maintained schools with delegated spending authority. The balance is controlled by schools and is not available to the Council for other purposes. The reserve has also been set aside to fund the deficit on the DSG High Needs Block, in the event that it has to be resourced by the Council.
- xvi) **Revenue Grants Unapplied:** This reserve holds grants from central government which have been held in reserve as expenditure in relation to the grant has yet to be incurred.

**Forecast use of Earmarked Reserves & Balances:** The Earmarked Reserves position presented below reflects the estimated closing balance for 2023/24 and hence the total reserves available for the financial year 2024/25. The 2024/25 budget assumes no overall movement in reserves, except where they are held for technical purposes such as the PFI sinking funds. However, £5m is earmarked to enable additional investment in prevention activities in childrens' services, if additional funding is not allocated as part of the Final Local Government Settlement.

	Opening Balance		Forecast Balance
	1 April 2023	Forecast Movement	1 April 2024
	£m	£m	£m
Budget Equalisation*	90.6	-11.1	79.5
Business Rate Appeals	28.6		28.6
Economic Prosperity	11.7		11.7
Revolving Investment & Infrastructure Fund	11.1		11.1
COVID-19 Emergency Fund	0.5	-0.5	0.0
Insurance	8.8		8.8
Investment Renewals	5.0	-5.0	0.0
Capital Investment	5.2		5.2
Eco Park Sinking Fund	19.9		19.9
Equipment Replacement	2.8		2.8
Streetlighting PFI Fund	0.6	-0.6	0.0
Transformation	7.7	-2.89	4.8
Interest Rate	1.6		1.6
CFL Inspection & System Improvements	0.2		0.2
<b>Earmarked Reserves</b>	<b>194.4</b>	<b>-20.1</b>	<b>174.2</b>
Schools Balances	49.4	-2.9	46.5
DSG High Needs Deficit**	-85.3	-23	-108.3
DSG High Needs Block Offset***	144.8		144.8
<b>SEND &amp; Schools Balances</b>	<b>108.9</b>	<b>-25.9</b>	<b>83.0</b>
Revenue Grants Unapplied	54.6		54.6
<b>Total Earmarked Reserves</b>	<b>357.9</b>	<b>-46.0</b>	<b>311.8</b>
<b>General Fund Balance</b>	<b>49.1</b>		<b>49.1</b>
<b>Overall Total</b>	<b>407.0</b>	<b>-46.0</b>	<b>360.9</b>

\* The movement on the Budget Equalisation represents amounts approved by Cabinet in July and September 2023 to fund specific improvement initiatives and the potential required use of the reserve to balance the 2023/24 budget position, based on the M8 revenue forecast of £1.7m deficit.

\*\* The DSG High Needs Block Deficit position is net of DfE Safety Vave contributions and schools block transfer

\*\*\* Current legislation requires us to account for the DSG deficit as an unusable reserve, so our statement of accounts records this separately and therefore shows a higher reserves balance of £443m at 31/3/23. For budgeting purposes, it is more prudent to show the deficit alongside the offset.

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### Council Tax Requirement

1. In January 2024, the District and Borough Councils informed Surrey County Council of the Council Tax base for 2024/25. The tax base provided is presented as the number of Band D equivalent properties. The total tax base for 2024/25 is 520,447.2; an increase of 0.67% from 2023/24.
2. At the same time, the District and Borough Councils provided estimates of the Council Tax Collection Fund balance. The 2024/25 budget is based on a surplus of £6.8m.
3. Each year the Council must decide if its proposed Council Tax increase is excessive. If deemed excessive, a referendum must be held. This decision must be made in accordance with a set of principles determined by the Secretary of State (SoS), referred to as the referendum principle.
4. Since 2016/17, authorities with social care responsibilities have been allowed additional flexibility on their core Council Tax referendum principle so long as the additional money raised is used entirely for adult social care services. This is referred to as the Adult Social Care (ASC) precept.
5. In November 2022, the Chancellor announced in the Autumn Statement, that core council tax referendum principles would continue for 2024/25 as set in 2023/24. This means councils can increase core council tax by up to 3% without the need for a referendum and can raise up to 2% in an additional adult social care precept. This was confirmed in the Provisional Local Government Settlement in December 2023.
6. Increases in the core Council Tax and ASC precept are calculated based on the full Council Tax precept for the preceding year.
7. Council is asked to approve the increase to core Council Tax by 2.99% and the ASC precept by 2.0%; an overall increase of 4.99%, for 2024/25. The Council Tax precept is the Council Tax requirement divided by the tax base.

	2024/25
(Income)/Expenditure	£
Gross expenditure	2,175,403,614
Other income	(978,353,029)
<b>Budgeted revenue expenditure</b>	<b>1,197,050,585</b>
Business rates income	(51,018,548)
Business rates top-up	(67,069,507)
Business rates grants	(36,533,101)
Business rates collection fund ( <i>deficit</i> )	2,550,927
Other Government grants	(123,870,564)
Collection Fund equalisation reserve *	645,470
<b>Council tax collection fund balance (<i>surplus</i>)</b>	<b>(6,848,536)</b>
<b>Council tax requirement</b>	<b>914,906,726</b>

\*The Council is required to set the Council Tax budget based on the collection fund figures provided by the Boroughs and Districts. Where this are felt to be unusually high or low, the Council manages the risk of future fluctuations by a Collection fund equalisation adjustment, making provision in reserves for future mitigations and to smooth the impact across financial years.

8. The tax base is the number of Band D equivalent properties for precepting purposes. The tax base for 2024/25 is as follows, showing an increase of 0.63% from 2023/24:

**Table 2 – 2024/25 Tax base**

Billing Authority	No. of Band D equivalent properties 2024/25	No. of Band D equivalent properties 2023/24	Change
Elmbridge	66,517.0	65,980.0	0.81%
Epsom & Ewell	33,762.4	33,521.2	0.72%
Guildford	59,890.4	59,212.1	1.15%
Mole Valley	41,693.1	41,483.1	0.51%
Reigate & Banstead	64,252.3	63,495.3	1.19%
Runnymede	35,495.8	34,864.6	1.81%
Spelthorne	39,241.0	39,949.2	(1.77%)
Surrey Heath	39,749.5	39,613.4	0.34%
Tandridge	39,128.0	38,904.9	0.57%
Waverley	58,262.3	57,369.3	1.56%
Woking	42,255.4	42,611.0	(0.83%)
<b>Total</b>	<b>520,247.2</b>	<b>517,004.0</b>	<b>0.63%</b>

9. The Council is required to provide separately information on the amount by which Council Tax is raised in order to fund Adult Social Care services. The Band D Council Tax precept for 2024/25 is calculated as follows:

**Table 3 - Band D precept**

Council Tax Precept	CTR ÷ tax base	Level
Core precept	784,095,769.95 ÷ 520,247.2	= £1,507.16
Adult Social Care precept*	130,810,955.97 ÷ 520,247.2	= £251.44
<b>Council tax precept</b>	<b>914,906,725.92 ÷ 520,247.2</b>	<b>= £1,758.60</b>

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

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

**Table 4 - Increase in Council Tax**

Band D	A 2023/ 24	B 2024/25	C Base to measure increase (2023/24)	D Increase (B-A) ÷ C	Referendum Principle
Core precept	£1,457.14	£ 1,507.16	£1,675.08	2.99%	up to 3%
ASC precept	£217.94	£ 251.44	£1,675.08	2.00%	2% on top of the core principle
<b>Council tax precept</b>	<b>£1,675.08</b>	<b>£ 1,758.60</b>	<b>£1,675.08</b>	<b>4.99%</b>	<b>Up to 5%</b>

11. The proposals result in an overall increase of £83.52 per annum, £1.61 per week, for a Band D dwelling.

12. Surrey County Council's level of Council Tax for each category of dwelling in its area will be as follows:

**Table 5 - Council tax by valuation band  
2024/ 25**

Valuation band	Core precept	ASC precept	Overall precept
A	£ 1,004.77	£ 167.63	£ 1,172.40
B	£ 1,172.24	£ 195.56	£ 1,367.80
C	£ 1,339.70	£ 223.50	£ 1,563.20
D	£ 1,507.16	£ 251.44	£ 1,758.60
E	£ 1,842.08	£ 307.32	£ 2,149.40
F	£ 2,177.01	£ 363.19	£ 2,540.20
G	£ 2,511.93	£ 419.07	£ 2,931.00
H	£ 3,014.32	£ 502.88	£ 3,517.20

13. The payment for each billing authority including any surplus or deficit balances on the Collection Fund is set out below:

**Table 6 – Payment for each billing authority  
2024/25**

Billing Authority	Payment
Elmbridge	117,423,760.20
Epsom & Ewell	59,814,865.78
Guildford	105,360,578.85
Mole Valley	74,165,084.07
Reigate & Banstead	113,970,016.84
Runnymede	62,743,490.88
Spelthorne	70,222,736.60
Surrey Heath	71,118,761.56
Tandridge	68,078,163.80
Waverley	103,771,108.78
Woking	75,086,694.50
<b>Total*</b>	<b>921,755,261.87</b>

\* The total includes all council tax collection fund balances.

14. The billing authority payments are to be made in ten equal instalments on dates to be confirmed with the District and Borough Councils.

**Table 7 – Payment dates**

Payment dates	
19/04/2024	11/10/2024
20/05/2024	19/11/2024
28/06/2024	06/01/2025
29/07/2024	19/02/2025
13/09/2024	14/03/2025



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## Capital, Investment and Treasury Management Strategy 2024/25

### 1. INTRODUCTION

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

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



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

- 1.2 The strategy sets out a clear picture of the ambition of the Council regarding capital expenditure and investment plans, within the financial constraints, risk appetite and regulatory framework that the Council operates.
- 1.3 The strategy is presented in the following elements, that set out the Council's approach to capital, investment and treasury management:

- a. Capital Overview - asset management, capital expenditure planning, risk management and long-term sustainability of capital expenditure plans (Section 2)
  - b. Investment Overview – setting out investment plans focusing on the approach to service and commercially led investment (Section 3);
  - c. The Treasury Management Strategy Statement (TMSS) – setting out how we borrow and invest to support our capital financing requirement (Section 4)
  - d. The Minimum Revenue Provision (MRP) Policy – setting out how we repay capital borrowing (included as the final page of this document, Annex G to the Budget)
- 1.4 Decisions made this year on capital, investment and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.
- 1.5 Our strategy will:
- Set out how we ensure that capital expenditure contributes to the achievement of corporate priorities and the organisation strategy;
  - Explain how the Capital Programme is financed and demonstrate that it is affordable and sustainable;
  - Explain the Council’s approach to investments; and
  - Set out and fulfil the Council’s regulatory requirements in respect of Borrowing, Treasury Management and Investment.

## 2. CAPITAL OVERVIEW

### **Capital Expenditure and Financing:**

- 2.1 The Council incurs two types of capital expenditure:
- the service delivery Capital Programme
  - the Capital Investment Programme
- 2.2 The Council’s capital expenditure and financing plans over the medium-term provide an overview of the governance arrangements for approval and monitoring of expenditure. In relation to commercial investment activities, the plan sets out the due diligence process and the Council’s risk appetite in respect of these, including proportionality in respect of overall resources.
- 2.3 This section includes a projection of the Council’s capital financing requirement and how this will be funded and repaid. It links to the Council’s borrowing strategy and sets out the Council’s statutory duty to make an annual revenue provision for the repayment of debt, detailed in the MRP Policy (Annex G to the Budget).

### **Capital Expenditure**

- 2.4 Capital expenditure refers to Local Authority spending on assets such as infrastructure, property or vehicles that will be used for more than one year. In Local Government this

includes spending on assets owned by other bodies and loans and grants to other bodies, enabling them to buy assets.

2.5 In the 2024/25 Budget and 5-year Medium Term Financial Strategy to 2028/29, the Council has a total capital expenditure requirement of £1.927bn, as summarised in Table 1. Our capital expenditure can be broken into three categories:

- Approved Capital Budget of £1,291m
- Capital Pipeline of £611m, schemes that represent the capital ambitions of the Council but are subject to further detailed business cases and Member approval.
- Capital Investments of £25m. This represents expenditure on existing investment assets, ensuring the Council's compliance with the Prudential Code.

**Table 1 - Estimates of Capital Expenditure**

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	Total Budget 2024/25 - 2028/29
	£m	£m	£m	£m	£m	£m	£m	£m
Capital Programme - Budget	202	268	405	344	231	164	147	1,291
Capital Programme - Pipeline	0	68	121	250	127	60	53	611
Sub-total Capital Programme	202	336	526	594	359	223	201	1,902
Capital investment	0	0	23	2	0	0	0	25
<b>TOTAL</b>	<b>202</b>	<b>336</b>	<b>549</b>	<b>596</b>	<b>359</b>	<b>223</b>	<b>201</b>	<b>1,927</b>

2.6 Our medium-term approach to financial planning means we will deliver an ambitious Capital Programme of c£1.902bn over the next 5 years, if all pipeline proposals are approved. The revenue implications of this proposed programme are integrated and factored into the Medium-Term Financial Strategy (MTFS) to 2028/29.

2.7 Planned capital investment will deliver significant investment in:

- The development of a greener future through the Net Zero 2030 and 2050 carbon reduction schemes and other projects contributing to the carbon and green agenda such as solar farms, electric charging points, low emission buses and vehicles;
- A Highway Maintenance programme delivering improvements to roads and footways across the County;
- A reconfirmed commitment to Surrey's sustainable future and that of its residents and businesses, through significant investment in flood alleviation works; a once in a generation opportunity to build flood defences, country parks and green space;
- Community led projects in our towns and high streets with £30m available across 2024/25 and 2025/26 through the Your Fund Surrey scheme;
- Developing Farnham town centre and surrounding infrastructure;
- Creating a number of sites to look after our vulnerable older adults, through building Extra Care and Independent Living accommodation where residents can live independently for longer and integrate into the community;
- Delivering additional local places for children with Special Educational Needs and Disabilities – a key part in containing costs within the revenue budget;

- Providing additional capacity in schools, to provide a rich education with Schools Basic Needs funding;
- Investment in in-county alternative provision places and improvements for improved pupil support
- Investment in libraries across the County;
- Maintaining and developing our road infrastructure to help grow a sustainable economy, deliver safer and greener routes; and
- Accelerating our Property Rationalisation and Agile Corporate Estate Programme.

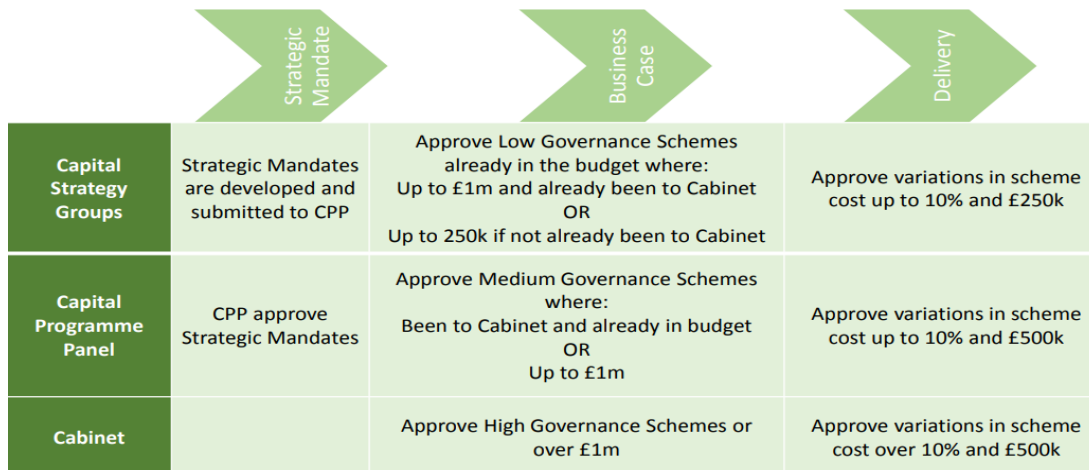
2.8 Capital projects are subject to a rigorous governance process to ensure they are aligned with the Council's priorities of:

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

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

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

**Fig 1: Capital Approval Process**



### Capital Funding

2.11 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiatives). The planned financing of the expenditure set out in Table 1 is as follows:

**Table 2 - Capital Financing**

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	Total Budget 2024/25 - 2028/29
	£m	£m	£m	£m	£m	£m	£m	£m
Grants and Contributions	91	127	139	200	139	74	54	605
Revenue budgets	6	6	6	6	6	6	5	30
Capital receipts	26	47	31	30	22	15	10	107
Borrowing	79	156	372	360	193	129	131	1,185
<b>TOTAL</b>	<b>202</b>	<b>336</b>	<b>549</b>	<b>596</b>	<b>359</b>	<b>223</b>	<b>201</b>	<b>1,927</b>

2.12 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council currently has no plans to use flexible use of capital receipts from 2024/25 onwards.

2.13 Table 2 above, shows the planned usage of £107m of capital receipts from the sale of Council assets to finance expenditure from 2024/25 onwards. Receipts are only included as sources of financing when there is a high level of confidence over the value and timing of their delivery. This approach is taken to ensure a prudent estimate of borrowing is factored into capital plans and included in the revenue budget for finance costs.

2.14 **Additional borrowing** of £372m for 2024/25 consists of £349m to fund the Capital Programme (detailed in the Capital Budget – See Annex C to the 2024/25 Budget and MTFS to 2028/29) and £23m to fund capital investment activities (as set out in Table 1).

2.15 Borrowing is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). The Council’s forecast MRP over the MTFS is set out in the following table and is based on the full MRP policy (Annex G).

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

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
	£m	£m	£m	£m	£m	£m	£m
MRP	24	27	32	40	49	54	59

2.16 The Council’s cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure on service delivery and on investments and reduces with MRP and capital receipts used to replace debt.

2.17 Based on the above figures for expenditure and financing, the Council’s estimated CFR over the medium-term is set out in table 4.

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

As at 31 <sup>st</sup> March	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Forecast	Budget	Budget	Budget	Budget	Budget
	£m	£m	£m	£m	£m	£m	£m
Capital Programme	935	1,069	1,390	1,713	1,861	1,939	2,015
Investment Programme	448	439	453	446	437	428	420
<b>TOTAL CFR</b>	<b>1,382</b>	<b>1,508</b>	<b>1,844</b>	<b>2,159</b>	<b>2,298</b>	<b>2,367</b>	<b>2,435</b>

2.18 Our capital plans lead to a £927m increase in the estimated CFR over the five-year period, from £1.508bn to £2.435bn (£1,185m of additional borrowing (see table 2), offset by £234m of MRP payments (see table 3) and £24m of PFI and finance lease adjustments). The revenue implications of this are set out below.

### Revenue Budget Implications

2.19 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans, and MRP are charged to revenue, offset by any investment income receivable. This is referred to as net financing costs.

2.20 Current projections show that net financing costs, contained within the central income and expenditure budget projections over the MTFs, rise from a net £40m in 2024/25 to £92m net in 2028/29. The gross and net costs of financing our capital plans are set out in the table, below.

**Table 5 – Net Finance Cost**

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Forecast	Budget	Budget	Budget	Budget	Budget
	£m	£m	£m	£m	£m	£m	£m
MRP (not including PFI)	24	27	32	40	49	54	59
Interest Cost	18	20	30	39	44	49	53
<b>Finance Cost</b>	<b>42</b>	<b>47</b>	<b>62</b>	<b>79</b>	<b>93</b>	<b>103</b>	<b>112</b>
Investment Income	(19)	(23)	(22)	(21)	(20)	(20)	(20)
<b>Net Finance Cost</b>	<b>23</b>	<b>23</b>	<b>40</b>	<b>58</b>	<b>73</b>	<b>84</b>	<b>92</b>

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

2.22 The Council's finance costs are increasing as a proportion of the net revenue budget, which is expected with an expanding Capital Programme, rising from c.5% in 2024/25 to 9% in 2028/29. This increase is partially contained through schemes enabling delivery of revenue efficiencies or income generation that finance themselves and offset pressure on the central income and expenditure budget.



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

**Approved Budget - £73m total spend over MTFS**

- £29m – Looked After Children Schemes
- £21m – ASC Supported Independent Living – Learning Disabilities Phase 1
- £7m – Sunbury Hub
- £6m - Surrey Outdoor Learning and Development
- £6m – Caterham Hill Library
- £3m – WAN / WiFi Refresh
- £1m – Various smaller schemes

**Pipeline – £219m (to be approved after scrutiny of value for money, sustainability and assessment of deliverability)**

- £64m – Greener Futures – Net Zero 2030 target
- £39m – ASC Supported Independent Living – Learning Disabilities Phase 2
- £34m – ASC Extra Care Housing Phases 1b, 2 and 3
- £21m – Materials Recovery Facility
- £12m – 2030 Solar Power Purchase Agreement
- £11m – ASC Supported Independent Living – Mental Health
- £6m – ASC Independent Living Short Breaks
- £5m – Agile Office Estate Strategy
- £5m – Surrey Outdoor Learning & Development
- £4m – Biodiversity Net Gain
- £4m – Household Loan Scheme
- £4m – SME decarbonisation loan scheme
- £3m – Camberley Hub
- £2m – Basingstoke Canal Campsite Improvements
- £2m – Surrey Farms Investment Plan
- £2m – 2050 – Heat as a service
- £1m – 2050 – Investment in decarbonisation schemes to draw in carbon offset / inset finance
- £1m – Transformation Scheme – Libraries Open Access
- £1m – Various smaller schemes

**Financial Sustainability**

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

**Environmental Sustainability**

- 2.25 Capital expenditure over the next 5-year period includes c.£638m of schemes that will contribute to carbon reduction, action on climate change and enabling a greener future. Of this spend, c.£386m is included for schemes in the approved budget and a further c.£252m for schemes in the pipeline, which are subject to ongoing development, scrutiny and challenge before being approved. The Council will continue to take direct action on environmental sustainability for future generations as part of the Carbon Net Zero targets set for 2030 and 2050. The Council has brought in expertise to better understand and report on carbon impacts of the Capital Programme and to set established processes for assessing capital plans and capturing necessary information for business case scrutiny and benefits realisation.

### 3. INVESTMENT OVERVIEW

- 3.1 In addition to service-led capital expenditure, the Council has invested its money for a further three broad purposes:
- To support local public services by setting up, lending to or buying shares in other organisations (service investments);
  - To earn investment income (known as commercial investments where this is the main purpose); and
  - As a result of surplus cash from its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments);
- 3.2 This investment strategy meets the requirements of the statutory guidance issued by the government in January 2018 and focuses on the first and second of these categories.
- 3.3 The statutory guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Council interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Council’s definition of an investment with that in the 2021 edition of the CIPFA Prudential Code.

#### Service Investments: Loans and Equity

- 3.4 **Overview:** The Council invests money in its subsidiaries and other organisations to support local public services and stimulate local economic growth. Subsidiaries of this nature include:
- Hendeca Group Ltd – a Local Authority Trading Company (LATCo) wholly owned by the Council for the provision of business services.
  - Surrey Choices Ltd – a LATCo, wholly owned by the Council to deliver support options for young people and adults with a range of disabilities.
- 3.5 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk and ensure that total exposure to service loans remains prudent, decisions on service loans are made in the context of their value, the stability of the counterparty and an assessment of the risk of default. The current value of service loans is set out as follows:

**Table 6 - Loans for service purposes in £ millions**

Category of borrower	31.3.2023 actual			2024/25
	Balance owing	Loss allowance	Net figure in Accounts	Approved Limit
	£m	£m	£m	£m
Subsidiaries	2	-	2	10

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

**Commercial Investments: Property**

- 3.8 **Overview:** The Council holds investments in local commercial property; office space, leisure and retail, with the intention of supporting Surrey’s economy and generating a surplus that will be spent on local public services. The table below shows the value of our investments by main category, including those under construction where the ultimate use is to be determined. The movement represents the net position of additional capital expenditure, depreciation, revaluations and disposals.

**Table 7 - Property held for investment purposes in £ millions**

Property Type	Actual Purchase Cost £m	31.3.2023 actual	
		Closing Value £m	Movement £m
Office	117	94	(23)
Retail	6	2	(4)
Leisure	1	2	1
<b>TOTAL</b>	<b>124</b>	<b>98</b>	<b>(26)</b>

- 3.9 **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at, or higher than, its purchase cost including taxes and transaction costs. A fair value assessment of the Council’s investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. The Council holds investment properties for long-term rental income, and short-term fluctuation in investment values can be expected.
- 3.10 Our investment properties operate in a challenging commercial environment, with particular pressure on retail. We continue to explore mitigating actions to protect the capital invested, such as alternate uses where appropriate.

## Commercial Investment – Equity Investments and Loans

3.11 **Overview:** The Council wholly owns Halsey Garton Property Ltd (HGP) which has a portfolio of national investment properties used to generate a return to the Council. The Council also wholly owns Halsey Garton Residential Ltd (HGR), which holds a portfolio of Surrey-based residential properties. The financial return from both companies takes the form of interest on the outstanding loan and dividend payments (where possible). The total value of our investment in HGP and HGR as at 31<sup>st</sup> March 2023 is set out below.

**Table 8 - Equity and Loans to HGP and HGR in £ millions**

Category of Investment	31.3.2023 actual		
	Balance outstanding	Loss allowance	Net figure in Accounts
	£m	£m	£m
Equity Shares	97	0	97
Loans	242	(1)	241

3.12 Accounting standards require the Council to set aside loss allowance for investments, reflecting an assessment of risk. The figures in the Council's Statement of Accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum advanced and has appropriate credit control arrangements in place to recover overdue repayments.

3.13 The Council also holds shares in the UK Municipal Bonds Agency (UKMBA), whose aim is to reduce the long-term borrowing costs of Local Authorities who join together to issue local authority bonds. The share value (initial cost £0.5m) has been written out of the Council's balance sheet because the UKMBA set out a material uncertainty in its November 2020 accounts that would cast doubt on the company's ability to continue as a going concern. This material uncertainty continues and therefore the Council's position remains unchanged.

### Managing the debt used to finance subsidiary loans

3.14 In previous financial years, the Council has borrowed money to lend on to Halsey Garton Property, in order that Halsey Garton Property can invest in property to generate a revenue income for the Council to support service delivery. Alongside the equity shares, these loans are set out in Table 9, above.

3.15 Historically, the Council's MRP policy was to charge MRP on individual properties where the market value had fallen below the outstanding loan, ensuring that the debt coverage was maintained. This was deemed a prudent approach and therefore compliant with current legislation because, despite individual properties carrying a market value below the debt, the value of the portfolio overall still exceeded the outstanding loans. The Government continues to consult on proposed changes to capital finance regulations, including a requirement to charge MRP on all subsidiary loans relating to investment properties, to ensure the money is set aside to repay debt without relying on the subsidiary selling assets or negotiating new debt.

- 3.16 In anticipation of these changes coming into force for the 2023/24 financial year, as per the Government's initial proposed timetable, the Council took the decision to adopt the regulations early and amended its MRP policy for 2022/23 onwards to provide MRP on capital loans in full, as it does for any other assets.
- 3.17 The amended proposal has yet to be formally implemented. However, the Council's policy of providing for MRP in full means it is compliant with the revised proposal. The Council considers it prudent to continue with this policy in its 2024/25 MRP Policy (Annex G). This will ensure that the Council's debt in relation to the loan to Halsey Garton is serviced over the life of the asset. When the subsidiary repays its loans, any resulting surplus would be recognised as a gain (a capital receipt) at the point of repayment.

### Security

- 3.18 The value of property owned by Halsey Garton Property Ltd at 31<sup>st</sup> March 2023 was assessed as being £81m lower than cost, representing a 25% reduction, largely due to pressures on the retail environment. Halsey Garton is holding the assets for long-term rental income and short-term variations in fair value do not currently affect the value of the Council's investment. Over the long term, we would expect asset values to recover.

### Risk Assessment and Liquidity

- 3.19 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding property or subsidiary investments through a thorough analysis of the market and economic conditions using external advisors where necessary. Separately, the Council has a comprehensive risk management strategy to mitigate risks of over-spend or income shortfalls to the base budget position.
- 3.20 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. The Council is not reliant on investments in property to maintain its liquidity and manages liquidity through other investments and borrowing. The Council has reserves and contingencies to maintain stability in the event of a period of lower returns from its investment portfolio.

### Loan Commitments and Financial Guarantees

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

### Proportionality

- 3.23 The Council's revenue budget includes an element of profit generating investment activity to support services. Table 9 below shows the extent to which the expenditure planned to meet

the service delivery objectives and/or place making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the MTFS. Investment activity is forecast at around 1.5% of the Council's net revenue budget over the medium-term. Should we fail to achieve the expected net return, the Council would manage the impact on budget through use of contingency in the current financial year and a re-assessment of financial plans for the remainder of the medium-term.

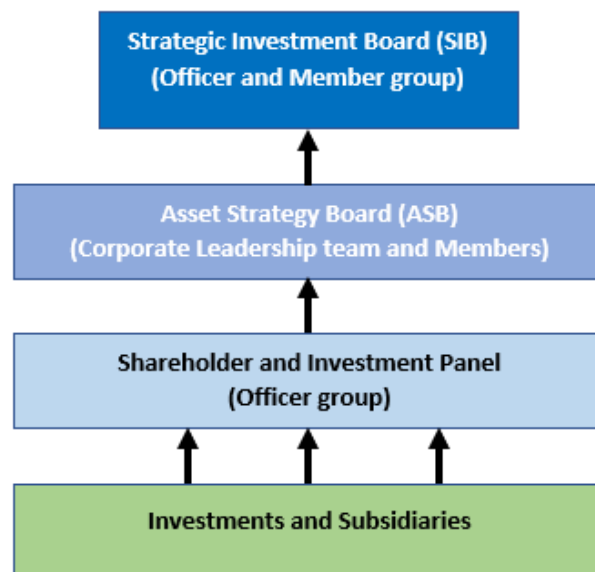
**Table 9 - Proportionality of Investments**

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Investment income £m	17	19	19	19	19	19	19
Gross service expenditure £m	1,041	1,102	1,190	1,266	1,336	1,393	1,456
Proportion %	1.6%	1.7%	1.6%	1.5%	1.4%	1.4%	1.3%

### Commercial Governance

3.24 Commercial investments are taken through a rigorous Officer and Member led process to ensure that decisions are taken with an adequate level of scrutiny. The diagram, below, shows the governance groups charged with delivering commercial investments:

**Fig 2: Commercial Governance**



- 3.25 At officer level, oversight is provided by the Shareholder Investment Panel (SHIP) with representation from Finance (Chair), Land & Property and Legal.
- 3.26 The Asset Strategy Board (ASB) oversee and review the strategic decisions proposed for all Council owned assets taken at Shareholder Investment Panel and Capital Programme Panel, including monitoring delivery against the Asset & Place Strategy (2019-2030) and assessing that the Council is optimising the use of its assets, delivering value for money to residents.

3.27 The Member led Strategic Investment Board (SIB) monitors the Council’s investment properties and subsidiary companies to ensure satisfactory performance and effective risk management. SIB provides effective oversight, ensuring alignment with the strategic objectives and values of the Council. SIB safeguards the Council’s interests and takes decisions in matters that require the approval of the Council as owner or as a shareholder of a company.

### Investment Indicators

3.28 The Council has set the following quantitative indicators to allow elected members and the public to assess the Council’s total risk exposure as a result of its investment decisions.

3.29 **Total risk exposure:** The first indicator shows the Council’s total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

**Table 10 - Total investment exposure in £millions**

Total investment exposure	31.03.2023	31.03.2024	31.03.2025
	Actual	Forecast	Forecast
	£m	£m	£m
Treasury management investments	97	50	50
Service investments: Loans	2	2	1
Commercial and Economic Growth investments: Property	98	98	121
Commercial investments: Loans	241	241	241
Commercial investments: Shares	97	97	97
<b>TOTAL INVESTMENTS</b>	<b>534</b>	<b>487</b>	<b>510</b>

3.30 **How investments are funded:** Government guidance states that our indicators should include an analysis of how investments are funded. Councils, including SCC, do not generally associate borrowing with individual assets, since we borrow as required to fund the whole portfolio of capital spend. However, the following investments could be described as being funded from capital sources, including borrowing and receipts. The remainder of the Council’s commercial investments are funded by usable reserves and income received in advance of expenditure.

**Table 11 - Investments funded by borrowing in £millions**

Investments funded by borrowing	31.03.2023	31.03.2024	31.03.2025
	Actual	Forecast	Forecast
	£m	£m	£m
Commercial and Economic Growth investments: Property	98	98	121
Commercial investments: Loans	241	241	241
Commercial investments: Shares	97	97	97
<b>TOTAL INVESTMENTS</b>	<b>436</b>	<b>436</b>	<b>459</b>

3.31 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complexity of the Local Government accounting



framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

**Table 12 - Investment rate of return (net of all costs)**

Investments net rate of return	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m
Service investments	0%	0%	0%
Commercial investments: Property	3.1%	3.1%	2.5%
Commercial investments: Shares and Loans	4.1%	4.1%	4.1%

#### 4. Treasury Management Strategy Statement 2024/25

##### Introduction

- 4.1 Treasury management at Surrey County Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.
- 4.2 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. A full set of Prudential Indicators is set out in Annex 1 and a number of Treasury limits and indicators are set out below.
- 4.3 Treasury management is the management of the Council's cash flows, borrowing, investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 4.4 The Council tends to be cash rich in the short-term as revenue income (e.g. Council Tax, Business Rates and Government Grants) is typically received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

- 4.5 Managing the cost of the Council’s borrowing is at the heart of the Treasury Management Strategy (TMS) and we work proactively with our Treasury Management advisor, Arlingclose on a continual basis, to ensure that our approach represents the best balance between minimising cost and managing the risk of interest rate changes. Regular meetings with Arlingclose coincide with Bank of England Monetary Policy Committee meetings, however our strategy is under constant review throughout the year, and we can call on Arlingclose’s expertise whenever required.
- 4.6 The Treasury Management Strategy is supported by four TMS annexes:
1. Prudential indicators – a Code requirement which supports our approach to borrowing, managing risk and highlighting our capital financing requirement.
  2. Detailed external context – a detailed summary from Arlingclose of the current and future economic climate, risks and opportunities along with detailed interest rate forecasts.
  3. Investment & Debt Portfolio Position as at 30 November 2023 – to highlight the current range of debt and investments.
  4. Glossary of Terms

#### External Context

- 4.7 **Economic background:** The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council’s treasury management strategy for 2024/25.
- 4.8 The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE’s Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.
- 4.9 The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.
- 4.10 Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month’s 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

- 4.11 ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.
- 4.12 The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong, but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.
- 4.13 Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.
- 4.14 **Credit outlook:** Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.
- 4.15 On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
- 4.16 Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.
- 4.17 Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.
- 4.18 There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.
- 4.19 However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration

remain under constant review and will continue to reflect economic conditions and the credit outlook.

- 4.20 **Interest rate forecast (December 2023):** Although UK inflation and wage growth remain elevated, the Council's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- 4.21 Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 4.22 A more detailed economic and interest rate forecast provided by Arlingclose is in the TMS Annex 2.
- 4.23 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 5.5%, and that new borrowing will be sourced at an average rate of 5.5% for 2024/25, 4.5% for 2025/26 and 4% for the remainder of the MTFS period.

**Local Context:**

- 4.24 On 31 March 2023 the Council held £647m borrowing (£480m of long-term borrowing and £167m short-term borrowing) and £97m of cash investments. By 30th November 2023, this had increased to £666m borrowing (£465m of long-term borrowing and £201m of short-term borrowing), with £71m of investments.
- 4.25 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 4.26 Internal borrowing allows the Council to utilise its internal cash balances (i.e. working capital and reserves) which are not required in the short to medium-term in order to reduce risk and keep interest costs low. Forecast changes in these sums are shown in the balance sheet analysis in Table 13 below.

**Table 13 - Balance sheet summary and forecast**

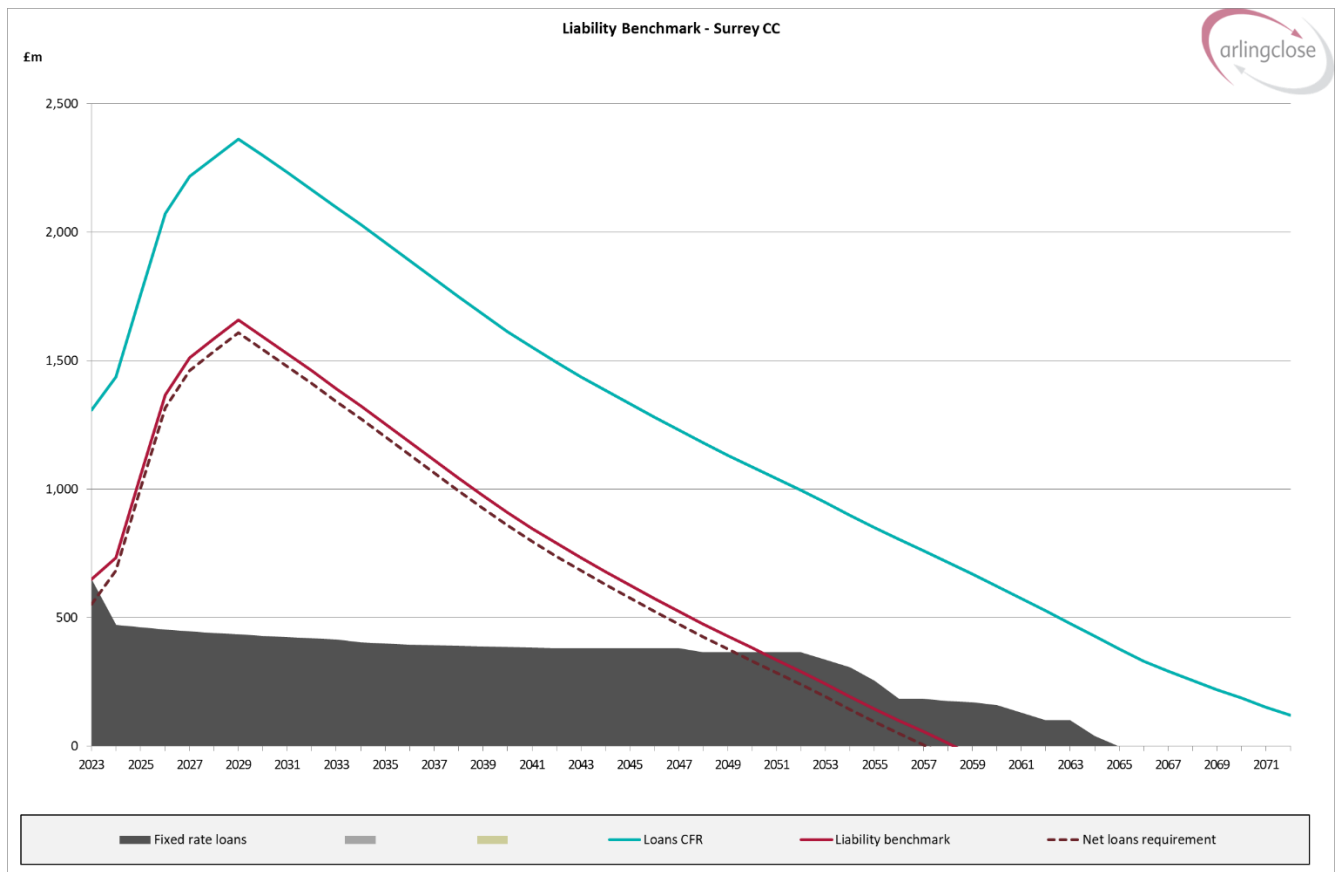
	31.3.23	31.3.24	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29
	Actual £m	Estimate £m	Forecast £m	Forecast £m	Forecast £m	Forecast £m	Forecast £m
Capital financing requirement	1,382	1,508	1,844	2,159	2,298	2,367	2,435
Less: Other debt liabilities	(75)	(82)	(77)	(73)	(68)	(63)	(58)
<b>Loans CFR</b>	<b>1,307</b>	<b>1,425</b>	<b>1,766</b>	<b>2,086</b>	<b>2,230</b>	<b>2,304</b>	<b>2,377</b>
Less: External borrowing	(649)	(472)	(464)	(455)	(447)	(441)	(436)
Internal borrowing (based on projection of level of reserves, balances and working capital)	(658)	(705)	(705)	(705)	(705)	(705)	(705)
<b>Projected additional external borrowing requirement</b>	<b>0</b>	<b>248</b>	<b>597</b>	<b>926</b>	<b>1,079</b>	<b>1,159</b>	<b>1,236</b>

- 4.27 The Council has an increasing CFR over the period to 31 March 2029, due to the proposed Capital Programme and approved investment strategy projects. The maximisation of internal borrowing leads to a borrowing requirement above the Council's ability to utilise its internal resources to fund this capital expenditure. It will therefore be required to raise additional external borrowing over the forecast period.
- 4.28 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 13 shows that the Council expects to comply with this recommendation during 2024/25.
- 4.29 Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 13 above, but that cash and investment balances are kept to a minimum level of £50m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 4.30 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

#### Table 14 – Liability Benchmark

Position at 31 March	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual £m	Projected £m	← ----- Estimated ----- → £m				
Loans CFR	1,307	1,425	1,766	2,086	2,230	2,304	2,377
External borrowing	(649)	(472)	(464)	(455)	(447)	(441)	(436)
Internal (over) borrowing	658	953	1,302	1,631	1,784	1,864	1,941
Balance sheet resources	(755)	(755)	(755)	(755)	(755)	(755)	(755)
Net investments / (new borrowing)	98	(198)	(547)	(876)	(1,028)	(1,108)	(1,186)
Treasury investments	97	50	50	50	50	50	50
New borrowing	0	248	597	926	1,078	1,158	1,236
Net loans requirement	552	670	1,011	1,331	1,475	1,549	1,622
Liquidity allowance	97	50	50	50	50	51	53
<b>Liability benchmark</b>	<b>648</b>	<b>720</b>	<b>1,061</b>	<b>1,381</b>	<b>1,525</b>	<b>1,600</b>	<b>1,674</b>

**Graph 1: Liability benchmark**



- 4.31 The long-term liability benchmark assumes:
- Capital expenditure funded by borrowing as per the 2024-29 Capital Programme, with no further assumed expenditure factored in beyond the MTFS period;
  - Projects included in the Capital Programme (Budget and Pipeline) and approved investment strategy spend are included;
  - Minimum Revenue Provision (MRP) on new capital expenditure is based on the attached MRP policy;
  - Reserves and Balances are based on proposed and approved use over the life of the Medium-Term Financial Strategy (MTFS); and
  - The benchmark is based on our assumptions on capital expenditure and the external loans requirement may not ultimately reduce to zero as future capital expenditure is approved.
- 4.32 Overall, the liability benchmark shows that we are currently borrowing exactly what we need, because the amount of external debt (grey shaded area) matches the liability benchmark (red line). As we progress over the medium term, the gap between total external debt and the liability benchmark grows, meaning that we need to borrow more money to meet our financing requirement. We aim to avoid a scenario where our external debt exceeds our liability benchmark, as it indicates that we are borrowing more than we need – i.e. borrowing to invest, carrying with it an increased risk of investment returns.
- 4.33 The difference between the CFR (underlying need to borrow – represented by the blue line) and actual external borrowing represents the level of internal borrowing (utilisation of short term reserves and balances). The current strategy to internally borrow continues to support the Council’s financial position in the short to medium-term.
- 4.34 As shown, the Council’s current debt portfolio is long dated and there are no significant repayments until the 2050s. An alternate strategy would be to increase our long-term fixed rate borrowing now. The liability benchmark illustrates that if we were to do so, it would be for a reasonably modest amount over a period of up to 20 years (to avoid a significant amount of fixed-rate debt exceeding our liability benchmark).

### **Borrowing Strategy**

- 4.35 **Objectives:** The Council’s main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. To achieve this, the key aim is to maximise internal borrowing and use short-term borrowing to manage cashflow shortfalls, striking a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher. The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.
- 4.36 **Strategy:** The Council is facing unprecedented financial pressures, principally driven by rising need for services from residents and the increasing costs of providing such services. Given these pressures, the Council’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The Council continues to maximise the use of internal resources (internal borrowing) and borrowing short-



term to fund the additional requirement based on cash flow forecasts. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.

- 4.37 By maximising internal resources and borrowing short-term, the Council is able to suppress net borrowing costs (despite foregone investment income) and reduce market and credit risk in the investment portfolio. However, short-term borrowing does increase the Council's exposure to changes in interest rates as when short-term loans mature, they may need to be replaced at a higher rate of interest.
- 4.38 The level and mix of internal, short-term, and long-term borrowing will be reviewed on a regular basis, taking account of the overall cash position and market forecasts. Arlingclose will assist in this review with 'cost of carry' and breakeven analysis, which will support decisions on whether to take additional longer-term external borrowing at fixed rates in 2024/25.
- 4.39 Alternatively, the Council may arrange forward starting loans where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost without suffering a cost of carry in the intervening period, although is unlikely to be beneficial when prevailing interest rates are higher than forecast future rates.
- 4.40 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's Public Works Loan Board (PWLB);
  - UK Infrastructure Bank Ltd
  - any institution approved for investments (see below);
  - banks or building societies authorised to operate in the UK;
  - UK Local Authorities;
  - UK public and private sector pension funds (except the Surrey Pension Fund);
  - capital market bond investors;
  - retail investors via a regulated peer-to-peer platform; and
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable Local Authority bond issues.
- 4.41 The Council has previously raised the majority of its long-term borrowing from the PWLB. For short-term borrowing, the Council has, and will continue, to use other sources of finance, such as loans from other Local Authorities, pension funds and other public bodies as these are often available at more favourable rates. These short-term loans leave the Council exposed to the risk of interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.
- 4.42 Under the Prudential Code, an authority must not borrow to invest primarily for financial return. It is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose. Authorities with commercial land and property may invest in maximising its value, including repair, renewal and updating of the properties. This Strategy certifies that the Council's capital spending plans do not include the acquisition of assets primarily for yield.

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

- leasing
- hire purchase
- Private Finance Initiative (PFI)
- sale and leaseback
- similar asset based finance

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

4.44 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to Local Authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow through the Agency will therefore be the subject of a separate report. Our current strategy generally favours PWLB borrowing for long term debt due to ease of access to borrowing and certainty of low rates, however this is periodically reviewed with Arlingclose and when a decision for increased long-term borrowing is made all options will be scrutinised.

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

### **Borrowing Costs**

4.46 Gross borrowing costs include interest payable and the statutory charge on the general fund for MRP. The gross borrowing costs associated with the 2024/25 to 2028/29 Capital Programme increase from £62m in 2024/25 to £112m by 2028/29.

4.47 Paragraph 1.18 of Annex 1 shows the ratio of gross financing costs against the net revenue stream (the amount funded from council tax, business rates and general government grants). Gross borrowing costs as a proportion of net revenue stream increases over the MTFS period from 5.2% in 2024/25 to 9.2% in 2028/29.

4.48 Net borrowing costs are calculated after offsetting interest and investment income and over the same period, net borrowing costs grow from £40m in 2024/25 to £92m in 2028/29.

4.49 Paragraph 1.19 of Annex 1 shows net borrowing costs against the net revenue stream increasing from 3.4% in 2024/25 to 7.6% in 2028/29, which when compared to other county councils brings us from a low position to an average position.

4.50 Offsetting the increase in borrowing costs; many of the capital schemes are crucial to delivering revenue efficiencies, cost containment or income generation. After accounting for interest, investment and rental income to be generated by pipeline projects, net borrowing costs are projected to be contained within the budget envelope for the MTFS period.

### Treasury Investment Strategy

4.51 The Council holds invested funds representing income received in advance of expenditure plus reserves. For the first half of 2023/24, the Council held average balances of £98m, compared with £135m for the equivalent period in 2022/23. The average return for the first half of 2023/24 was 4.75%. Cash balances are expected to reduce during the remainder of 2023/24 and over the MTFS.

4.52 **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

4.53 **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments.

4.54 While the Council's investment balances remain low (less than £150m), Money Market Funds and short-term bank deposits will be utilised, with a cash limit per counterparty/fund of £25m. If the economic situation changes, which results in a decision to undertake additional borrowing, resulting in higher cash balances, other investment counterparties may be considered and the counterparty limits set out below would apply.

4.55 **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

4.56 **Business models:** Under International Financial Reporting Standards (IFRS 9), the accounting for certain investments depends on the Council's "business model" for managing them. The standard requires entities to account for expected credit losses in a timely manner; from the moment when financial instruments are first identified. These investments will continue to be accounted for at amortised cost.

4.57 **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in Table 15 below, subject to the cash limits (per counterparty) and the time limits shown.

4.58 **Table 15 - Approved investment counterparties and limits**

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

\* UK Local Authorities

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

4.59 **Minimum credit rating:** Treasury investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

4.60 **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

4.61 **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral

credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

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

fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- 4.68 **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis. No investments will be made with an organisation if there are substantive doubts about its credit quality.
- 4.69 **Reputational aspects:** The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.
- 4.70 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills or with other Local Authorities.
- 4.71 **Investment limits:** The Council's revenue reserves and balances available to cover investment losses are forecast to be approximately £92m on 31<sup>st</sup> March 2023, consisting of the Budget Equalisation Reserve, the Revolving Investment and Infrastructure Fund and the Interest Rate Reserve. There are currently no plans to draw down on these reserves in 2024/25. In practice, a default is highly unlikely. In order that no more than 30% of available reserves will be put at risk in the case of a single default, the maximum that will be invested with any one organisation (other than the UK Government) will be £20m and the limit for any one pooled fund will be £25m.

**Table 16 – Investment Limits**

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£20m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£20m per group
Any group of pooled funds under the same management (including Money Market Funds)	£25m per manager

Money Market Funds (Total)	Unlimited
Unsecured investments with Building Societies	£10m in total

4.72 **Liquidity management:** The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

#### Treasury Management Prudential Indicators

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

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

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

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

4.75 **Long-term treasury management investments:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£40m	£20m	£10m	£40m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.



## Related Matters

- 4.76 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 4.77 **Policy on the use of Financial Derivatives:** Local Authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over Local Authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 4.78 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 4.79 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 4.80 **Markets in Financial Instruments Directive:** The Council has opted in to "professional client status" with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believes this to be the most appropriate status.
- 4.81 **Treasury Management Advice:** Surrey County Council has appointed Arlingclose Limited as Treasury management advisers and receives specific advice on investments, debt and capital finance matters.
- 4.82 **Treasury Management Training:** Member and Officer training needs are assessed regularly as part of the staff appraisal process. Additional training will be provided as and when there is a change in roles and responsibilities. The Council also benefits from the Orbis partnership Centre of Expertise, which provides a robust Treasury team providing day to day treasury management operational activities to Surrey County Council, Brighton & Hove City Council and East Sussex County Council.

## Knowledge and Skills

- 4.83 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council pays for officers to study towards relevant professional qualifications including CIPFA.

- 4.84 All officers involved in the treasury and investment management function have access to relevant technical guidance and training to enable them to acquire and maintain the appropriate level of expertise, knowledge and skills to undertake the duties and responsibilities allocated to them. The Council currently employs treasury management advisors through Arlingclose (who commenced a new four-year contract from 1<sup>st</sup> January 2022) and seeks external legal and property related advice and due diligence as required. The Council’s investment Strategy is supported by guidance from our advisors, Montagu Evans. The Council’s Treasury Management and borrowing strategies are supported by guidance from our advisors, Arlingclose. Both are on hand to guide key decisions and provide proactive advice in response to emerging market trends.
- 4.85 Those charged with governance (Members of the Audit and Governance Committee and the Resources and Performance Select Committee) recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The Section 151 Officer will ensure that elected members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.
- 4.86 The Orbis Centre of Expertise for Treasury Management creates a central team of pooled expertise to provide robust services which are resilient to meet the changing service needs of partners.
- 4.87 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

**Financial Implications**

- 4.88 The budget for cash investment income in 2024/25 is £2.5m, based on an average investment portfolio of £50m at an average interest rate of 5.5%. The budget for debt interest paid in 2024/25 is £29.7m, which is based on a mix of short-term borrowing and the existing long-term fixed rate debt portfolio.

**Other options considered**

- 4.89 The CIPFA Code does not prescribe any particular treasury management strategy for Local Authorities to adopt. The Section 151 Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater

Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

**Prudential Indicators 2024/25**

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

**Estimates of capital expenditure**

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

Table 1 - Actual and estimated capital expenditure	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Projected £m	← ----- Estimated ----- → £m      £m      £m      £m      £m				
Capital programme expenditure (incl pipeline)	336	526	594	359	223	201
Approved investment strategy spend	0	23	2	0	0	0
Financed By:						
- Government grants and third party contributions	127	139	200	139	74	54
- Capital Receipts	47	31	30	22	15	10
- Revenue and reserves	6	6	6	6	6	5
<b>Net financing need for the year*</b>	<b>157</b>	<b>373</b>	<b>360</b>	<b>193</b>	<b>128</b>	<b>132</b>

\*Capital expenditure to be met by borrowing

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

- 1.4 Table 2 sets out the Council's estimated capital financing requirement (CFR). The CFR represents capital expenditure funded by external debt and internal borrowing and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. The CFR therefore measures a Council's underlying need to borrow for a capital purpose. Any capital expenditure which has not been funded from locally determined resources will increase the CFR. The CFR reduces by the Minimum Revenue Provision (MRP).
- 1.5 The MRP is a statutory annual revenue charge which reduces the borrowing need in a similar way to paying principal off a household mortgage.
- 1.6 The CFR includes any other long-term liabilities, e.g. PFI schemes, finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme

include a borrowing facility and so the Council is not required to separately borrow for these schemes and they therefore do not form part of the Council's underlying need to borrow.

- 1.7 The CFR is increasing over the MTFS period which results in an increase in external debt (after we have maximised internal borrowing) and therefore an increase in the revenue cost of borrowing.
- 1.8 This is reflected in an increased Operational Boundary and Authorised Limit as shown in Tables 4 and 5. Table 6 - Ratio of financing costs to net revenue stream, shows that the revenue cost of debt is an increasing but remains a relatively low proportion of our overall budget. The impact of funding the Capital Programme is built into the revenue budget and MTFS.

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Table 2: Capital Financing Requirement (CFR)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Projected £m	← ----- Estimated ----- → £m                      £m                      £m                      £m                      £m				
Opening CFR	1,382	1,508	1,844	2,159	2,298	2,367
<b>Movements:</b>						
- Minimum revenue provision	(27)	(32)	(40)	(49)	(54)	(59)
- Application of capital receipts to repay opening CFR	0	0	0	0	0	0
- PFI & finance leases	(5)	(5)	(5)	(5)	(5)	(5)
- Net financing need	157	373	360	193	128	132
	125	336	315	139	69	68
Closing CFR	1,508	1,844	2,159	2,298	2,367	2,435

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

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

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

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

- 1.11 Table 4 sets out the Council's operational boundary, an indicator against which to monitor its external debt position. It is based on the Council's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the CFR and cash flow requirements and is a key management tool for in-year monitoring.
- 1.12 Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. Other long-term liabilities comprise finance lease, PFIs and other liabilities that are not borrowing but form part of the Council's debt position.

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

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Agreed	← ----- Estimated ----- →				
	£m	£m	£m	£m	£m	£m
Borrowing	893	1,277	1,594	1,705	1,766	1,839
PFI & finance leases	82	77	73	68	63	58
<b>Total</b>	<b>975</b>	<b>1,354</b>	<b>1,667</b>	<b>1,773</b>	<b>1,829</b>	<b>1,897</b>
Estimated external debt	720	1,061	1,381	1,525	1,599	1,672

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

1.14 Table 5 sets out the Council's authorised limit for external debt. This key prudential indicator represents a control on the maximum level of borrowing. It is a statutory limit determined under section 3(1) of the Local Government Act 2003 and represents a limit beyond which external debt is prohibited. It is the maximum amount of debt that the Council can legally owe.

1.15 The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised since the introduction of the Prudential Code.

1.16 The Authorised limit provides headroom over and above the operational boundary for unusual cash movements and potential additional borrowing to meet the ambitions of the Council in respect of its investment strategy.

1.17 As with the operational boundary, the limit separately identifies borrowing from other long-term liabilities such as finance leases and PFIs. The authorised limit increases over the MTFS period to reflect an increasing underlying need to borrow linked to the Capital Programme.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Agreed	← ----- Estimated ----- →				
	£m	£m	£m	£m	£m	£m
Borrowing	1,065	1,492	1,807	1,884	1,933	2,007
PFI & finance leases	82	77	73	68	63	58
<b>Total</b>	<b>1,147</b>	<b>1,570</b>	<b>1,880</b>	<b>1,952</b>	<b>1,995</b>	<b>2,065</b>
Estimated external debt	720	1,061	1,381	1,525	1,599	1,672

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

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

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Proportion of gross financing costs to net revenue stream	4.0%	4.2%	5.2%	6.6%	7.7%	8.6%	9.2%

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

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

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Ratio of Net Financing Costs to Net Revenue Stream	2.2%	2.1%	3.4%	4.9%	6.1%	6.9%	7.6%

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

#### **Net income from commercial and service investments to net revenue stream**

1.21 This is an indicator of affordability and highlights the net financial impact on the authority of its entire non-treasury investment income.

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Total net income from service and commercial investments	17	19	19	19	19	19	19
Proportion of net revenue stream	1.6%	1.7%	1.6%	1.6%	1.6%	1.6%	1.6%



### Underlying assumptions

- 2.1 UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- 2.2 The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank's last forecasts.
- 2.3 Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- 2.4 Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- 2.5 Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- 2.6 Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant loosening in the future to boost activity.
- 2.7 Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium-term level for Bank Rate.
- 2.8 There is a heightened risk of fiscal policy and/or geo-political events causing substantial volatility in yields.

### Forecast

- 2.9 The MPC held Bank Rate at 5.25% in December. Arlingclose believes this is the peak for Bank Rate.
- 2.10 The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

2.11 The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.

2.12 Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>5yr gilt yield</b>													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>10yr gilt yield</b>													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>20yr gilt yield</b>													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>50yr gilt yield</b>													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

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

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

PWLB HRA Rate (Maturity Loans) = Gilt yield + 0.40%

UK Infrastructure Bank Rate (Maturity Loans) = Gilt yield + 0.40%

### TMS Annex 3 - Investment & Debt Portfolio Position as at 30 November 2023

	Actual Portfolio £m	Interest Rate %
<b>External borrowing:</b>		
Public Works Loan Board	453	3.63
Market	10	5.00
Local Authorities (Incl. Surrey Police)	191	5.28
Other	12	0.00
<b>Total external borrowing</b>	<b>666</b>	
<b>Other long-term liabilities:</b>		
Private Finance Initiative	81	
<b>Total other long-term liabilities</b>	<b>81</b>	
<b>Total gross external debt</b>	<b>747</b>	
<b>Treasury investments:</b>		
Banks & building societies (unsecured)	-	
Government (incl. Local Authorities)	-	
Money Market Funds	71	5.34
<b>Total treasury investments</b>	<b>71</b>	
<b>Net debt</b>	<b>676</b>	

### TMS Annex 4 - Glossary of Terms

- CFR – Capital Financing Requirement
- CIPFA – Chartered Institute of Public Finance Accountancy
- CPI – Consumer Price Index
- DLUHC – Department for Levelling Up, Housing and Communities
- DMO – Debt Management Office
- ECB – European Central Bank
- GDP – Gross Domestic Product
- LB – Liability Benchmark
- MMF – Money Market Fund
- MPC – Monetary Policy Committee
- MRP – Minimum Revenue Provision
- PWLB – Public Works Loan Board
- TMSS – Treasury Management Strategy Statement

## Annex G - Annual Minimum Revenue Provision (MRP) Policy Statement 2024/25

1. When the Council finances capital expenditure by debt (borrowing), it must put aside resources to repay that debt in future years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). The Council is required by statute to make a prudent provision for the repayment of its debt. It is also required to 'have regard' to guidance on how to calculate this provision, issued by the former Ministry of Housing, Communities and Local Government, most recently in 2018.
2. The broad aim of the guidance is to ensure that capital expenditure is financed over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
3. In developing this policy statement, the Council is satisfied that the guidelines for their annual amount of MRP will result in it making a prudent provision.
4. Where capital expenditure was incurred before 1 April 2008, the guidance suggests writing down the remaining Capital Financing Requirement by providing MRP of 4% per annum. The Council agreed in 2016/17 to write this amount off over the next 50 years, resulting in the whole balance being provided for over a finite period and far sooner than under the 4% reducing balance method.
5. As suggested in the guidance, for capital expenditure incurred on or after 1 April 2008 and funded through borrowing, the Council will calculate MRP by charging expenditure over the expected useful life of the relevant assets, on an annuity basis. MRP will be first charged in the year following the date that an asset becomes operational.
6. For the following types of capital expenditure, the Council has determined that an alternative methodology for determining the annual MRP charge should be adopted:
  - For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability, or over the life of the asset.
  - Where loans are made to other bodies for their capital expenditure, e.g. subsidiaries of Surrey County Council, MRP is charged as with any other asset. This is a continuation of the policy adopted in 2022/23 to make MRP more prudent in response to fluctuating values of assets held within a subsidiary, following external audit recommendations and a Government consultation on potential changes to capital financing regulations. The Council's view is consistent with the current regulations and those proposed by the consultation.
  - MRP for investment property purchases is based on an estimated useful life of 50 years, on an annuity basis, in order to appropriately match MRP to the period of time that the assets are expected to generate a benefit to the Council. This is in recognition that these assets are held for income generation purposes and that the Council holds a saleable asset, the capital receipt from which will be used to repay any outstanding debt when sold.
  - The Council will determine MRP on equity investments based on a 20 year life. However, for equity investments in asset backed companies, a 50 year life will be assumed to match the Council's policy for investment assets.
7. The Council reserves the right to determine alternative MRP approaches in particular cases, in the interests of making prudent provision, where this is material, taking account of local circumstances, including specific project timetables and revenue-earning profiles.
8. Each year a new MRP statement will be presented.

## Annex H – Consultation and Engagement

1. Between July 2023 and January 2024, the Council delivered a programme of consultation and engagement with residents, organisations and Members to inform the development of the budget for 2024/25 and the Medium-Term Financial Strategy (MTFS). This aligns to one of the Council's priority objectives to have empowered and thriving communities where more people participate, engage and have a say in how things are done on matters that impact them and where they live.
2. The objectives of this consultation and engagement activity were to:
  - a. Inform SCC decision-makers of residents' relative priorities and preferences for budget allocation and approaches to achieving a balanced budget for 2024/25
  - b. Enhance transparency and accountability around budget decisions, including proposals around additional investment and efficiencies
  - c. Ensure inclusive and representative engagement by activity involving marginalised and underrepresented groups.
3. The work was split into two phases. The first phase aimed to gather insight on what residents thought were the most important outcomes that the Council should prioritise. It also sought views on how the Council should allocate resources and tactics for balancing the budget, including circumstances under which a council tax increase would be supported.
4. The second phase was a consultation with stakeholders on the draft budget for 2024/25, including proposals for investment and for closing the budget gap, which was £13.5m at the time the draft budget was agreed by Cabinet in November 2023.

### Methodology

5. Across both phases, more than 2,700 stakeholders provided their views. The Council used a range of methods to gather quantitative and qualitative data to generate insight from stakeholders.
6. In the first phase, which ran from September to November 2023, methods used included:
  - a. Commissioning a YouGov survey with a statistically representative sample, by age and gender, of 614 Surrey residents. Participants were selected from each of Surrey's 11 district and borough authority areas.

This produced the quantitative data used for this report so the views of the whole of Surrey's adult population are reflected.

- b. Running an open survey exercise simultaneously on the Surrey Says consultation platform so all residents had an opportunity to have their say. The survey ran from 8 September 2023 to 6 October 2023, and 891 residents took part. The results from this were used to inform the qualitative findings of this report. Survey respondents were self-selecting, which means the results should not be treated as representative of the whole of Surrey's population.
  - c. Surveying partner organisations and elected officials at the same time as the open resident survey. Responses were received from 50 stakeholders – 39 represented a charity, voluntary or local community group, 1 was from a local business, 1 from a local authority in Surrey and the 3 were from organisations such as local authority trading companies or community centres. The remaining 6 were elected officials representing county, district, borough or parish and town areas. As above, these also informed the qualitative findings of this report.
  - d. Officers attending existing community events, such as Surrey Pride, to promote the open survey and gather residents' views in person. Over 100 residents were spoken to across these events.
  - e. Carrying out a desk-based review of existing insight gathered by the council since 2021 to assess how residents' priorities had changed, or stayed the same, over time.
  - f. Early engagement with Members including informal Select Committee meetings, Budget Task Group meetings and political group briefings.
7. For the second phase, which ran from November 2023 to January 2024, methods used were:
- a. Running an open survey exercise on the Surrey Says consultation platform following Cabinet's approval of the draft budget on 28<sup>th</sup> November 2023. The survey ran from this date to 5<sup>th</sup> January 2025, and 1,133 residents took part. A full stakeholder profile of respondents to this consultation can be read in Appendix A on pages 19 to 22.

An information pack, including EasyRead and Large Print formats, was published alongside the survey to provide information on the investment proposals and efficiencies in each area of the council's spending. Survey respondents were self-selecting, meaning the results should not be treated as representative of the whole of Surrey's population. This survey was promoted through the Surrey Matters E-

Newsletter, social media, and through all libraries across Surrey. Surrey County Council Members, Community Link Officers, and other Engagement Officers were also encouraged to promote the survey with local residents in their areas.

- b. Officers facilitated a focus group discussion with children and young people representing the Surrey Youth Cabinet, Consulting Youth Advisors and Accept, Teach, Listen, Access, Support (ATLAS) groups to learn more about the views of children and young people in Surrey and what their priorities for the county are.
- c. Member Engagement – officers provided briefings to and met with Members across a range of meetings including informal and formal Select Committees, Budget Task Group and all-Member briefings. These sessions provided updates on the budget position and proposals with investment measures and efficiencies outlined and explained. Members had the opportunity to scrutinise proposals and the approach to consultation, and make recommendations to Cabinet for changes to the budget.

8

## **Phase 1 results**

### **Priority outcomes**

8. During the first engagement phase, stakeholders were asked to indicate their top priorities out of 11 outcomes. These outcomes were based on the Community Vision for Surrey in 2030 and Organisation Strategy 2023 – 2028 and simplified to make it easy for all residents to respond. These outcomes were:
  - a. Better public transport connections for easier, more predictable journeys
  - b. Better roads and pavements
  - c. Enabling people of all ages to access education and skills
  - d. Making our communities safer
  - e. Promoting better health and wellbeing for all residents
  - f. Protecting and enhancing Surrey's countryside and biodiversity
  - g. Providing care for adults and children who need us most



- h. Reducing waste and increasing recycling
- i. Reinvigorating town centres and high streets
- j. Stronger community relations through local community networks and support
- k. Supporting local businesses to prosper and grow the economy

- 8
9. Supporting the most vulnerable residents, particularly providing care for adults and children who need it, was a top priority for all stakeholders. 80% of residents responding to the Yougov survey said this was a top priority, and organisations rated this as the most important area for the council to focus on. Residents taking the open survey also believed focusing resources on supporting the most vulnerable was important, with some also highlighting the needs of people experiencing inequalities:

*“Providing care to those who most need it is the most basic and fundamental requirement.”*

*“Social care is very underfunded, puts families under greater stress, nothing done until crisis point reached, causing even more misery.”*

*“It feels that the divide between those who can afford to live, and those who can’t and need help is growing. Those right at the bottom on benefits, in social housing, unemployed, dealing with addictions, mental health problems and debt are drowning and more needs to be done to help them earlier.”*

10. The other top priorities highlighted by the Yougov survey were improving the county’s roads and pavements (89%), making communities safer (83%) and better public transport (80%).
11. On roads and pavements, some residents who responded to the open survey were keen that the council invested more in maintenance and repairs to keep motorists and pedestrians safe and avoid incurring costs from damage caused to their vehicles. Others saw the importance of this outcome as helping contribute to reductions in the use of road vehicles and building more cycling infrastructure.

*“Dangerous roads and pavements lead to accidents which result in health issues for constituents.”*

*“Better roads and pavements will lead to less accidents, less braking and accelerating, make life easier for those using wheelchairs or pushing children’s buggies.”*

*“By improving roads, pavements and cycleways, and making them safer, this will encourage more people to walk and cycle for short journeys which will improve the environment and reduce the number of cars locally.”*

12. Residents wanted more of a focus on safety across a range of different areas, including road safety and areas outside of the council’s responsibility, such as policing.

*“Crime is rising and more police need to be seen around [Guildford], with PCSOs [Police Community Support Officers] back patrolling the areas.”*

*“Safety for our community is my main concern. Reducing speeding cars, motorbikes, lorries etc should be a priority.”*

13. Residents expressed their desires for more investment in public transport and active travel solutions. This included expanding the bus and rail offer in Surrey, and more infrastructure and options for residents who wanted to cycle more. Some referred to increased public transport and accelerating the move to electric vehicles as key tactics for helping to tackle climate change, and the positive impacts for health and wellbeing from increased cycling.

*“Public transport and good care are vital for the well-being of vulnerable people...this is also vital for the economy, tackling air pollution and improving job prospects for mobility.”*

*“Public transport must be improved if we are to move away from the current dependency on cars.”*

14. A strong theme that emerged through the open survey was residents’ desire for the council to do more to tackle the climate emergency. Their motivations were based on the impact of climate change on current and future generations, need to find ways to mitigate against it and anxiety on what might happen if no action is taken:

*“The climate emergency is the most pressing issue of our time...it is even more pressing that local authorities to step up, be brave about their targets and put funding where it is most needed – saving our planet.”*

*“All the above outcomes are about the Surrey Community, however there will be no communities if we (residents, Councillors, Governments) globally do not do anything about Climate Change now, our children's children will suffer because we did nothing to combat this.”*

*“[Climate change] would be my top priority for the council.”*

15. Organisations that responded were more likely to suggest the council should prioritise providing care for adults and children that need it most, promoting better health and wellbeing for all residents and enabling greater access to education and skills for all ages. They were least likely to prioritise improvements to roads and pavements, reinvigoration of town centres and high streets and reduced waste and increased recycling.
16. On promoting the population's health and wellbeing, organisations felt that this would lead to better overall outcomes for people across their lifetimes, and important for preventing future demand that could exacerbate existing pressures on acute services across health and social care. Some participants thought that a healthier population would also lead to more progress on other priorities:
- "...if you empower residents and put their wellbeing first, you will have a stronger community who will help themselves."*
- "The priority of the population has to be health. Without that and education, society cannot function to its full potential."*
17. By focusing on getting investment in these priority outcomes right, and taking a preventative approach, stakeholders thought that this would support efficiencies over the longer term and less demand for crisis response:
- "If we catch people who are struggling earlier, I believe we can provide them with less help over the timeframe, ultimately costing less in resources."*
- "Whilst there has for many years been a big push to keep older people in their own homes, the reality is that much of the preventative work has either been cut back completely or disappeared."*
18. Some respondents to the open surveys struggled with the idea of prioritising outcomes among those presented as they felt that all of them were important and worthy of equal attention. However, others felt the council had a core set of specialisms that should be prioritised and it should try to do less in some spaces:
- "Faced with difficult choices, the county council needs to prioritise getting its unique areas of expertise right rather than having too wide an agenda. Where other organisations can pick up activity, everyone shouldn't feel they need to be involved."*
- "Such difficult choices for us and those making final decisions, they're all important."*

## Use of resources

19. Stakeholders taking the representative and organisation surveys were asked for their views on how the council should allocate its resources. The choices offered to them were to allocate resources to:

- a. services that benefit the majority of residents or services that benefit those with the greatest needs, such as residents with disabilities and additional needs.
- b. local areas with the highest number of people with poor health or across all local areas in Surrey.
- c. meet the needs of residents today or meet the long-term future needs of residents.

20. Residents said it was more important to allocate resources to:

- a. services that benefit the majority of residents (58%). Younger residents aged 18 to 25 however preferred to allocate resources to benefit those with greatest needs (47%).
- b. all local areas across Surrey (65%). This reflected the even views of respondents across all parts of the county wanting resources to be allocated equitably. Again, younger residents were more likely than other age groups to prefer allocating resources to places where residents were in poor health (48%), although the majority still wanted broad distribution across the county.
- c. meet the future long-term needs of residents (47%), although a significant minority still wanted the focus to be on issues impacting residents now (45%).

21. Organisations were more likely to say it was more important to allocate resources to:

- a. services that benefit those with the greatest needs such as residents with disabilities and additional needs.
- b. meeting the long-term future needs of residents.
- c. local areas with the highest number of people with poor health.

### **Balancing the Budget**

22. Stakeholders were asked to give their views on different approaches that the council could approach to balancing its budget. This is defined as the total costs of delivering services not exceeding income received from sources such

as council tax. They were asked for their views on:

- a. introducing charges for services which are currently free or subsidised.
- b. reducing or stopping some services to protect others.
- c. providing local people and communities with the tools to support others and set and deliver local priorities.
- d. equipping Surrey County Council staff with the skills to work together with communities and partners to deliver services across the county.
- e. working with partner organisations to provide services.

23. Most residents supported equipping staff to work with partners and communities (83%), increased partnership working (80%) and providing local communities with tools to support themselves more (80%). Most residents opposed the idea of reducing or stopping services to protect others (51%) and introducing charges for free or subsidised services (62%).

24. Organisations were most likely to support the council on providing local communities with the tools they need to support others and set local priorities, empower them to help themselves so they are less reliant on publicly funded services and work with partner organisations to provide services.

25. There was more division on issues of introducing charges for services and the idea of reducing or stopping some services to protect others. On charging, 20 stakeholders either tended to support or strongly supported this approach, while 22 either tended to oppose or strongly opposed this. On reducing or stopping services, 17 stakeholders either tended to support or strongly supported this while 24 either tended to oppose or strongly opposed these approaches.

26. 26 organisations put forward suggestions for other tactics the council should adopt to support a balanced budget. These suggestions were wide-ranging and included enhanced partnership working, tackling fraud, reducing reliance on consultants and removing barriers for smaller local organisations to be more competitive in tendering processes for contracts.

### **Council Tax Increase - Scenarios**

27. Finally, residents in the Yougov survey were asked to indicate the circumstances under which they would support or oppose a council tax increase. The scenarios residents had to respond to were:
- a. as an alternative to imposing/increasing fees and charges for services.

- b. if the additional funds will be used to finance long-term investment plans.
  - c. only when opportunities to streamline services have been exhausted.
  - d. to protect services for the most vulnerable and those without choices.
  - e. under no circumstances.
  - f. when the only alternative is to stop delivering some services.
28. The two scenarios that were most supported and least opposed were to protect services for the most vulnerable (65% supported, 28% opposed) and when opportunities to streamline services had been exhausted (59% supported, 31% opposed).
29. The most opposed scenario was where council tax was increased as an alternative to imposing or increasing fees and charges (33% supported, 56% opposed). There was also less appetite for an increase to support the financing of long-term investment (39% supported, 49% opposed).
30. Residents were also offered an option to say that they would not support any council tax increase under any circumstances. 38% of residents indicated that they supported this option. However, 44% of residents did not agree with this, reflecting that there were legitimate circumstances when council tax may need to rise.
31. The results from this engagement work informed the basis of investment proposals, and measures to close the budget gap for 2024/25, when Cabinet agreed the draft budget on 28 November 2023. This signalled the start of draft budget consultation exercise with stakeholders.

## **Phase 2 results**

32. In this phase, the Council asked residents and other stakeholders, such as partner organisations, for their views on proposed investment and measures to close a £13.5m budget gap for 2024/25. The aim was to generate insight on potential impacts to inform planning, design of any further consultation, and implementation.
33. An open survey was conducted on the Surrey Says consultation platform between 28 November 2023 and 5 January 2024. A total of 1,133 stakeholders, including 1,079 residents, responded to this consultation. This was the largest response rate to a draft budget consultation in recent history.

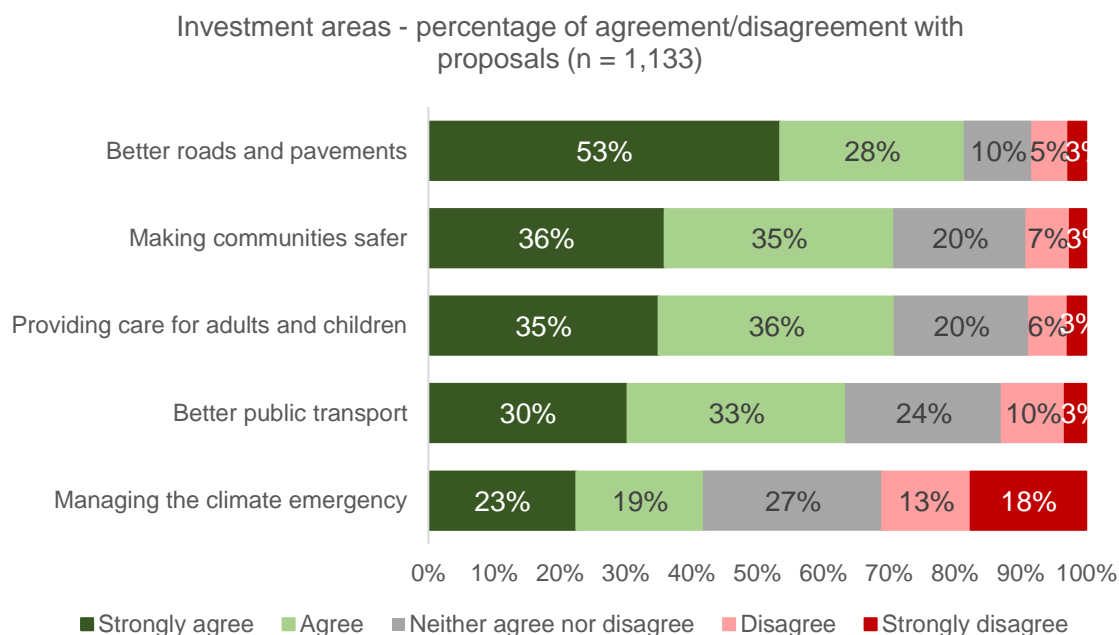
34. To help stakeholders to complete the survey, an information pack was developed to summarise the draft budget, including key information on investment proposals and efficiencies. EasyRead and Large Print versions of this information pack were created to make the exercise more accessible for residents who may be digitally excluded, have disabilities or other needs. Hard copies of the survey and information pack were made available through Surrey's libraries network.
35. The survey was also promoted through the Surrey Matters E-Newsletter, social media and shared by Members, Community Link Officers and Engagement Officers at SCC.
36. Stakeholders were asked to tell us:
- a. To what extent the investment proposals outlined in the draft budget reflected their priorities
  - b. To share their views on any additional priorities they felt were not reflected in our budget proposals
  - c. If and why they supported our proposed measures to balance the budget

### **Investment proposals**

37. Residents were generally supportive of the investment proposals to address their priority areas contained in the draft budget report. They validated that these were the priority areas they wanted to see more investment in, which aligned to stakeholders' priority outcomes identified in Phase 1.
38. Stakeholders were asked to confirm the extent to which they agreed, or disagreed, that the draft budget supported the top five priorities that mattered most to residents. These were:
- a. Better roads and pavements
  - b. Making communities safer
  - c. Providing care for adults and children
  - d. Better public transport
  - e. Managing the climate emergency.
39. The chart below shows that stakeholders broadly agreed that the draft budget supported most of these priority areas. There was less consensus about the



extent to which 'Managing the climate emergency' was being invested in sufficiently, or whether it should even be an investment priority for the Council.



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40. 81% of stakeholders agreed that the budget was prioritising improvements to Surrey’s roads and pavements. Many were critical of Surrey’s road infrastructure and called on the Council to improve the road network to protect road users from vehicle damage and potential road accidents. Some wanted better traffic management and suspension of highways works. Some stakeholders explicitly referenced the need for improved highways safety measures, such as improved street lighting and road conditions, and introducing stricter speed limits and enforcement of those limits were all specific proposals raised. The strength of feeling among respondents towards the state of Surrey’s roads was clear.

*“Better, safer roads with less hold ups.”*

*“Safer pavements are needed, I have lost count of the number of people who have had really bad falls in Farnham, including me.”*

*“Majority of the pavements are uneven, and darkly lit.”*

*“Surrey's roads are a disgrace. You MUST REPAIR the 1000's of potholes PROPERLY. They are a danger to cyclists and drivers.”*

41. 71% of respondents agreed that the draft budget included clear investment proposals to make communities safer. In addition to safety concerns about

roads and pavements, many respondents wanted higher levels of policing (although this is outside the Council's control) and policies introduced to address anti-social behaviour, particularly among young people. Some respondents wanted more investment in preventative activity in children's services and facilities such as youth clubs. Some respondents highlighted that the community safety measures could be supported by other priorities.

*"A safer community with visible police on the streets and more respect for senior citizens."*

*"Making communities safer should mean more police on the streets."*

*"I do feel unsafe in Redhill these days, particularly once it starts getting dark. So, tackling anti-social behaviour is also very important."*

42. 71% of respondents agreed that the draft budget included sufficient investment proposals to support care for vulnerable adults and children. Many of them recognised that adult's and children's social care services are statutory services that the Council is legally obliged to provide. They also wanted to see investment in these areas to support the most vulnerable in Surrey. Care for children from education provision, including SEND to mental health services, to community facilities and after-school clubs was highlighted by some respondents as areas for further investment.

*"My priority is the vulnerable, elderly and children. On-line does not work for older people, they need help with forms and paperwork and contact with people. More support to stay in their homes when they are able too"*

*"Priorities should be towards the elderly and children and facilities to assist them"*

*"Providing good social care for vulnerable adults and children. With our rapidly aging population more people need care and support. With increasing pressure on families more support needs to go to children, to try and prevent more children going into care."*

*"Preventative action from children's social services is vital."*

43. 63% of respondents agreed that the draft budget investment proposals for public transport were sufficient. Many were critical of the existing provision of bus and rail services in Surrey and wanted further investment. Many felt this would support efforts to reduce the county's carbon emissions by reducing the number of drivers on the road. Some respondents wanted to see more investment in cycling and walking infrastructure to reduce carbon emissions and improve the physical and mental wellbeing of residents.

*“Bus travel needs to be made much more attractive.”*

*“Money is being wasted on expanding on-demand bus services which very few people use, when it could be spent on providing better bus routes, bus lanes, and better active travel infrastructure.”*

*“Public transport needs to be improved particularly with regard to connection to Kingston Hospital from Esher.”*

44. Stakeholders were more divided on the proposed investments to manage the climate emergency. 42% agreed with the proposed measures while 31% disagreed with them. Opposition was either due to scepticism on the extent to which human activity affects climate change, the limited impact of the Council’s activity on mitigating a global issue or due to other priorities taking precedent.

*“Regarding Climate Change, there is no emergency, Surrey County Councils efforts will have NO discernible effect on what may be natural climate change and I object to any money being wasted on this to satisfy a lunatic fringe.”*

*“Climate change is LESS important than the cost of living issues people in our great county face.”*

#### **Additional investment priorities**

45. Stakeholders were asked if the draft budget proposals overall met their wider priorities for Surrey. In addition to the five areas they were asked about, some respondents shared their views on services that they would prioritise for further investment or to be protected from any reductions.
46. Some discussed education and lifelong learning provision in Surrey, both for Children and Adult Learning. They wanted further provision for SEND pupils and protection of vital services that support greater knowledge and learning, health and wellbeing such as libraries.

*“[I] feel that there needs to be more emphasis on meeting the needs of both SEN children and supporting those who have experienced educational disruption and disadvantage following COVID.”*

*“I’d like to see more investment in to SEND provision in mainstream schools as well as the (important) proved specialist places”*

*“Libraries, day centres, leisure activities, children's activities. These are essential for the long-term health benefits they provide.”*

47. While the Council has limited influence over these areas, many stakeholders wanted to see further investment in housing and support for residents experiencing homelessness. Specifically, respondents wanted to see more affordable housing made available.

*“More affordable housing - ignore the protests about building outward. We need more houses.”*

*“Where are your plans to build affordable homes? Why not drastically reduce the size of the council offices and turn the rest of this enormous plot over for council houses?”*

*“Do something about homeless people still living outside in these freezing winter temperatures.”*

48. Some wanted more investment in restoring their local high streets, bemoaning the quality of amenities, the cleanliness of the town centre, and the impact that this has on community safety with limited options for young people.

*“Reinvigorate shopping centres to encourage community focus.”*

*“Our High Streets have become barren, deserted wastelands mainly populated with dodgy nail bars, cafes and fast-food outlets.”*

*“Invest in lower rent to support town and shops. Local new development is an embarrassment.”*

49. Stakeholders also wanted further investment in overall maintenance and cleanliness of local places. Some respondents commented specifically on further investment to maintain verges, grass-cutting and protection of open spaces.

*“Basic and regular maintenance of public areas, pavements etc to include cutting back overgrown hedges blocking paths, sweeping slippery leaves and waste, more and larger waste bins with lids, maintaining cemeteries regularly.”*

*“I would like to see the grass cut more frequently and with more care. At the moment the grass cutting is disgraceful.”*

*“Maintenance in general is a serious issue in Surrey, and I would like to see improvements to grass verges and other public areas included as part of improved maintenance of roads and pavements.”*

## **Closing the budget gap**

50. Overall, most stakeholders supported the proposed measures to close the budget gap of £13.5m in 2024/25. Of the 1,133 responses received, 738 (65%) supported the proposed measures, while 395 (35%) opposed them.

51. Many respondents recognised the legal requirement on the Council to deliver a balanced budget each year and this was a reason cited for supported the proposed measures. Others stressed how important it is for the Council to enact effective financial management and to take the necessary steps to ensure financial resilience.

52. Many respondents were concerned that the measures outlined would have an adverse impact on residents due to proposed service reductions. This was mainly directed towards the most vulnerable in Surrey who make use of vital, often statutory, services.

*“We need a healthy local authority that does not carry debt and can confidently invest in the local area.”*

*“It's essential to avoid our council becoming bankrupt like others, but the cuts MUST be made in the right places and not affect the vulnerable and needy in our community.”*

53. Some respondents made general observations on the overall budget and the position of the council. Some reflected on the broader financial challenges local authorities are facing and there were some comments were critical of central government's role in this.

*“Unfortunately, it is necessary given the financial implications of both the expected level of government funding and the current state of the council's finances.”*

54. However, there were still clear expectations on the Council to deliver statutory services, invest across the county, and, where possible, avoid adversely affecting residents through higher council taxes or a reduction in services. Many respondents wanted SCC to work harder to identify further efficiencies before looking to raise more money through charges or council tax increases.

*“Residents are suffering from the cost of living and need the council to live within its means and look for better efficiencies and not put-up taxes.”*

*“I do support the proposed measures but wonder where is the money coming from. Our council tax is extortionate for the service we have.”*

*“All monies overspent needs to be paid for by the people. This is my council charge we are discussing. Any proposal made by the council has to be paid for by the tax payer and council employees and councillors need to always*

*make decisions with this fact foremost in mind.”*

55. Efficiency proposals were generally opposed if this was going to adversely affect service provision. Residents expect the Council to make sound financial decisions to protect those services.

*“I understand the financial constraints facing the council, I also see the loneliness and hardships facing people every day. Your cost cutting and penny-pinching result in loneliness and misery.”*

*“I don’t know how realistically Surrey are going to close this gap without making more cuts to services so desperately needed.”*

*“The efficiencies are not viable without causing a deterioration to the most vulnerable in society.”*

56. Some respondents outlined very specific proposals where they hoped the Council would act. This may have been a request for an additional service, a change to an existing service, or closure/cancellation of existing services. Each of those specific proposals that were shared by residents has been captured and will be shared with relevant Directorates to respond to.
57. Many ideas or concerns shared are not within the Council’s remit to address unilaterally. This information will be shared with other public sector bodies who may be responsible, or the Council will engage in collaborative action with partners to address them.

### **Children and Young People’s Focus Group December 2023**

58. On 11 December 2023, the council engaged with children and young people from across Surrey to get their views on the draft budget. Representatives included members of the Surrey Youth Cabinet, a representative of Consulting Youth Advisors, a group focused on emotional wellbeing and mental health, and a representative from Accept, Teach, Listen, Access, Support (ATLAS), a group focused on the views of children and young people with additional needs and disabilities.
59. Participants mainly focused on issues with their local high streets and town centres. They were disappointed at the lack of facilities and services available to them, particularly for leisure and recreation. Better public transport, pedestrianised high streets, and improving community safety were additional priorities they said would help to encourage young people to the town centres. Specific measures included expanding free bus travel and an extending the Guildford E-Bike scheme. Community events such as the Camberley Armed Forces Day was one example of the types of events that would attract young

people to town centres.

60. Attendees wanted to be proud of their local areas and wanted support from the Council to make it a safe place to be. Attitudes towards policing varied quite considerably. Young people wanted drug and knife crimes to be addressed but their background had an impact on their level of trust.

## **Member Engagement**

61. Throughout this year's budget-setting process, Members have been engaged extensively to be appraised of the latest information being used to inform the shape of the budget and to provide opportunities for them to scrutinise and constructively challenge how the budget was developed. Activities included:

- a. Briefing each political group in July 2023.
- b. Informal briefings of all Select Committees in July, October and November 2023.
- c. Facilitating meetings of the Budget Task Group in July and November 2023.
- d. Cabinet Members and Executive Directors attending formal Select Committees, in public, in December 2023.
- e. All Member briefing sessions in July and November 2023.

62. Issues raised by Members included:

- a. More information provided to Members at an earlier stage on the impacts of budget decisions, such as equality and environmental impacts. There were also requests to better understand how impacts would be mitigated and monitored as efficiencies were implemented.
- b. Concern that efficiency proposals may lead to a deterioration of services and seeking assurance for residents that this will not take place.
- c. Concerns on the ambitions of the capital budget and whether this should be tempered in light of the challenging financial climate.
- d. Assurances that certain capital programmes, such as Your Fund Surrey, and the assumptions made around spending were reliable and affordable. Members also wanted to make sure that worthwhile projects were properly funded after a lengthy application process.



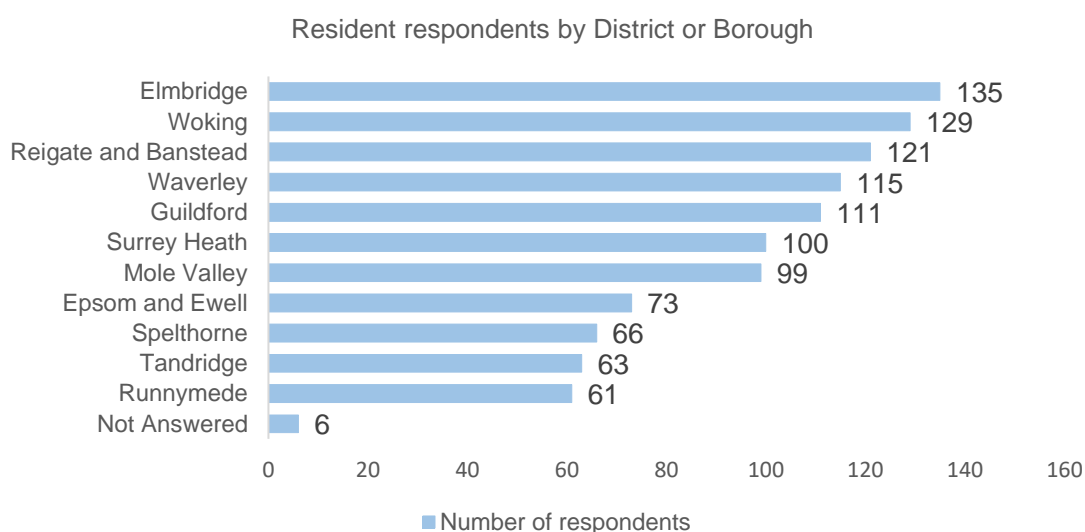
- e. Assurance on investment in preventative services as a way to mitigate additional demand for acute, crisis response services.
- f. Funding reductions to voluntary, community and faith sector (VCFS) organisations with many charities relying on this to deliver their vital services, in particular their contributions to preventative activity and early intervention. There were suggestions to work closely with the sector to co-produce solutions.
- g. How to maximise the returns on investment properties and accelerating progress on the disposal of any surplus assets, such as Consort House and the Bittoms car park in Kingston-upon-Thames.
- h. More detail wanted on the impacts on service provision of procurement and re-commissioning of contracts. Renegotiation and better business practices in relation to contracts were also identified as measures to meet efficiencies targets.
- i. Concerns about growth pressures on high demand service areas, such as the home to school travel assistance budget, and the knock-on impact on these areas through other activities of the Council, such as Education, Health and Care Plan (EHCP) timelines on travel plans.

## Appendix A – Draft budget consultation stakeholder profile

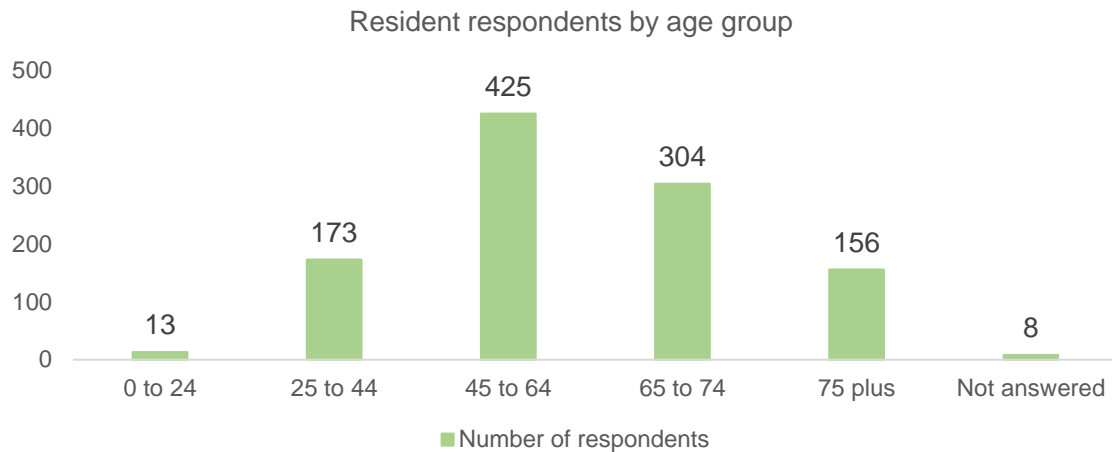
63. Between 28 November 2023 and 5 January 2024, 1,133 stakeholders responded to the draft budget consultation for 2024/25. This is the largest response rate to a survey of this type for Surrey County Council in recent years.
64. Of the 1,133 stakeholders that responded, just over 95% of respondents were residents. Other stakeholders included local businesses, public sector organisations, voluntary, community and faith groups and elected Members.

Respondent type	Number of respondents	Percentage (%) of all consultation respondents
Surrey resident	1,079	95.23%
Works in Surrey but lives elsewhere	10	0.88%
Surrey County Council employee	10	0.88%
Local business	6	0.53%
Voluntary, community or faith organisation	4	0.35%
Public sector partner (e.g. NHS)	2	0.18%
Councillors	2	0.18%
MPs	0	0.00%
Other	18	1.59%
Not answered	2	0.18%

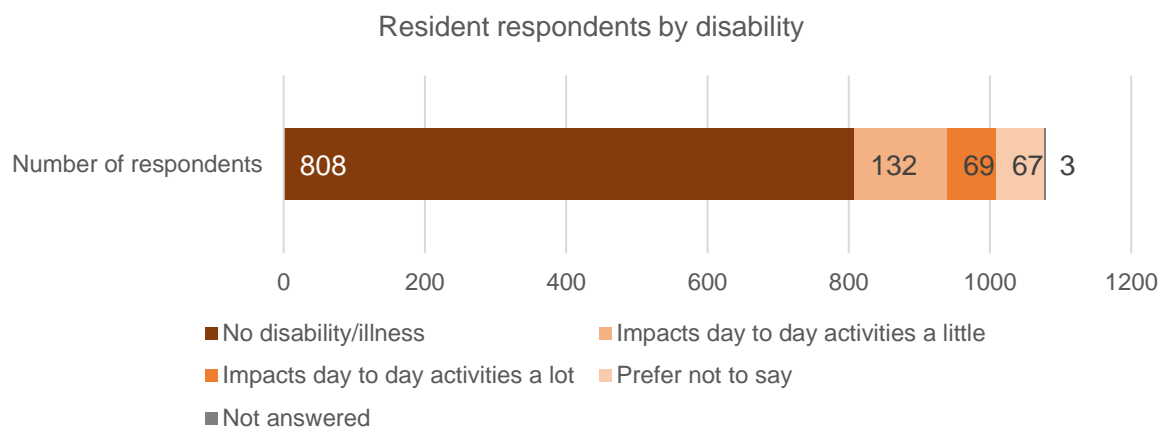
65. Of the residents who responded to the consultation, the greatest number of responses were submitted by people living or working in Elmbridge borough (135). The lowest number of responses came from residents living or working in Runnymede (61).



66. Residents aged between 45 and 64 (425) were most likely to respond to the draft budget consultation survey. The lowest response rate was from residents aged between 0 and 24 (13). This was mitigated by the insight gained from a focus group with children and young people’s user groups on 11 December 2023.

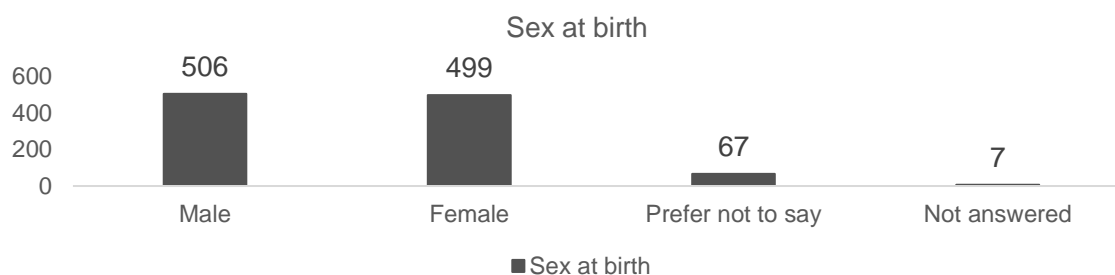


67. Nearly 75% of respondents did not have a physical or mental health condition or illness lasting, or expected to last, 12 months or more that reduced their ability to carry out day-to-day activities. Almost 19% of respondents said they did have a condition or illness that impacted their day-to-day activities either a little or a lot. This means people with a disability are well represented in the responses against the Surrey disabled population of 13.7%<sup>1</sup>.



68. There were similar numbers of Male and Female respondents to the consultation. Just over 6% of respondents preferred not to declare the sex they were assigned at birth. Of those that responded, only 3 residents declared that their current gender identity was not the same as the sex they were assigned at birth.

<sup>1</sup> Disability from the 2021 Census – Surrey-i, [2021 Census: Disability | Surrey-i \(surreyi.gov.uk\)](https://surreyi.gov.uk/2021-census-disability)



69. In terms of ethnicity, nearly 84% of respondents said they were from a White ethnic background, which is broadly in line with, but not statistically representative of, Surrey's wider population<sup>2</sup>. People of mixed ethnicity and Asian or Asian British backgrounds were the next most represented at just over 2% for each ethnicity – they were underrepresented compared to the wider population. Nearly 9% of respondents said they would prefer not to disclose their ethnic identity.

Ethnic background	Number of respondents	Percentage (%) of all consultation respondents
White – English/Welsh/Scottish/Nothorn Irish/British, Irish, Gypsy or Irish Traveller, Other	904	83.78%
Mixed/multiple ethnic groups – White and Black Caribbean, White and Black African, White and Asian, Other	26	2.41%
Asian/Asian British – Indian, Pakistani, Bangladeshi, Chinese, Other	26	2.41%
Other ethnic group – Arab, Other	16	1.48%
Black/African/Black British – African, Caribbean, Other	6	0.56%
Prefer not to say	96	8.90%
Not answered	5	0.46%

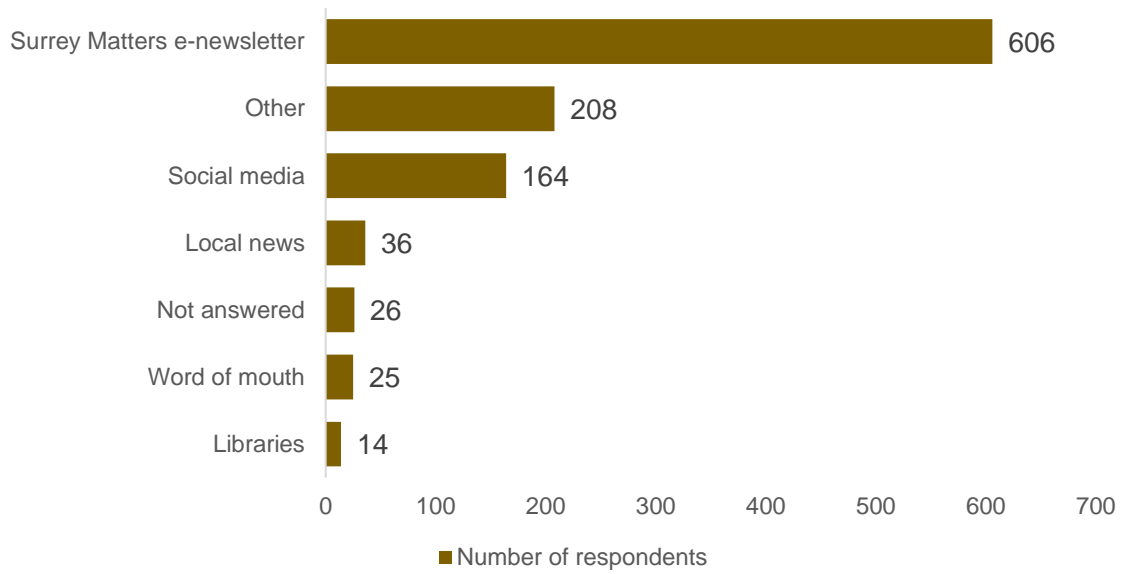
70. When asked how they had heard about the consultation, most respondents were prompted to participate through the December edition of the Surrey Matters e-newsletter (606). 164 residents had heard about the consultation through social media, while 75 respondents had heard about it through more traditional methods, such as word of mouth or local newspapers.

71. Over 200 respondents said they had learned of the consultation through other channels. For example, some local voluntary, community and faith organisations

<sup>2</sup> Ethnic Group from the 2021 Census, Surrey-i, [Census 2021: Ethnic Group | Surrey-i \(surreyi.gov.uk\)](https://surreyi.gov.uk/census-2021-ethnic-group)

were promoting the consultation through their own newsletters, so residents accessed the consultation through those means.

How residents were made aware of the draft budget consultation



## Surrey County Council Budget 2024/25 – Cumulative Equality Impact Assessment

1. This report analyses the potential equality impacts on residents and Surrey County Council staff with protected characteristics arising from setting a budget for the financial year 2024/25. It also includes actions proposed to maximise any positive impacts of budget decisions and minimise any adverse ones.
2. Through [our commitment to equality, diversity and inclusion \(EDI\)](#), the council is committed to supporting all residents to have the same chances for a high quality of life and championing the most vulnerable living in Surrey. This includes proactively seeking opportunities to eliminate discrimination and co-designing services with residents and partners, so they are inclusive, accessible and fair.
3. To help the council deliver on this commitment, where a decision to change or reduce a specific service or part thereof has been made or is proposed to be made, the relevant Equality Impact Assessments (EIAs) have been or, where detailed proposals are still being formulated, will be produced and made available for Cabinet to review.
4. This paper must therefore be read in conjunction with the 2024/25 Final Budget and Medium-Term Financial Strategy 2024/25 – 2027/28 (MTFS) and the Cabinet report of 30 January 2024. The information in this report is intended to ensure that Members are able to pay due regard to the equality implications of the proposed budget for 2024/25.

### Summary

5. The Surrey Way is our strategic framework and outlines our ambitions and objectives. It provides us with a clearer, more joined up picture of 'what' we want to achieve (Our Purpose) and how we plan to deliver that (Our Organisation and Our People) which describe the type of organisation we need to be. Within The Surrey Way, we confirm what is in the Community Vision for Surrey 2030; that our guiding mission is to tackle inequality and ensure that no one is left behind. In addition, our commitments made under the People Strategy to ensure we create a place to work that is inclusive and compassionate, collaborative and trusting, ambitious and outcomes focused, and inventive and dynamic. This purpose informs our decisions and all that we do in our work, meaning that in our budget, every pound spent by the council needs to be used as efficiently as possible to ensure maximum resource available to support Surrey's most vulnerable residents.
6. Given the scale and complexity of change required to deliver better outcomes while balancing our budget, the EIAs relating to the council's efficiency proposals for 2024/25 have been analysed to understand potential positive and negative impacts on both residents and staff with protected characteristics, particularly where they may be impacted by multiple efficiency proposals. The following groups have been identified:
  - a) Older adults and their carers, adults of all ages who are disabled, are experiencing mental health difficulties or have learning disabilities and their carers, and men from ethnic minority backgrounds.
  - b) Children and young people, including those with special educational needs and disabilities (SEND), and their families.

- c) Surrey County Council staff who work in frontline operational roles and roles based in the community.
- d) Surrey County Council officers working in support services.

7. Certain efficiency proposals will lead to more positive outcomes for some of Surrey's residents by either reducing discrimination, advancing equality of opportunity for people with protected characteristics or furthering good relations with other members of the community. For example, improved practice to support looked after children will support them and their families to live better lives, as well as improving the efficiency of services. Whilst not a protected characteristic, looked after children will also benefit by increased capacity of some services. Care leavers may also benefit from greater levels of choice over care and freedom for those who are more able to live independently.
8. The positive impacts identified throughout this report are drawn from the individual EIAs linked to the budget. The budget as a whole will also potentially have significant positive impacts, particularly where it focuses on expansion of some services, or changes to service that focus on prevention and early intervention.
9. Some efficiency proposals are in a formative stage, and as proposals are finalised, the specific equality impacts will be considered by senior officers and Cabinet before any final decisions around implementation are made. As part of this process for approval, additional consultation with affected residents and staff may be conducted and a range of delivery options explored.
10. A summary of mitigating activity which aims to minimise any negative impacts is provided in paragraph 54 and 55 of this report. This includes a range of measures that will focus on ensuring engagement and consultation with service users and staff that will likely be impacted, as well as focusing on activity that prioritises early-intervention/ prevention approaches. We will also look to consult with partner organisations (including district and borough colleagues) when working to implement any efficiencies or planned activity where their support and insight in delivery will be useful.

## Our Duties

11. This analysis ensures this council continues to comply with the Public Sector Equality Duty under section 149 of the Equality Act 2010 (and the recently [updated guidance](#) published on the 18<sup>th</sup> December), which requires them to have due regard to the need to:
  - Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
  - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
  - Removing or minimising disadvantages suffered by people due to their protected characteristics.
  - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
  - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.



12. Members are also required to comply with Section 11 of the Children Act 2004, which places a duty on the council to ensure service functions, and those contracted out to others, are discharged having regard to the need to safeguard and promote the welfare of children.
13. Under the legal duties placed on a local authority by Section 343AE of the Armed Forces Act (2021)<sup>1</sup>, we are also required to show due regard to the principles of the Armed Forces Covenant when exercising certain statutory functions in the fields of healthcare, education and housing for current and former members of the armed forces, and their families. This includes ensuring that those who serve in the Armed Forces, whether Regular or Reserve, those who have served in the past, and their families, should face no disadvantage compared to other citizens in the provision of public and commercial services. In addition, it also means that 'special' consideration, or 'positive action', is appropriate in some cases, especially for those who have been injured and/ or are bereaved.
14. Members must read each individual EIA (listed in paragraph 18) in full and take their findings into consideration when determining whether to approve the 2024/25 budget. In addition, consideration of equality is an ongoing process, based on evidence from consultation and engagement activity and other data sources where appropriate.
15. 'Due regard' also means that consideration given to equality matters should be appropriate in the context of the decision being taken. This means Members should weigh up equality implications against any other relevant factors in the decision-making process. In this case the most significant other matters are:
  - a. the statutory requirement to set a balanced budget.
  - b. the ambitions the council has for Surrey, which are set out in the [Community Vision for Surrey in 2030, The Surrey Way](#) and the [Organisation Strategy 2023-2028](#), and our ambition for no Surrey resident to be left behind;
  - c. the [demographic pressures](#) facing the council's services including a rising population with projected increases in the number of older residents and children and young people. Increases in these age groups are placing, and will continue to place, additional demands and pressures on adult and children's social care services and local schools.

## Surrey County Council Efficiency Proposals 2024/25 – Individual Equality Impact Assessments

16. Officers have reviewed all efficiencies proposed for 2024/25 to determine which proposals require EIAs and which do not. For those changes where residents are most likely to see differences in the way services are delivered, and where the equality implications are well defined at the time of setting the budget, individual EIAs have been made available for review. Other proposals not included in this report where potential equality impacts have been identified, will require the completion of an EIA for the relevant Cabinet Member and Executive Director to take into account before making a final decision.
17. For 2024/25, completed EIAs from Children, Families and Lifelong Learning (CFLL), Customer and Communities (C&C), Adults, Wellbeing and Health Partnerships (AWHP), Resources and the Surrey Fire and Rescue Service (SFRS) Directorates

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<sup>1</sup> Information on the Armed Forces Act/ Covenant Statutory Guidance:  
[Armed Forces Covenant Duty Statutory Guidance.pdf \(publishing.service.gov.uk\)](#)

have been published. The Environment, Infrastructure and Growth (EIG) Directorate, Resources, and Customer & Communities are indicating that some efficiencies will likely require EIAs in future. For these efficiencies, initial thinking about what the potential impacts might be are included in the Pressures and Efficiencies annex of the MTFS. The Communications, Public Affairs and Engagement Directorate, as well as former Directorates that have now merged into others (including Public Sector Reform (PSR) and Partnerships, Prosperity and Growth (PPG)) have not identified any efficiencies that require an EIA.

18. 12 EIAs have been made available to assist Cabinet and Council to give due regard to the proposals outlined in the budget which can be found [on the Council's website](#). Some of these have been reviewed by Cabinet to inform decision-making previously. The list of efficiencies which have EIAs available for review are:

- Adult Social Care Medium Term Financial Strategy (MTFS) 2024/25
- Children, Families and Lifelong Learning: Sufficiency Refresh
- Children, Families and Lifelong Learning: Residential Development
- Children, Families and Lifelong Learning: Houses of Multiple Occupancy
- Children, Families and Lifelong Learning: Reunification
- Children, Families and Lifelong Learning: Coming Home/ Big Fostering
- Children, Families and Lifelong Learning: Home to School Travel Assistance
- Children, Families and Lifelong Learning: Early Help – Mentoring/ Family Centres
- Customer and Communities: VCFS Grant Reduction
- Customer and Communities: Libraries 2024/25 Savings
- Surrey Fire and Rescue Service: Fire Cadet Programme
- Resources: Land and Property Facilities Management (FM) Transformation

19. Some efficiencies within the 2024/25 budget will not directly affect residents or service delivery, and therefore are not considered within this report.

20. The following section assesses the proposed efficiencies for 2024/25 in a cross-cutting way and considers the cumulative impact of some of these changes on people with protected characteristics. As part of the EIA process, we also take impacts on wider characteristics not protected under equality legislation (such as socio-economic status) into consideration to ensure we take a more comprehensive approach to equality.

## **Surrey County Council Efficiency Proposals 2024/25 – Cumulative Impact**

21. This equality analysis shows that the groups with the potential to be affected by multiple changes by efficiencies in the 2024/25 budget are:
- a) Older adults and their carers, adults of all ages with physical, mental and learning disabilities and their carers, and men from ethnic minority backgrounds
  - b) Children and young people, including those with special educational needs and disabilities (SEND), and their families
  - c) Surrey County Council staff who work in frontline operational roles and roles based in the community
  - d) Surrey County Council officers working in support services
22. Our aspiration is to look at how different overlapping characteristics affect the experiences of residents, meaning that under each of these headings we have

outlined which specific characteristics are likely to be impacted, and how. Where impacts are intersectional, the relative positioning under the headings outlined above does not necessarily indicate the scale of the impact, or that it impacts that group/characteristic only. We would therefore encourage interested parties to refer to the full EIA documents for more specific and detailed information.

**Older adults and their carers, adults of all ages with physical, mental and learning disabilities and their carers, men from ethnic minority backgrounds**

23. Through the ongoing transformational changes that are included in the Adult Social Care 2024/25 Medium-Term Financial Strategy, it is anticipated that there will be positive implications for service users, particularly vulnerable adults and their carers. We will build upon people's strengths and help them stay connected to their communities; embed strengths-based practice; maximise the benefit of reablement services; and continue to reshape our learning disability services to be more creative, vocational and community-based.
24. We will continue to move towards a more personalised approach that reduces reliance on institutionalised building-based services. We will improve mental health services and continue our work to embed technology enabled care (including the 'telehealth' and 'telecare') to allow people to remain independent at home with the reassurance they, their family, and those who care for them need. We further anticipate positive impacts as we redesign our front door to provide a seamless and consistent offer and embed a strengths-based hospital discharge-to-assess model so people receive targeted support following their discharge to reduce their long-term care needs etc.
25. However, with the need to save a further £33.3m in 2024/25 (in addition to a budgeted carry forward care package pressure from 2023/24 of £10.3m), it is acknowledged that whilst actions are in place to mitigate and minimise negative impacts it may be difficult to do so in all cases. There are some potentially disproportionate impacts of the proposed efficiencies on older adults; adults with disabilities and their carers; women, who generally live longer and live more years with a disability; and digitally excluded older adults.
26. Following the pandemic and the ongoing cost-of-living crisis, young people, in particular young women and those with mental health conditions, may be acutely impacted by efficiencies for mental health services.
27. Black and ethnic minority men tend to also have poorer access to, and uptake of, healthcare for a range of services, including mental health screening and testing. Improvements to the digital information and advice offer and growing staff's local community-based knowledge to deliver appropriate care services are means of mitigating negative impacts.

**Potential negative equality impacts for older adults, adults with disabilities and their carers, women, and men from ethnic minority backgrounds.**

Some decisions on placements for **older and disabled people** needing residential and nursing care that are offered at a distance may lead to concerns for their family and support network, who may struggle to reach them as easily as before. The lack of connection to family members and existing support networks may have an impact on the emotional and mental wellbeing of those in care. There may also be concern about how care provided by family, friends and community networks can be quality assured

and any safeguarding issues addressed. The shift towards more creative and informal care may generate additional anxiety for people of all ages.
Honest conversations with <b>older people, their families and carers</b> about what ASC can do and what they need to do for themselves. These conversations may be a source of significant stress and anxiety and might have practical difficulties particularly if there are <b>language or cultural barriers</b> .
Increasing demands upon the voluntary, community and faith sector to support people in the community putting them under further pressure at a time when they are recovering from the pandemic and struggling with the demands arising from the cost-of-living crisis. The increasing pressures on the system therefore mean the most disadvantaged, particularly those from <b>lower income backgrounds</b> or in more isolated settings may struggle to receive the support they need.
<b>Carers</b> may be concerned about what these changes mean for them and the people they care for and their wellbeing. They may feel obligated to take on more of a caring role, which could lead to issues in work-life balance and/ or have a more detrimental impact on their health.
Risk of reduced access to information, advice, and services for digitally excluded residents, such as <b>some older people</b> (who are disproportionately less likely to have internet access), those from <b>lower income households</b> and those <b>who live in more rural and isolated locations</b> with poorer quality internet access who do not have access to equipment or are unable to receive support remotely.
<b>Women</b> who typically live longer and for more years with disabilities may be disproportionately affected by the impact of change in services. <b>Young people and, in particular, young women</b> are also at a higher risk of reductions in provision of mental health services and shifts to more informal care may generate additional anxiety for both groups.
Service users who are <b>black or from an ethnic minority</b> background typically have poor access to, and uptake of, healthcare for a range of services, including mental health screening and testing. Changes to how the service engages with residents may have a further negative impact on access and subsequent health outcomes.

## Children and young people, including those with special educational needs and disabilities (SEND), and families

### Looked After Children (LAC)

28. All local authorities have a statutory duty to provide care and accommodation for children looked after in the local area (the 'sufficiency duty'). We operate nine in-house children's homes in Surrey (as of November 2023, with a further two homes expected to open early in 2024). In addition, a number of independent children's homes providers operate homes in the county, with four additional homes registering with Ofsted during 2023 and a further five in different stages of the registration process. Overall, sufficiency of residential children's home placements remains low in Surrey with most children placed outside of the county.
29. This is in the context of national challenges for local authorities to secure residential children's home placements. To address sufficiency and increase capacity in Surrey, we plan to develop new children's homes as part of the Looked After Children Capital Programme, including an additional £25m of investment that is in the pipeline to create up to 10 additional homes in the county and ensure existing homes are fit for the future. Property will be developed in-house with care to be delivered in-house and/or via strategic partnerships with trusted providers. In addition, we are

working to establish new local commissioning arrangements, including block contracts with high-quality external providers of children's homes in Surrey, to secure more of the capacity that is in county for Surrey's looked after children.

30. The Reunification Project further seeks to ensure that children being looked after can return to the care of their parent(s) (or other close relative) at the earliest opportunity if safe to do so and in their best interests. Changing homes is a stressful experience for any child and thus 'Reunification' allows them to return to a stable, consistent environment, with routines they know and understand.
31. One of the key positive impacts of this project is that it promotes better mental health, reduced anxiety, and happier lives for children, particularly those who have additional needs or disabilities, or are neurodivergent. Successful reunification will create long-term savings for the local authority in reduced placement costs for children.
32. There are also positive impacts related to the recognition that children and young people from ethnic minority backgrounds or from different cultural and religious backgrounds may find it easier to maintain and build strong community relationships when separation is minimised.
33. The efficiency around the Coming Home project/ Big Fostering is another initiative that will have potential positive impacts on looked after children. The aim of the change is to enable more looked after children to move from outside of the county back into Surrey, as well as more broadly moving residential children's homes into foster placements with families.
34. There will be a number of positive impacts linked to this, not least the benefits for younger people (aged 0-17) having greater levels of choice over placements and where they live, as well as helping looked after children and young people by ensuring they are placed closer to communities and any other family members they might be more familiar with. This aspect in particular will likely be a particular benefit to those from ethnic minority communities, and different religious communities. This additional choice benefits most protected characteristics in a range of ways, but in particular it benefits looked after children and young people with additional needs, as their requirements for accommodation will likely be more acute.

Potential negative equality impacts for children and young people
The main potential negative impact identified for <b>looked after children</b> across these programmes of work is that access issues and suitability of the accommodation may not meet the full needs of disabled children and young people. As supply of accommodation is limited there is a risk that properties that are acquired may not immediately fit the needs of <b>disabled children</b> and therefore may need to be adapted.
There are likely to be accessibility issues for those who are from different <b>cultural or ethnic backgrounds</b> as communication, particularly for those with English as a second language, may become an issue.
Whether or not <b>looked after children</b> have suitable accommodation (for example access to single-sex spaces) may also require further attention as properties and beds are being acquired.
For changes that require people to move to a new area, <b>access to places of worship</b> may also potentially be restricted or made significantly more difficult.

Care Leavers



35. The **houses of multiple occupancy** project aims to create up to 24 beds for care leavers, including former Unaccompanied Asylum-Seeking Children, in Surrey using SCC capital funding and commissioning a provider to deliver floating support. Floating support refers to a type of 'in and out' care, where carers provide targeted help as and when, as opposed to constant care.
36. This represents a new accommodation pathway for care leavers that supports both their ability to progress towards independence and provide homes in Surrey for care leavers. There is a financial efficiency associated with this model of delivery as well as supporting care leavers to achieve greater independence and free up capacity for more targeted interventions of those with the highest level of need for specialised care/ interventions.
37. This initiative will enable young people who are more independent to access lower-support accommodation and should also increase access to local accommodation for those with higher support needs. It will also enable better outcomes for younger people aged 18-25, who will develop new independent living skills. The improvement of choice for care leavers will also benefit more people from different cultural, ethnic, or religious background to potentially be closer to their communities, places of worship or extended family.

Potential negative equality impacts for children and young people
There are concerns that some properties may have potential accessibility issues that might not immediately meet the needs of some <b>disabled young people</b> . This could occur where homes identified and made available may not have adequate accessibility support for <b>younger people with additional needs</b> .
Less monitoring of how the services users are doing in their accommodation may make it harder for them to report instances of <b>racism or prejudicial treatment</b> .
As with services relating to looked after children, <b>cultural or language differences</b> may make communication and social cohesion more difficult.
Similar to some issues raised for looked after children, access to appropriate accommodation (such as <b>single sex spaces</b> ) may be an issue.

#### Other children and young people, and their families

38. Back in April 2022, Cabinet agreed to changes which involved both additional investments and efficiencies to the Home to School Travel Assistance Policy to enable the council to discharge its statutory and discretionary powers to provide school and college travel assistance for eligible children and young people. It also aimed to manage increasing costs and demand within resources available. The EIA that accompanied the Cabinet report suggested there were potentially positive and negative impacts based on protected characteristics.
39. Extensive benchmarking with other local authorities was carried out to review other local authorities' home to school travel assistance policies and provision. This established that most local authorities had either never provided for, or have withdrawn, the provision of free home to school transport for children and young people below statutory school age. Most local authorities apply an annual contributory charge to the parents of children and young people in receipt of post 16 home to school transport provision, to support the costs to the local authority for the provision of this transport. Some local authorities have reduced their discretionary

offer and no longer provide travel assistance once a young person is in Year 12 (Post 16 education).

40. The increased use of shared transport as part of this initiative has the potential for positive impacts, by allowing children and young people to socialise with their peers more regularly, helping to improve overall mental health and wellbeing. Physical health and wellbeing may also be improved due to increasing the number of different options made available to travel to school, such as 'Bikeability', cycle training.
41. We are also working towards renegotiating with incumbent providers to reduce the overall cost of services. The Annual Procurement Forward Plan (APFP) Savings in 2024/25 would require reassessment of the need for the service to understand if there are opportunities to streamline the current scope. This includes reviewing if the service is provided elsewhere, if the current level of service is required and if an alternative service can be procured that meets needs at lower cost. We also intend to group services together into a broader prospectus of services which aims to increase competition between providers which in theory should bring about more competitive rates. One area where this will be explored is the provision of services relating to our post-16 cohort within SEND and Education.
42. Moving to contracts for longer durations should broaden the potential pool of providers and encourage more of them to bid for work. This will give providers the time and motivation to innovate within their specialities to bring about efficiencies within their delivery. The approach will require the council to set prices which factor in inflationary uplifts at appropriate intervals to remain attractive to providers. Setting prices with clearly defined inflationary uplifts reduces the need to renegotiate contract values upwards during the term of the contract.
43. Surrey's need to manage the budget effectively is imperative in order to deliver services which meet the needs of all children, and young people in Surrey, whilst ensuring value for money across the commissioned services portfolio. Any reduction in budget is likely to impact the quantity of any service delivered but it is the Council's ambition to redesign services which take advantage of more cost-effective alternative delivery models.
44. Surrey Fire and Rescue Service evaluated a number of their prevention activities in 2023, which resulted in the ceasing of their SFRS Cadet Programme. The programme was designed to support young people in their education and public service life. It was designed according to national standards and pro-social modelling (where supervisors act as a positive and motivating role model). To enable SFRS to consider its impacts on both the public and SFRS, a limited trial of 10 cadets and volunteers was commissioned based at Guildford Fire Station (FS). This pilot came to end in June 2023 and was supported by five volunteers working for SFRS.
45. This efficiency did not impact cadets who were already enrolled, and they received their qualification which was followed by the programme coming to a natural end. Whilst this efficiency does not have any planned activity over the 2024/25 period, this is when the saving will be realised.
46. The efficiency around early help and family support includes the work on Family Centres and Mentoring Recommission. The county-wide mentoring scheme commissioned offer includes two voluntary sector lead providers who work in partnership with two additional voluntary sector partners to offer mentoring support to families that have children between 0-19yrs. These services can be self-referred into



and do not require a referral from Surrey County Council's (SCC) Children's Single Point of Access (C-SPA). SCC currently have 11 contracts with providers to deliver this mentoring provision which are due to end on the 31 March 2024.

47. The services' work through family centres provides one-to-one family support and group activities through 21 'Family Centres' and 9 satellite sites that work with families that have children aged between 0-11 years. Between 01 April 2022- 31 March 2023, Family Centres worked with 3,575 children and young people and on average 65% reported that their 'family needs (were) met'.
48. There are a number of anticipated positive impacts associated with these initiatives, including the potential benefits to ensuring long-term support to children, young people and families. This is in part to focus on taking a more localised approach to recommissioning that helps to join up local services, resources and assets (such as buildings) in a partnership model co-ordinated within a District and Borough (D&B) area.
49. This approach will have additional benefits, particularly for disabled younger people and their carers, due to co-locating services making them easier to navigate. Further, the development of community delivery and the use of a wide range of venues will ensure that those with disabilities are able to access in-person provision. The service will also work with providers to ensure that certain types of demographic data will be recorded, to help monitor any unanticipated disproportionate impacts of any planned activity.

Potential negative equality impacts for children and young people
<b>Younger children</b> , particularly those who are disabled, may face challenges with accessing their education setting and impacts on health and wellbeing from disruption to existing service provision.
<b>Children of non-statutory school age</b> no longer be eligible for free transport, except in exceptional circumstances.
The alternative ways of travel that have been recommended may not be suitable for <b>children and young people with additional needs</b> .
Changes to the way contracts are procured may result in a reduction of services for <b>all protected characteristics</b> however, the aim is to improve the procurement process itself and not to reduce services. Although recommissioning of services will check 'if that level of service is required', which may see a reduction/change in non-statutory service delivery. EIAs will be produced for each contract on a case-by-case basis.
<b>Younger people</b> from <b>socio-economically</b> disadvantaged households may be disproportionately impacted by a reduction in some services running at their current capacity, which could have secondary impacts on their wider wellbeing.
Any reduction of mentoring services could result in <b>children, young people and families</b> that have lower levels of need either waiting for provision or not being able to access this support.
As demographic/ protected characteristic data on staff is self-reported, there are significant gaps in some services' knowledge over who will or won't likely have disproportionate impacts. This gap in data impacts <b>all staff</b> , but given that is a difference in the makeup of some staff cohorts, changes, restructures or redundancies will potentially disproportionately impact certain groups who are over-represented.

**Surrey County Council employees who work in frontline operational roles and roles based in the community**

## Customer and Communities

50. From 2024/25, the Libraries service is proposing to cease Sunday opening for Walton Library to reduce spend by £86,000. This proposal is most likely to impact typical Sunday visitors, with the potential for disproportionate impact by age – particularly children and young people and older adults<sup>2</sup> - based on the profile of Surrey Library service users. There is also the potential for impacts on people who use libraries as places of safety, warmth or to access wi-fi technology, such as people experiencing domestic abuse, digital exclusion, homelessness and socio-economic disadvantage.
51. Staff who work in the library on Sundays will also be affected. Younger adults have been identified as a group potentially affected by this change as they may only be able to work on Sundays due to other commitments, such as college, during the week. We therefore may not be able to offer them alternative hours they can commit to working. It is possible some staff may be made redundant from a proportion of their role.
52. An efficiency is proposed to reduce the grant amount across voluntary, community and faith sector (VCFS) infrastructure organisations by £100,000 in 2024/25. We are working with these organisations to develop new ways of working to reduce reliance on local authority grants and help increase match funding from other sources. We are working in partnership with organisations, such as the Community Foundation for Surrey (CFS), to support affected organisations through the transition period in 2024/25. We are investing £100,000 in a CFS Strategic Transformation Fund to enable organisations impacted to transform their ways of working. Separate one-off funding will also be used for the transition phase to off-set core grant reductions.
53. Currently, identifying the exact protected characteristics impacted by this work is challenging as infrastructure organisations support various aspects across the sector. As we progress with these plans, and support organisations to manage the transition, quarterly monitoring will take place with those organisations to understand emergent equality impacts and the EIA will be updated as new information becomes available.
54. The Customer and Communities Directorate will also seek to rationalise staffing structures as a means to reduce costs faced by the service. This will involve the removal of some posts across C&C services including Trading Standards, Community Investment & Engagement, Communities & Prevention, and Libraries & Culture. Staffing reductions will be done in prioritisation and relevant needs for services. Once decisions have been made on which roles are impacted, a full equality analysis will be completed.

## **Surrey County Council officers working in support services**

### Resources

64. As part of an organisation-wide review of the Council's operating model, the Resources Directorate will undertake a strategic analysis of services that make up the Directorate to understand requirements on the future shape, skillsets and processes needed to meet future demand.

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<sup>2</sup> Surrey County Council Library and Cultural Services Strategy 2020 - 2025

65. It is anticipated that most services and functions will be in scope. As solutions are developed, and future requirements specified, full equality analyses will be developed where appropriate. The Council's Change Management Policy will also be observed at all stages of these reviews, so all staff and managers get the support they need.
66. While it is currently unclear how services will be affected, nearly three quarters of the Directorate's staff identify as female. This means that there is a higher chance of female staff being disproportionately affected by the operating model review. As changes are implemented, impacts based on gender, as well as other protected characteristics, will be monitored and appropriate support delivered to affected staff.

**Potential negative equality impacts residents and staff of all ages facing socio-economic disadvantage**

Changes to library opening hours may disproportionately affect some service users more, particularly typical Surrey library users such as **children and young people and older adults**. Other residents who may use libraries for safety, warmth or access to technology will be unable to use Walton Library on Sundays. This includes people **experiencing domestic abuse, digital exclusion, homelessness and socio-economic disadvantage**.

Potential changes to any funding arrangements with our VCFS partners, could result in disproportionate impacts for those who rely on their services. Those who receive support from these particular organisations tend to be disproportionately from marginalised groups, such as **people of all ages with disabilities**, those from **ethnic minority** backgrounds, and often are people facing **socio-economic disadvantage**.

Some people who share protected characteristics and rely on certain services provided in the community are at risk of being in households with **lower incomes** than others. This includes **ethnic minority** residents, who are disproportionately represented among lower-income households.

Whilst a full analysis on the impacts related to the rationalisation of staff in C&C is still to be carried out, **women**, and in particular **women over the age of 50**, are over-represented within the Directorate compared to the Surrey and SCC average. Research from the ONS indicates that people aged 50 or over find it much harder to get back into work after being made redundant<sup>3</sup>.

## Mitigations

55. Services have developed a range of mitigating actions that seek to offset impacts of efficiency proposals on residents and staff with protected characteristics. Further details on specific mitigating activities linked to individual efficiencies can be read in the EIAs listed in paragraph 18 of this report.
56. In general terms, the council's approach to mitigating impacts has been, or will be as strategic principles are developed into more formative proposals, to adopt one or more of the following:
- a. Putting service users and staff at the heart of service re-design, using co-design, consultation and engagement methods to produce services that are responsive and focus on supporting people that need them most. This means bringing together the right people early in the process to understand the issues and then deciding what can be done collectively to improve outcomes.

<sup>3</sup> ONS: [Reasons for workers aged over 50 years leaving employment \(September, 2022\)](#)

- b. Investing in preventative activity and early-intervention measures to help enable better outcomes earlier and avoiding having to resource high-cost intensive activity that leads to greater pressures on our budget. Services will also work to anticipate and mitigate against any potential negative externalities through corporate/ operationalise risk analysis.
- c. Undertaking ongoing evaluation of the impacts of changes to services so we can build further evidence, and update our EIAs, on who is affected by them, to refine and strengthen the mitigations that are in place and to document and respond to unforeseen negative impacts.
- d. Providing tailored information to service users that are impacted negatively by efficiency proposals so they can draw on their own resources or seek further support either from the council or partner organisations. Some services who have acknowledged gaps in staff and service user data and have committed to improving the way this data is recorded to help monitor any unanticipated impacts of planned activity associated with changes.
- e. Increasing opportunities for residents to access council services in new and easier formats, such as through the use of digital technologies. Additional support will be provided for residents who may need help to adapt to the new formats, such as some older or disabled people. Work is also ongoing across services to ensure that our digital services are as accessible as possible, including improving the language to the appropriate reading age and ensuring style and layout are implemented in a way that is inclusive of those with additional needs.
- f. Ensuring any changes to staffing levels or staff structures are completed in accordance with the council's human resources policies and procedures and take account of the impact these changes have on the workforce profile. In particular, there may be positive career opportunities for staff with protected characteristics as a result of this activity.
- g. Ensuring that staff with protected characteristics are fully supported with training and adjustments as appropriate to allow them to access the new ways of working the transformation proposals give rise to and for all staff to be equipped to support residents to do the same.
- h. Engaging with partner organisations, including the Voluntary, Community and Faith Sector (VCFS), to help support potential gaps in services that might be created as a result of efficiencies. These charities, voluntary and partner organisations have proven themselves effective in identifying where issues can arise in current service provisions as well as in their ability to deliver early intervention work.
- i. Working with District and Borough Councils to ensure their Council Tax Support Schemes are able to assist economically vulnerable households to offset any significant financial difficulties that might arise as a result of Council Tax increases.
- j. Where physical changes are being made to Surrey County Council premises, or new sites are acquired, these will be assessed for any accessibility issues and staff and/ or residents will be consulted. Who is engaged with and how will likely depend on the changes in question, but services will ensure that all potential impacts are considered, that workplace adjustments are in place and

that buildings are accessible to all. This will include things like buildings having ramps, appropriate entrances, hearing loops (where possible), are accessible from public transport (where possible), and staff are trained in how to support those who need additional assistance.

## Conclusion

- 8
57. As part of our continued efforts to ensure the council remains financially sustainable, we are changing the way we deliver some services to residents. Some of these changes require an EIA to identify any groups with protected characteristics who may be impacted by these proposals. When taking a decision to set the budget, Members must use this paper so they can discharge their duty to pay due regard to the equality implications of agreeing this package of efficiencies to balance the budget.
  58. This report has summarised the main themes and potential impacts on residents arising from efficiency proposals for the 2024/25 year, as well as mitigating activity. The council continues to go through significant transformation, and we will continue to consider how these changes affect the most vulnerable residents and how we can support them to ensure that no-one is left behind.
  59. The equality analysis completed for the efficiency proposals is a moving picture and detail on the groups likely to be impacted will be iterated as more details on delivery are considered. Services will put in place their own arrangements to monitor the impacts of changes against what was scoped in the EIAs and will develop their own actions plans to implement mitigating activity.
  60. **This report must be read in conjunction with each individual EIA**, as provided in Background Papers to the Cabinet Budget report.

Standard	Statement		Score	Improvement areas
1 The responsibilities of the CFO and leadership team	A	The leadership team is able to demonstrate that the services provided by the authority provide value for money <i>'Putting place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.'</i>	4	Further embed a clear and consistent understanding of VFM through the Finance Academy and Budget Accountability Statements.
	B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government	5	n/a
2 Governance and financial management style	C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	5	n/a
	D	The authority applies the CIPFA/SOLACE (Society of Local Authority Chief Executives) Delivering Good Governance in Local Government: Framework (2016)	4.5	Implement actions to address identified future risk areas from the recent Centre for Governance and Scrutiny evaluation of organisational governance. The Council plans to undertake a self-assessment against the characteristic of a well-functioning authority contained in the Best Value Standards & Intervention document recently consulted on by DLUHC
	E	The financial management style of the authority supports financial sustainability	4.5	Continuing to improve financial literacy and accountability across the organisation through ongoing commitment to the Finance Academy. Implement agreed actions relating to improvements as part of the Integrated Business Planning Project.
3 Long to medium term financial management	F	The authority has carried out a credible and transparent financial resilience assessment	5	n/a
	G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	4.5	Further develop a robust approach to financial scenario planning, including modelling of the impact of the Fair Funding Review and other Government Policy Changes.
	H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	5	n/a

## CIPFA Financial Management Code self-assessment

January 2024

	I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	4	Develop process to undertake more sensitivity analysis around key cost drivers as part of the budget planning process.
4 The annual budget	J	The authority complies with its statutory obligations in respect of the budget setting process	5	n/a
	K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	5	n/a
5 Stakeholder engagement and business plans	L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	5	n/a
	M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	4	Develop and enhance current capital guidance, learning and development offer as part of The Finance Academy, to include full options appraisal, business cases, revenue implications, capital profiling, projections and capital funding.
6 Monitoring financial performance	N	The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	4	Enhance approach to performance reporting alongside the existing financial reporting arrangements to Corporate Leadership Team, including insights from similar organisations. Utilising new functionality in Unit 4 to redesign reporting to CLT.
	O	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	5	n/a
	P	The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom	4.5	Lessons learned recommendations to be implemented in respect of the preparation and audit of the 2023/24 Statement of Accounts including relating to the quality of audit working papers and re-design of closing processes in light of transition to new MySurrey system.
	Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	5	n/a



Leadership	Accountability	Transparency	Standards	Assurance	Sustainability
A	D	L	H	C	E
B	P	M	J	F	G
O	Q		K	N	I

**Key to principles:**

Organisational **leadership** - demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.

**Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.

Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.

Adherence to professional **standards** is promoted by the leadership team and is evidenced.

Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.

The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

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**SURREY COUNTY COUNCIL****CABINET**

**DATE:** 30 JANUARY 2024

**REPORT OF CABINET MEMBER:** CLARE CURRAN, CABINET MEMBER FOR CHILDREN, FAMILIES AND LIFELONG LEARNING

**LEAD OFFICER:** RACHAEL WARDELL, EXECUTIVE DIRECTOR – CHILDREN, FAMILIES AND LIFELONG LEARNING

**SUBJECT:** ADMISSION ARRANGEMENTS FOR SURREY'S COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS FOR SEPTEMBER 2025

**ORGANISATION STRATEGY PRIORITY AREA:** NO ONE LEFT BEHIND

<b>Purpose of the Report:</b>
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The purpose of this report is to ask Cabinet to make recommendations to Full Council on the admission arrangements that will apply for Surrey's community and voluntary controlled infant, junior, primary and secondary schools for admission in September 2025.

Each year, Surrey County Council is responsible for processing approximately 30,000 applications for a school place from Surrey residents and coordinates offers for over 350 schools. The admission arrangements for each school determine which children will receive priority for a place.

Surrey County Council is responsible for setting the admission arrangements for 78 community and voluntary controlled schools for 2025. The remaining schools are academies, foundation, free, trust and voluntary aided schools and these are responsible for setting their own admission arrangements. As such admission arrangements for these schools are not covered in this report.

This piece of work helps Surrey County Council meet its organisational strategy objective of 'No One Left Behind' by ensuring, as far as possible, that children are offered a place at a preference school.

<b>Recommendations:</b>
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It is recommended that Cabinet make the following recommendations to Full Council:

1. That the admission arrangements for community and voluntary controlled schools, including the Published Admission Numbers (PANs), for September 2025 are agreed as set out in Annex 1 and its appendices.

## Reason for Recommendations:

- The local authority has a duty to determine the admission arrangements for all community and voluntary controlled schools by 28 February 2024
- The admission arrangements are working well
- The arrangements enable the majority of pupils to attend a local school and in doing so reduce travel and support Surrey's sustainability policies
- The changes highlighted in bold red text in Sections 10, 11, 14 and 19 of Annex 1 have been made to add clarity to the arrangements and reflect existing practice
- The arrangements remain as they were determined for 2024, which enables parents to have some historical benchmark by which to make informed decisions about their school preferences for 2025 admission
- The arrangements are compliant with the School Admissions Code

## Executive Summary:

1. The local authority has a duty to determine the admission arrangements for all 78 community and voluntary controlled schools by 28 February 2024, even if there are no changes proposed.
2. The remaining schools are academies, foundation, free, trust and voluntary aided schools. As these are responsible for setting their own admission arrangements, these schools are not covered by this report.
3. The proposed admission arrangements, including the proposed published admission numbers (PANs) are set out in Annex 1 and its appendices.
4. It is proposed that the admission arrangements for all community and voluntary controlled schools for 2025 will remain as determined for 2024. This will enable parents to have some historical benchmark by which to make informed decisions about their school preferences.
5. The only changes are points of clarification within Annex 1 as follows:
  - Within the second and third criteria on pages 3 and 4, and Sections 10 and 11 on pages 8 and 9, the wording has been updated to say 'should' rather than 'must' to ensure applicants who do not complete the supplementary form are not precluded from being considered under these criteria
  - Within Section 14 on page 12, a description of how the tiebreaker of random allocation will be applied when two applicants have equal priority for a place has been added
  - Within Section 19 on Nursery admissions, wording has been updated on page 14 to reflect the correct terminology in relation to 'funded' places
6. The admission arrangements enable the majority of pupils to attend a local school and in doing so this reduces the need for travel and supports Surrey's sustainability policies.
7. The admission arrangements are standardised, as much as is reasonably possible, such as ensuring all schools give priority to looked after and previously looked after children, social/medical need, children of staff and siblings. However, there is sometimes a need for school specific criteria to respond to local need,

such as feeder links and catchments and, where these exist, this is set out in Section 8 of Annex 1.

8. The School Admissions Code requires admission arrangements to be fair, clear and objective and for parents to be able to look at a set of arrangements and understand easily how places for that school will be allocated.
9. The Education Place Planning team support the proposed PANs.
10. If a community or voluntary controlled school converts to academy status after submission of this report but before the arrangements have been determined by Full Council, the determination decision will become the responsibility of the school or Trust, as admission authority for the school.

#### **Consultation:**

11. Regulations require consultation to take place where:
  - A change is being proposed; or
  - the local authority has not consulted on the admission arrangements in the previous seven years
12. The Local Authority last consulted on its admission arrangements for 2024 and so the seven-year threshold has not been met for consultation. In addition, the admission arrangements that have been proposed for 2025 are the same as for 2024.
13. As such, no consultation has been undertaken on the admission arrangements for community and voluntary controlled schools for 2025.

#### **Risk Management and Implications:**

14. The risks of implementing these arrangements are low. However, any parents who feel unfairly disadvantaged by the arrangements can object to the Office of the Schools Adjudicator.

#### **Financial and Value for Money Implications:**

15. The admission criteria for the majority of community and voluntary controlled schools in Surrey conform to Surrey's standard criteria. The more schools that have the same admission criteria, the more the processes can be streamlined and thus present better value for money. However, where required, the admission criteria for some schools vary from Surrey's standard but these can currently be managed within existing resources.
16. Normally schools are funded for the year based on the number of pupils on roll on previous October census date. However, where a school has reduced PAN there is often a planned reduction in the number of pupils and, where there is such a reduction, in previous years the Council has applied for a disapplication from the Secretary of State to reduce funding in year to reflect that planned reduction. No such reductions were made in 2023/24 and none are proposed for 2024/25. The council will consider its policy on this issue for future years in due course in consultation with schools forum and those schools affected.

### **Section 151 Officer Commentary:**

17. 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.
18. 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.
19. In this context the Section 151 Officer recognises the importance of a clear and compliant admissions policy. Funding for schools is allocated through the annual funding formula approved by Cabinet, as such the S151 supports the recommendations of this report.

### **Legal Implications – Monitoring Officer:**

20. The admission arrangements comply with legislation on school admissions and the School Admissions Code.
21. There was no statutory requirement for consultation as set out in The School Admissions (Admission Arrangements and Co-ordination of Admission Arrangements) (England) Regulations 2012 as no changes, other than the minor points of clarification as detailed at paragraph 5, have been proposed and the seven year threshold for consultation has not been met.
22. The best value duty is contained in s3 of the Local Government Act 1999 as a result of which the Council is under a duty to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The relevant guidance states that Councils should consider overall value, including economic, environmental and social value when reviewing service provision.

### **Equalities and Diversity:**

23. The Equalities Impact Assessment has been completed in full and is attached in Annex 2. The adoption of determined admission criteria is a mandatory requirement supported by primary legislation. The policy relating to community and voluntary controlled schools does not discriminate according to age, gender, ethnicity, faith, disability or sexual orientation.

24. Measures have been taken to reference vulnerable groups both in terms of exceptional arrangements within admissions, the SEND process and the in-year fair access protocol. In addition, a right of appeal exists for all applicants who are refused a school place.

**Other Implications:**

25. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	Set out below
Safeguarding responsibilities for vulnerable children and adults	Set out below
Environmental sustainability	Set out below
Compliance against net-zero emissions target and future climate compatibility/resilience	No significant implications arising from this report
Public Health	No significant implications arising from this report

**Corporate Parenting/Looked After Children implications:**

26. As required by the School Admissions Code, the proposed admission arrangements give top priority to children who are Looked After by a local authority; children who have left care through adoption, a child arrangements order or a special guardianship order; and children who have been adopted from state care outside England.

**Safeguarding responsibilities for vulnerable children and adults implications:**

27. The efficient and timely administration of the school admission process, coupled with the equitable distribution of school places in accordance with the School Admission Code and parental preference, contribute to the County Council's priority for safeguarding vulnerable children.

**Environmental Sustainability implications:**

28. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.

29. Since 2017 the County Council's Safer Travel Team have promoted a new national online system called Modeshift STARS [www.modeshiftstars.org](http://www.modeshiftstars.org). This system is supported by the Department for Transport. The Modeshift STARS website provides materials for schools to create a School Travel Plan. A school can choose a number of interventions such as Bikeability cycle training and the Golden Boot Challenge to help achieve their accreditation. Successful implementation of School Travel Plans will lead to improvements in road safety



and more sustainable travel on school journeys. This will reduce congestion, improve air quality, and active travel will improve the health of children.

30. The admission arrangements will still enable the majority of pupils to attend a local school and so reduce travel and support policies on cutting carbon emissions and tackling climate change.
31. Children will continue to be considered for travel assistance in line with Surrey's Home to School/College Travel and Transport policy and information on this is provided to parents in Section 21 of Annex 1.

### **What Happens Next:**

- The September 2025 admissions arrangements as agreed by the Cabinet will be ratified by the full County Council on 6 February 2024.
  - The determined admission arrangements will be published on Surrey's website by 15 March 2024 and all consultees will be notified.
  - All Surrey schools will also be notified of the determined admission arrangements in the School Admissions termly newsletter, issued as part of the Schools Bulletin at the start of the Summer Term 2024.
  - The arrangements will be published in the primary and secondary admissions booklets in August 2024, which will be made available to parents online and in hard copy by request in September 2024.
  - The information on school admissions will be circulated to the Contact Centre, Surrey County Council Libraries and Early Years.
  - Full information on school admissions for 2025 entry will also be published on Surrey County Council's website in September 2024.
- 

### **Report Author:**

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### **Consulted:**

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### **Annexes:**

- |                     |   |
|---------------------|---|
| <b>Annex 1</b>      | Admission arrangements for community & voluntary controlled schools |
| • <b>Appendix 1</b> | Published Admission Numbers (PANs)                                  |
| • <b>Appendix 2</b> | Schools which will operate shared sibling priority                  |
| • <b>Appendix 3</b> | Catchment map for Southfield Park Primary                           |
| • <b>Appendix 4</b> | Catchment map for Stamford Green Primary                            |
| • <b>Appendix 5</b> | Catchment map for Walton on the Hill Primary                        |
| • <b>Appendix 6</b> | Supplementary Form for social/medical applicants                    |
| • <b>Appendix 7</b> | Supplementary Form for staff applicants                             |

## Annex 2                      Equality Impact Assessment

### **Sources/background papers:**

- School Admissions (Admission Arrangements and Coordination of Admission Arrangements) (England) Regulations 2012
  - School Standards and Framework Act 1998
  - Education Act 2002
  - School Admissions Code 2021
  - Equality Act 2002
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# Admission Arrangements 2025/26

**for Surrey County Council's community and  
voluntary controlled schools**

# Admission arrangements for Surrey County Council's community and voluntary controlled schools 2025/26

This document sets out Surrey County Council's admission arrangements for community and voluntary controlled schools in 2025/26.

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## 1. Published Admission Numbers

The Published Admission Numbers for initial entry to Surrey's community and voluntary controlled schools in September 2025 are set out in Appendix 1.

## 2. Coordinated Schemes

Applications will be managed in accordance with Surrey's coordinated schemes on primary and secondary admission. Please see Surrey's coordinated schemes for further details regarding applications, processing, offers, late applications, post-offer and waiting lists.

## 3. Applications for Reception and Year 3

Applications for Reception and applications for a Year 3 place at schools which have a published admission number for Year 3, must be made by 15 January 2025. Places at Surrey schools will be offered on the basis of the preferences that are shown on the application form. Applicants will be asked to rank up to four Reception or Year 3 preferences and these will be considered under an equal preference system.

## 4. Applications for a secondary school place

Applications for a Secondary school place must be made by 31 October 2024. Places at Surrey secondary schools will be offered on the basis of the preferences that are shown on the application form. Applicants will be asked to rank up to six preferences and these will be considered under an equal preference system.

## 5. Children with an Education, Health and Care Plan (EHCP)

Children with an EHCP that names a school will be allocated a place before other children are considered. In this way, the number of places available will be reduced by the number of children with an EHCP that has named the school.

## 6. Admission arrangements for 2025/26

For the majority of Surrey's community and voluntary controlled schools the admission arrangements are set out in section 7 below. Where there are local variations, these are set out by area and by school in section 8.

## 7. Admission criteria for 2025/26

Other than for schools listed in section 8, when a community or voluntary controlled school is over-subscribed for any year group, applications for entry in 2025/26 will be ranked in the following order:

### **First criterion: Looked after and previously looked after children**

See section 9 for information relating to looked after and previously looked after children.

### **Second criterion: Exceptional social/medical need**

See section 10 for information relating to exceptional social/medical need. A supplementary information form (Appendix 6) **should** be completed and returned by the application closing date for all applicants wishing to apply under this criterion.

**Third criterion: Children of a member of staff**

See section 11 for information relating to children of a member of staff. A supplementary information form (Appendix 7) **should** be completed and returned by the application closing date for all applicants wishing to apply under this criterion.

**Fourth criterion: Children who are expected to have a sibling at the school or at an infant/ junior school which will operate shared sibling priority for admission at the time of the child's admission**

See Appendix 2 for infant/junior schools that will operate shared sibling priority for admission for the purpose of this criterion. See section 12 for information relating to siblings.

**Fifth criterion: Any other children**

Remaining places will be offered on the basis of nearness to the school measured in a straight line from the address point of the child's home address, as set by Ordnance Survey to the nearest official school gate for pupils to use. See section 13 for information on the definition of home address. See section 14 for information on tie breakers.

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**8. School specific admission criteria for 2025/26**

When a school named below is over-subscribed for any year group, applications for entry in 2025/26 will be ranked in criteria order.

In considering local admission arrangements, see sections 9 to 14 for more information on:

- Looked after and previously looked after children
- Exceptional social/medical need
- Children of a member of staff
- Siblings
- Home address
- Tie breakers

**a) Epsom & Ewell****Southfield Park Primary School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. Children living in the defined catchment area of the school (see Appendix 3 for catchment map)
6. Any other children

**Stamford Green Primary School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. Children living in the defined catchment area of the school (see Appendix 4 for catchment map)
6. Any other children



**Wallace Fields Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Children who will have a sibling at Wallace Fields Infant School or Wallace Fields Junior School on the date of their admission
5. \*Children attending Wallace Fields Infant School
6. Any other children

\* Criterion 5 will only apply to children who attend Wallace Fields Infant School in Year 2 and will not be applied once a child has left this school

If the number of children who qualify under any criterion is greater than the number of places remaining available at the school, any remaining places will be offered to children who meet the criterion on the basis of proximity of the child's home address to the nearest official school gate at either Wallace Fields Infant School or Wallace Fields Junior School, with children living nearest receiving the greater priority.

**b) Guildford****Worplesdon Primary School at 7+:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Wood Street Infant School
6. Any other children

\* Criterion 5 will only apply to children who attend Wood Street Infant School in Year 2 and will not be applied once a child has left this school

**c) Mole Valley****St Martin's C of E Primary School at 7+:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending St Michael's CofE (Aided) Infant School
6. Any other children

\* Criterion 5 will only apply to children who attend St Michael's CofE (Aided) Infant School in Year 2 and will not be applied once a child has left this school

**d) Reigate & Banstead****Banstead Community Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending Banstead Infant School
5. Siblings
6. Any other children

\* Criterion 4 will only apply to children who attend Banstead Infant School in Year 2 and will not be applied once a child has left this school

**Earlswood Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending Earlswood Infant School
5. Siblings
6. Any other children

\* Criterion 4 will only apply to children who attend Earlswood Infant School in Year 2 and will not be applied once a child has left this school

**Meath Green Junior:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending Meath Green Infant School
5. Siblings
6. Any other children

\* Criterion 4 will only apply to children who attend Meath Green Infant School in Year 2 and will not be applied once a child has left this school

**Reigate Priory School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Dovers Green Infant or Holmesdale Community Infant schools
6. Any other children

\* Criteria 5 will only apply to children who attend Dovers Green Infant or Holmesdale Community Infant schools in Year 2 and will not be applied once a child has left these schools

If the number of children who qualify under any criterion is greater than the number of places remaining available at the school, any remaining places will be offered to children who meet the criterion on the basis of proximity of the child's home address to the front door of the Reigate Priory building in Priory Park, Reigate, with children living nearest receiving the greater priority.

**Walton on the Hill Primary School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. Children living in the defined catchment area of the school (see Appendix 5 for catchment map)
6. Any other children

**e) Runnymede****St Ann's Heath Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Trumps Green Infant School
6. Any other children

\* Criterion 5 will only apply to children who attend Trumps Green Infant School in Year 2 and will not be applied once a child has left this school

**f) Spelthorne****Chennestone Primary Community School at 7+:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Beauclerc Infant School
6. Any other children

\* Criterion 5 will only apply to children who attend Beauclerc Infant School in Year 2 and will not be applied once a child has left this school

**g) Waverley****Shottermill Junior School:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending Shottermill Infant School
5. Siblings
6. Any other children

\* Criterion 4 will only apply to children who attend Shottermill Infant School in Year 2 and will not be applied once a child has left this school

**William Cobbett Primary School at 7+:**

1. Looked after and previously looked after children
2. Exceptional social/medical need
3. Children of a member of staff
4. Siblings
5. \*Children attending Badshot Lea Village Infant or Folly Hill Infant schools
6. Any other children

\* Criterion 5 will only apply to children who attend Badshot Lea Village Infant or Folly Hill Infant schools in Year 2 and will not be applied once a child has left these schools

**h) Woking****West Byfleet Junior School:**

1. Looked after and previously looked after children

2. Exceptional social/medical need
3. Children of a member of staff
4. \*Children attending West Byfleet Infant School
5. Siblings
6. Any other children

\* Criterion 4 will only apply to children who attend West Byfleet Infant School in Year 2 and will not be applied once a child has left this school

## 9. Looked after and previously looked after children

Within the admission arrangements for all community and voluntary controlled schools, looked after and previously looked after children will receive the top priority for a place. Looked after and previously looked after children will be considered to be:

- children who are in the care of a local authority or provided with accommodation by a local authority in accordance with Section 22 of the Children Act 1989, e.g. fostered or living in a children's home, at the time an application for a school is made; and
- children who have previously been in the care of a local authority or provided with accommodation by a local authority in accordance with Section 22 of the Children Act 1989 and who have left that care through adoption, a child arrangements order (in accordance with Section 8 of the Children Act 1989 and as amended by the Children and Families Act 2014) or special guardianship order (in accordance with Section 14A of the Children Act 1989).
- children who appear (to the local authority) to have been in state care outside of England and ceased to be in state care as a result of being adopted. A child will be regarded as having been in state care outside of England if they were accommodated by a public authority, a religious organisation or any other provider of care whose sole purpose is to benefit society. The parent/carer will need to provide evidence to demonstrate that the child was in state care outside of England and left that care as a result of being adopted

Places will be allocated under this criterion when places are first offered at a school and the local authority may also ask schools to admit over their published admission number at other times under this criterion.

## 10. Exceptional social/medical need

Occasionally there will be a very small number of children for whom exceptional social or medical circumstances apply which will warrant a placement at a particular school. The exceptional social or medical circumstances might relate to either the child or the parent/carer.

A supplementary information form (Appendix 6) **should** be completed and returned by the application closing date for all applicants wishing to apply under this criterion.

Supporting evidence from a professional is also required such as a doctor and/or consultant for medical cases or a social worker, health professional, housing officer, the police or probation officer for other social circumstances. This evidence must confirm the circumstances of the case and must set out why the child should attend a particular school and why no other school could meet the child's needs.

Providing evidence does not guarantee that a child will be given priority at a particular school and in each case a decision will be made based on the merits of the case and whether the

evidence demonstrates that a placement should be made at one particular school above any other.

Common medical conditions and allergies can usually be supported in all mainstream schools, therefore priority under a school's exceptional medical criterion would not normally be given for these. Some mainstream schools have units attached which provide specialist provision for children with an education, health and care plan which names the school. The facilities in these units are not normally available to children in the mainstream school and as such priority under a school's exceptional social or medical criterion would not normally be agreed for a mainstream place on the basis of a specialist unit being attached to the school.

In addition, routine child minding arrangements would not normally be considered to be an exceptional social reason for placement at a particular school.

Places may be allocated under this criterion when places are first offered at a school and the local authority may also ask schools to admit over their published admission number at other times under this criterion.

## 11. Children of a member of staff

Priority will be given to a child if their parent is a permanent member of staff at the school and meets either or both of the following circumstances:

- a) the member of staff has been employed at the school for two or more years at the time at which the application for admission to the school is made, on a full or part time basis; and/or
- b) the member of staff is recruited to fill a vacant post for which there is a demonstrable skill shortage.

A person will be considered to be a child's parent for the purpose of this criterion if they are living in the same family unit as the child at the same address and are:

- their mother or father;
- any other person who has parental responsibility, such as an adoptive parent, step-parent, a special guardian or person named in a child arrangements order
- any other person who does not have parental responsibility but otherwise has the care of the child, such as a foster carer.

A supplementary information form (Appendix 7) **should** be completed and returned by the application closing date for all applicants wishing to apply under this criterion.

For applications made as part of a normal intake, the length of employment will be considered as of the closing date for applications. For in year applications and for the purpose of maintaining a waiting list, the length of employment will be considered as of the date the application is received or the date a place becomes available, if a place is considered from the waiting list.

## 12. Siblings for community and voluntary controlled schools

A sibling will be considered to be a brother or sister (that is, another child of the same parents, whether living at the same address or not), a half-brother or half-sister or a step-brother or step-sister or an adoptive or foster sibling, ordinarily living as part of the same family unit at the same address.

A child will be given sibling priority if they have a sibling on roll at the school concerned or a linked school and that sibling is still expected to be on roll at that school at the time of the

child's admission. A child will not be eligible for sibling priority if their sibling is attending or due to attend a nursery that is attached to the school.

If a sibling leaves the school concerned or a linked school after the application but before the national offer day, the applicant must let the School Admissions team know as this may affect the child's sibling priority. We reserve the right to withdraw an offer of a place that has been made on the basis of sibling priority if information comes to light that the applicant had claimed that priority in the knowledge that the child's sibling would have left the school or linked school by the time of the child's admission; or if the applicant failed to tell us of a change that took place prior to the national offer day that would affect the child's sibling priority.

For the initial intake to an infant/junior school, a child will also be given sibling priority for admission if their sibling is attending an infant/junior school which operates shared sibling priority with the school and that sibling is still expected to be on roll at either school at the time of the child's admission. See Appendix 2 for community and voluntary controlled schools that will operate shared sibling priority for admission in 2025 for the purpose of the sibling criterion. This will apply both at the initial allocation of places and also when prioritising the waiting list. Giving sibling priority has the effect of maximising the opportunity for children in the same family to be educated at the same school or at a school which operates shared sibling priority.

At the initial allocation, when an applicant is applying for a Reception place at an infant school that has both a feeder and sibling link to a junior school and the child has a sibling currently attending Year 2 of the infant school but who will have left by the time the younger child starts, the younger child will be considered under the sibling criterion as part of the initial allocation. This is because, due to the feeder link, they will be expected to still have a sibling at the linked junior school at the time of admission. The schools for which this will apply are as follows:

- Bagshot Infant and Connaught Junior (Academy)
- \*Beauclerc Infant School and Chennestone Primary School
- Earlswood Infant and Earlswood Junior
- The Grange Community Infant and New Haw Community Junior (Academy)
- Horley Infant and Yattendon (Foundation)
- Meath Green Infant and Meath Green Junior
- Merrow CofE Infant and Merrow Junior (Foundation)
- Shottermill Infant and Shottermill Junior
- Trumps Green Infant and St Ann's Heath Junior
- West Byfleet Infant and West Byfleet Junior

\* Shared sibling priority only applies to Beauclerc Infant School

At the initial allocation, when an applicant is applying for both a Reception place and a Year 3 place at a primary school which has an intake at Reception and Year 3, or at separate infant/junior schools which operate shared sibling priority, if a place can only be offered to one child, the waiting list position for the other child will be adjusted to reflect the fact that they are expected to have a sibling in the school or another school which operates shared sibling priority in September 2025.

A mainstream child will also be given sibling priority for a school if they have a sibling with a final EHCP that names the same school, as long as the sibling with the EHCP is expected to start at the school before or on the same date as the mainstream child. Applicants will have



to declare the details of any child whose EHCP names the school in order to be considered for sibling priority.

### 13. Home address

Within the admission arrangements for community and voluntary controlled schools, the child's home address excludes any business or childminder's address and must be the child's normal place of residence. It also excludes any relative's address unless the child lives at that address as their normal place of residence. Where the child is subject to a child arrangements order and that order stipulates that the child will live with one parent/carer more than the other, the address to be used will be the one where the child is expected to live for the majority of the time. For other children, the address to be used will be the address where the child lives the majority of the time. In other cases, where the child spends an equal time between their parents/carers, it will be up to the parent/carers to agree which address to use. Where a child spends their time equally between their parents/carers and they cannot agree on who should make the application, we will accept an application from the parent/carer who is registered for child benefit. If neither parent/carer is registered for child benefit we will accept the application from the parent/carer whose address is registered with the child's current school or nursery.

We will not generally accept a temporary address if the main carer of the child still possesses or rents a property that has previously been used as a home address, nor will we accept a temporary address if we believe it has been used solely or mainly to obtain a school place when an alternative address is still available to that child. All distances will be measured by the computerised Geographical Information System maintained by Surrey's School Admissions team.

The address to be used for the initial allocation of places to Reception, Year 3 and Year 7 will be the child's address at the closing date for application. Changes of address may be considered in accordance with Surrey's coordinated scheme if there are exceptional reasons behind the change, such as if a family has just moved to the area. The address to be used for waiting lists, after the initial allocation, will be the child's current address. Any offer of a place on the basis of address is conditional upon the child living at the appropriate address on the relevant date. Applicants have a responsibility to notify Surrey County Council of any change of address.

### 14. Tie breaker and the admission of twins, triplets, other multiple births or siblings born in the same academic year

Unless stipulated otherwise, if within any criterion there are more children than places available, any remaining places will be offered to children who meet the criterion on the basis of proximity of the child's home address to the school, with children living nearest receiving the greater priority. Distance will be measured in a straight line from the address point of the child's home address, as set by Ordnance Survey, to the nearest official school gate for pupils to use. This is calculated using the School Admissions team's Geographical Information System.

Where two or more children share priority for a place, e.g. where two children live equidistant from a school, Surrey County Council will **determine which child should be given priority by using a computer generated number that is assigned randomly to each applicant by Surrey's Admissions system, with the child assigned the lower number receiving the higher priority.**



In the case of multiple births, where children have equal priority for a place, Surrey County Council will use random allocation to determine which child should be given priority. If after the allocation one or more places can be offered but there are not sufficient places for all of them, each child will be offered a place.

## 15. Waiting lists

Where there are more children than places available, waiting lists will operate for each year group according to the oversubscription criteria for each school without regard to the date the application was received or when a child's name was added to the waiting list.

Waiting lists for each year group at each community and voluntary controlled school will be maintained until the last day of the summer term 2026 when they will be cancelled.

Applicants who wish a child to remain on the waiting list for the 2026/27 academic year must complete a Continuing Interest form through Surrey County Council between 1 July and 31 August 2026. Fully completed forms received during July 2026 will be used to reform the waiting list during August 2026. Applications received between 1 August and 31 August will be added to the waiting list as soon as they have been processed. If a Continuing Interest form is not received by 31 August 2026, the applicant will be required to submit a new in year application.

## 16. In-year admissions

The following applications will be treated as in-year admissions during 2025/26:

- applications for admission to Reception which are received after 1 September 2025;
- for any school which has a published admission number for Year 3, applications for admission to Year 3 which are received after 1 September 2025;
- applications for admission to Year 7 which are received after 1 September 2025;
- all other applications for admission to Years 1 to 6 and 8 to 11.

Applications for Surrey's community and voluntary controlled schools must be made to the local authority on Surrey's common application form. Where there are more applications than places available, each application will be ranked in accordance with the published oversubscription criteria for each school.

## 17. Starting school

The community and voluntary controlled infant and primary schools in Surrey have a single intake into Reception. All children whose date of birth falls between 1 September 2020 and 31 August 2021 will be eligible to apply for a full time place in Reception at a Surrey school for September 2025. Applicants can defer their child's entry to Reception until later in the school year, but this will not be agreed beyond the beginning of the term after the child's fifth birthday, nor beyond the beginning of the final term of the academic year for which the offer was made. Applicants may also arrange for their child to start part time until their child reaches statutory school age.

## 18. The admission of children outside of their chronological year group

Applicants may choose to seek a place outside their child's chronological (correct) year group. Decisions will be made on the basis of the circumstances of each case and what is in the best interests of the child concerned.

- Applicants who are applying for their child to have a decelerated entry to school, i.e. to start later than other children in their chronological age group, should initially apply for a school place in accordance with the deadlines that apply for their child's chronological age. If, in liaison with the headteacher, the local authority agrees for the child to have a decelerated entry to a community or voluntary controlled school the place cannot be deferred and instead the applicant will be invited to apply again in the following year for the decelerated cohort.
- Applicants who are applying for their child to have an accelerated entry to school, i.e. to start earlier than other children in their chronological age group, must initially apply for a school place at the same time that other families are applying for that cohort. If, in liaison with the headteacher, the local authority agrees for the child to have an accelerated entry to a community or voluntary controlled school, the application will be processed. If it is not agreed for the child to have an accelerated entry to a community or voluntary controlled school, the applicant will be invited to apply again in the following year for the correct cohort.

Applicants must state clearly why they feel admission to a different year group is in the child's best interest and provide what evidence they have to support this. More information on educating children out of their chronological year group and the process for making such requests is available on [Surrey's admissions web page](#).

## 19. Nursery admissions

The local authority has delegated the admissions of nursery children to the governing body of community and voluntary controlled schools/nurseries. Applicants wishing to apply for a place must complete the application form and submit it directly to the school or nursery that they wish to apply for in accordance with the dates set by the school.

In considering these arrangements for community and voluntary controlled schools/nurseries, see sections 9 to 15 for more information on:

- Looked after and previously looked after children
- Exceptional social/medical need
- Children of a member of staff
- Siblings
- Home address
- Tie breakers

Community and voluntary controlled infant and primary schools which operate a nursery during term time only, will offer sessions totalling 15 or 30 hours a week, depending on the school and the eligibility of the child. Each school will identify which sessions constitute the child's universal entitlement and which are their extended entitlement.

### Places for two year olds

Some nurseries admit two year olds who meet the eligibility criteria to receive Funded Early Education for Two year olds (FEET). Where there are more applications than places available, eligible children will be ranked according to the following criteria:

- a) Looked after and previously looked after children
- b) Exceptional social/medical need
- c) Children of a member of staff
- d) Children who will have a sibling attending the nursery or the main school at the time of admission

## e) Any other children

Where any category is oversubscribed, children will be ranked according to the straight line distance that they live from the school with priority being given to children who live closest to the school.

Once such children are placed on roll at a nursery, they will be automatically entitled to take up a three year old place and the number of places available for three year olds will reduce.

### Places for three year olds

All children will be eligible to be considered for admission to a nursery class in a community or voluntary controlled school or nursery in the term after they turn three years old, although admission will be subject to an application being made and places being available.

When a nursery in a community or voluntary controlled infant or primary school is oversubscribed for a three year old place, applications for entry in 2025/2026 will be ranked according to the following criteria, which will be applied in the first instance to children wishing to take up the **funded** early years provision **before considering other three year olds who are not yet eligible for funding:**

- a) Looked after and previously looked after children
- b) Exceptional social/medical need
- c) Children of a member of staff
- d) Children who will have a sibling attending the nursery or the main school at the time of admission
- e) Children who will turn 4 years old between 1 September 2025 to 31 August 2026 (this is to give priority to older children who will be due to transfer to Reception in the next academic year and hence only have one year left to attend nursery)
- f) Children who will be 3 years old between 1 September 2025 to 31 August 2026 (these children will be able to stay on in nursery for another year in 2026/27 as they will not be due to start Reception until September 2026)

Where any category is oversubscribed, children will be ranked according to the straight line distance that they live from the school or nursery, with priority being given to children who live closest.

### Procedures for admission

Each school will endeavour to inform applicants of the outcome of their application by letter, at least one term before admission. A school will only allocate nursery sessions once it has determined that a place can be offered in accordance with the admission criteria. If an applicant is offered a place they must confirm acceptance directly with the school by the date stipulated in their offer letter.

The final decision with regard to admission and the allocation of sessions rests with the governing body of the school.

Where a school is oversubscribed it will maintain a waiting list in criteria order.

Admission to a school's nursery does not guarantee admission to the Reception class at that school. Applications for Reception must be made on a separate application and be submitted by the statutory deadline in order to be considered.

Some schools or nurseries may allow parent/carers to pay for extra nursery provision, beyond their funded entitlement. However such requests will only be considered once all applications for the funded early year's entitlement have been processed.

In addition to nurseries within some community and voluntary controlled infant and primary schools, Surrey also has four stand-alone Nursery schools, some with attached Family Centres, in Chertsey, Dorking, Godalming and Guildford. These may provide a mix of full and part time places. Whilst these schools will also follow the admission criteria set out above, under the social and medical need criterion they may also consider the individual learning need of a child, if it can be demonstrated that no other school can meet the child's learning needs.

## 20. Providing false or misleading information

If an applicant is found to have supplied false or deliberately misleading information or to have withheld any relevant information, the local authority reserves the right to withdraw any offer of a place, even if the child has already started at the school.

## 21. Travel assistance

Surrey County Council has a Travel Assistance policy that sets out the circumstances in which children might qualify for travel assistance.

Generally, travel assistance will only be considered if a child is under 8 years old and is travelling more than two miles or is over 8 years old and travelling more than three miles to the nearest school with a place. Travel assistance will not generally be provided to a school that is further away if a child would have been offered a place at a nearer school had it been named as a preference on the application form, although exceptions may apply to secondary aged children whose families are on a low income if they are travelling to one of their three nearest schools and to children whose nearest school is out of County but over the statutory walking distance.

Eligibility to travel assistance is not linked to the admission criteria of a school. Some schools give priority to children who are attending a feeder school, but attending a feeder school does not confer an automatic right to travel assistance to a linked school. In considering admission criteria and school preferences it is important that applicants also consider the travel assistance policy so they might take account of the likelihood of receiving assistance to their preferred school before making their application.

In considering eligibility for travel assistance, the local authority will take account of all state funded schools, including free schools and academies.

Applicants should note that the opening of a new school or the permanent relocation of an existing school might change which school is assessed to be the nearest to an address when compared to assessments made in previous years. If for any reason a school educates children on a temporary site, the assessment of nearest school for the purpose of travel assistance eligibility will disregard the temporary site and will instead use the intended permanent site of the school or, if that has not yet been determined, the current main site of the school. Where a school is operating on a temporary site and that school's permanent/current site is deemed to be a child's nearest qualifying school, the home to school walking distance will be measured to the school's temporary site to determine if the child lives over the statutory walking distance and is eligible for travel assistance. Eligibility will be reassessed at the point a child ceases to be educated at the temporary site.

A full copy of Surrey's Travel Assistance policy is available on [Surrey's website](#) at or from the Surrey Schools and Childcare Service on 0300 200 1004.

# Admission Arrangements 2025/2026 for Surrey County Council's community and voluntary controlled schools

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## Appendices 1 and 2

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# Appendix 1

## Admission numbers for Surrey County Council's community and voluntary controlled schools 2025

This document sets out Surrey County Council's Published Admission Numbers (PAN) for community and voluntary controlled schools for September 2025.

### Primary schools

#### Elmbridge

School Name	PAN 2025
Bell Farm Primary	90
Cranmere Primary	60
Grovelands Primary	60
Manby Lodge Infant	90
Oatlands	90
The Royal Kent C of E Primary	Reception = 30 and Year 3 = 2
St James C of E Primary	60

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#### Epsom & Ewell

School Name	PAN 2025
Ewell Grove Primary	60
Southfield Park Primary	60
Stamford Green Primary	90
Wallace Fields Junior	68

#### Guildford

School Name	PAN 2025
Ash Grange Primary	30
Merrow C of E (Cont) Infant	60
Onslow Infant	60
St Mary's C of E (VC) Infant	30
St Paul's Church of England Infant	30
Shawfield Primary	30
Wood Street Infant	30
Worplesdon Primary	Reception = 57 and Year 3 = 30

## Mole Valley

School Name	PAN 2025
Barnett Wood Infant	52
Charlwood Primary	15
Fetcham Village Infant	60
The Greville Primary	Reception = 60 and Year 3 = 60
Leatherhead Trinity	Reception = 60 and Year 3 = 4
North Downs Primary	Reception = 60 and Year 3 = 4
Oakfield Junior	60
Polesden Lacey Infant	30
Powell Corderoy Primary	30
St Martin's Church of England (C) Primary	Reception = 45 and Year 3 = 15

## Reigate & Banstead

School Name	PAN 2025
Banstead Community Junior	90
Earlswood Infant & Nursery	120
Earlswood Junior	120
Epsom Downs Community Primary	60
Furzeffield Primary Community	58
Horley Infant	90
Kingswood Primary	30
Langshott Primary	60
Manorfield Primary & Nursery	30
Meath Green Infant	90
Meath Green Junior	90
Reigate Priory Community Junior	150
Walton on the Hill Primary	30

## Runnymede

School Name	PAN 2025
The Grange Community Infant	90
The Hythe Community Primary	60
Manorcroft Primary	60
Meadowcroft Primary	30

School Name	PAN 2025
Ongar Place Primary	30
St Ann's Heath Junior	60
Stepgates Community	30
Thorpe Lea Primary	30
Trumps Green Infant	60

### Spelthorne

School Name	PAN 2025
Ashford Park Primary	90
Beauclerc Infant	30
Buckland Primary	60
Chennestone Primary Community	Reception = 30 and Year 3 = 40
Clarendon Primary	30

### Surrey Heath

School Name	PAN 2025
Bagshot Infant	60
Heather Ridge Infant	60
Prior Heath Infant	60

### Tandridge

School Name	PAN 2025
Audley Primary	30
Dormansland Primary	30
Felbridge Primary	Reception = 30 and Year 3 = 2
Hurst Green	30
Lingfield Primary	60

### Waverley

School Name	PAN 2025
Badshot Lea Village Infant	45
Beacon Hill Primary	Reception = 30 and Year 3 = 2
Cranleigh CofE Primary	Reception = 30 and Year 3 = 30
Farncombe CofE Infant & Nursery	30

Shottermill Infant	60
Shottermill Junior	68
William Cobbett Primary	Reception = 30 and Year 3 = 60
Witley C of E (Cont) Infant	30

### Woking

School Name	PAN 2025
St Mary's C of E (Cont) Primary, Byfleet	60
West Byfleet Infant	90
West Byfleet Junior	90

### Secondary schools

9

#### Guildford

School Name	PAN 2025
Ash Manor School	270

#### Reigate & Banstead

School Name	PAN 2025
Oakwood School	330

#### Waverley

School Name	PAN 2025
Glebelands School	180

# Appendix 2

## Community and voluntary controlled schools in Surrey which will operate shared sibling priority for admission in 2025

### Epsom & Ewell

- Wallace Fields Infant (Academy) and Wallace Fields Junior

### Guildford

- Merrow C of E Infant and Merrow Junior (Foundation)

### Reigate & Banstead

- Banstead Infant (Academy) and Banstead Community Junior
- Earlswood Infant and Earlswood Junior
- Horley Infant and Yattendon (Foundation)
- Meath Green Infant and Meath Green Junior

### Runnymede

- The Grange Community Infant and New Haw Community Junior (Academy)
- Trumps Green Infant and St Ann's Heath Junior

### Spelthorne

- Beauclerc Infant and Chennestone Primary School - Shared sibling priority only applies to Beauclerc Infant School

### Surrey Heath

- Bagshot Infant and Connaught Junior (Academy)

### Waverley

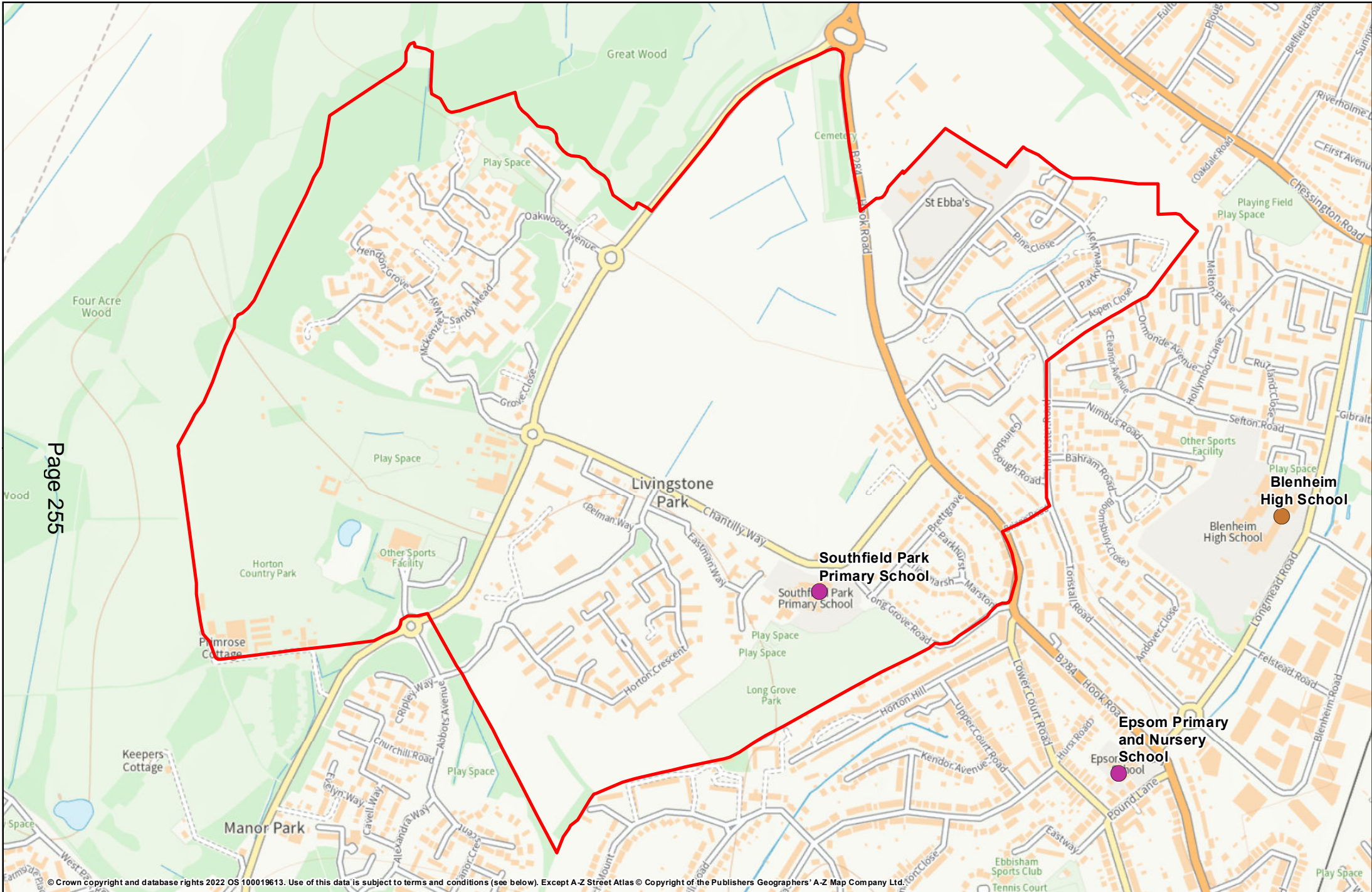
- Shottermill Infant and Shottermill Junior

### Woking

- West Byfleet Infant and West Byfleet Junior

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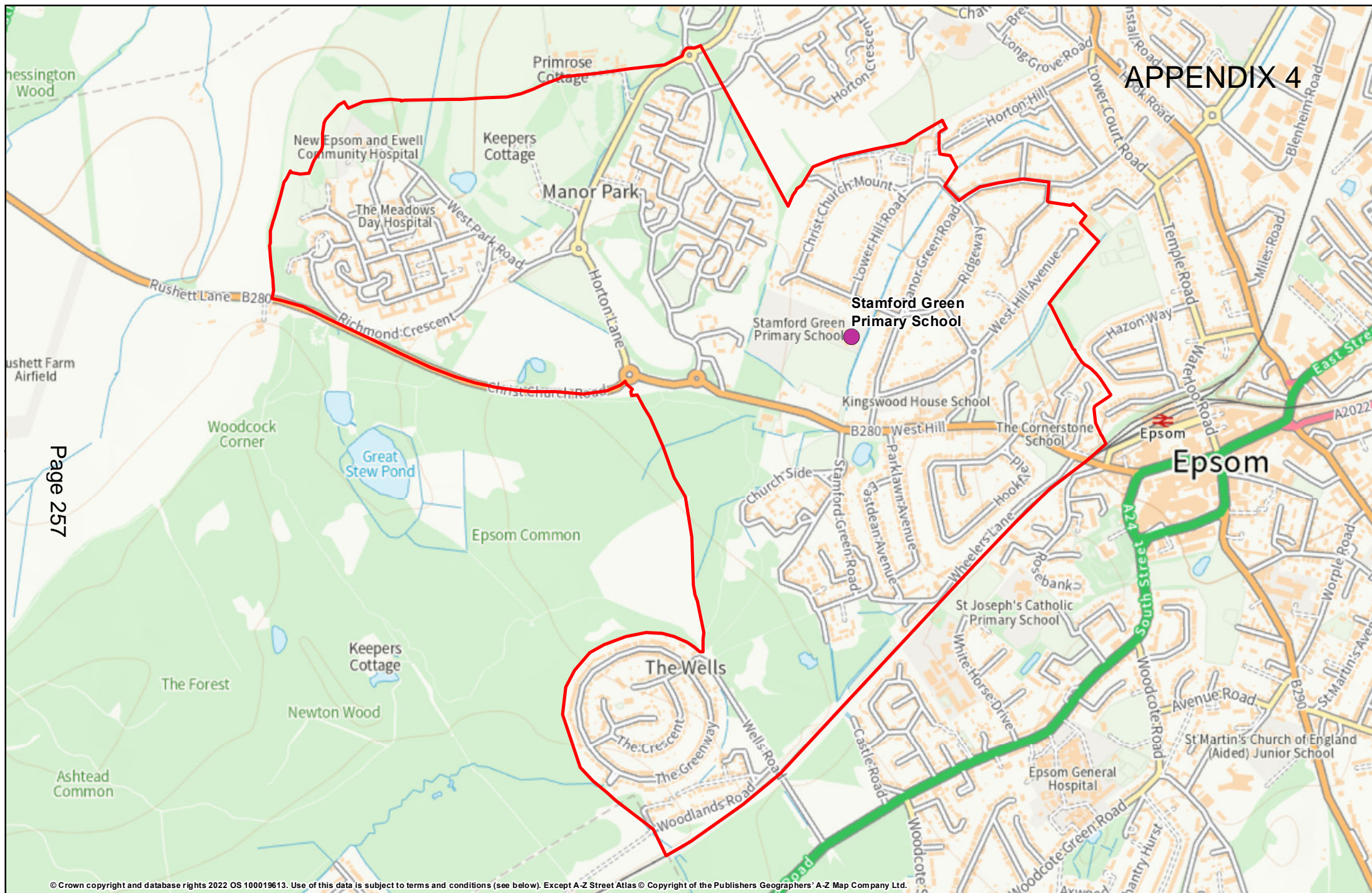
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# Southfield Park Primary School





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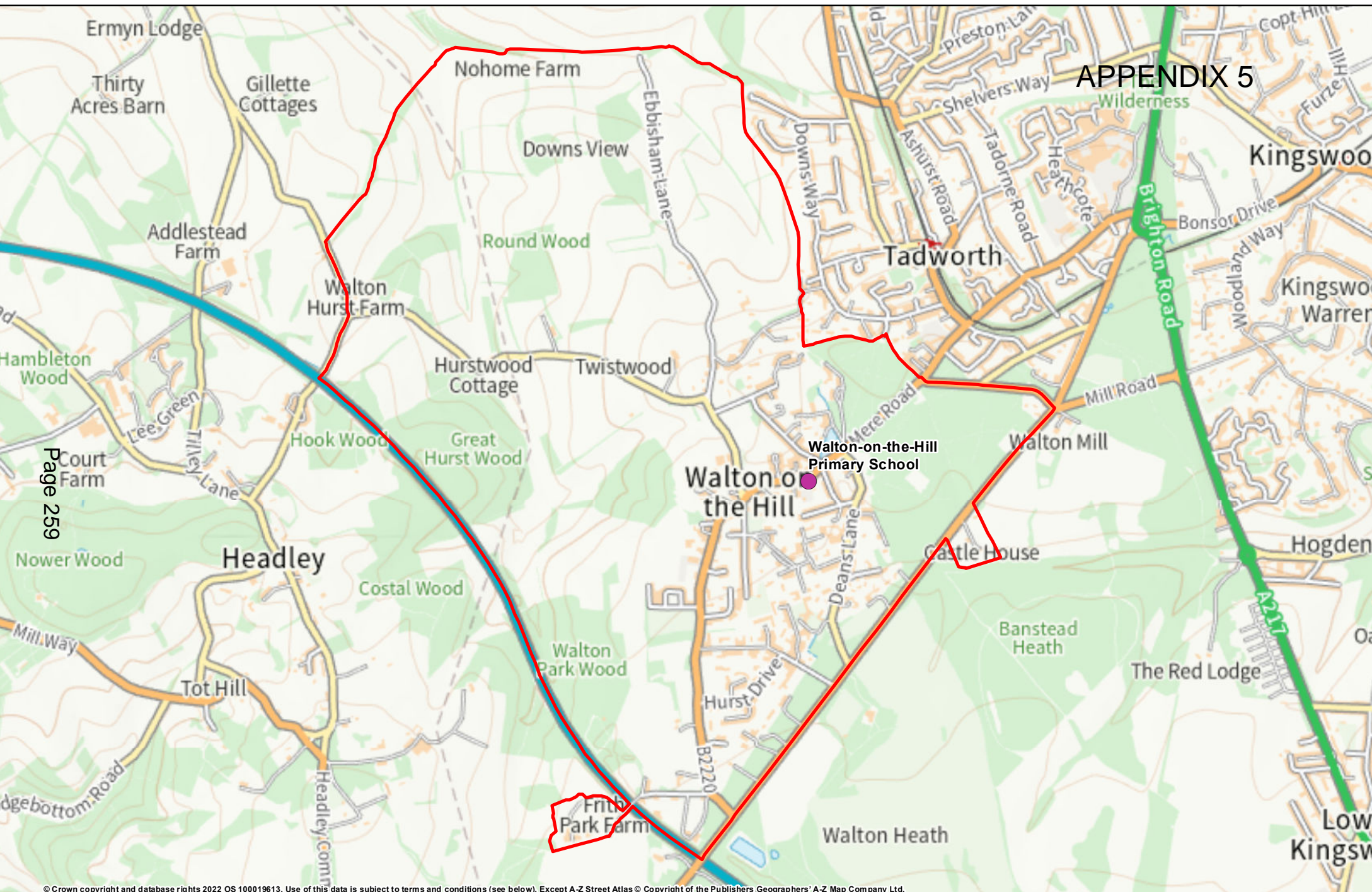
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# Stamford Green Primary School



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# Walton on the Hill Primary School



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# Supplementary Information Form Exceptional Social/Medical need – for community and voluntary controlled schools only

Applicants who wish to be considered for priority under the criterion of exceptional social/medical need **at a community or voluntary controlled school** should complete this form, **in addition to the local authority application form**. A request for exceptional social/medical priority will usually only be made for one school but if you wish to make a request for more than one school, please complete a separate supplementary information form for each school.

- If the application is for Year 7 in September this supplementary information form and supporting evidence must be submitted by 31 October. Any forms or evidence submitted after this date may not be considered until after the national offer day
- If the application is for Reception or Year 3 in September this supplementary information form and supporting evidence must be submitted by 15 January. Any forms or evidence submitted after this date may not be considered until after the national offer day
- If the application is for in year admission at any other time, this supplementary information form and supporting evidence must be submitted at the same time as submitting the application

Recent supporting evidence from relevant registered professional(s) involved with the child must also be submitted with this form, such as a doctor and/or consultant for medical cases or a social worker, health professional, housing officer, the police or probation officer for other social circumstances. All evidence must be on letter headed paper and reflect the child's current situation.

The evidence must confirm the circumstances of the case and must set out why the child should attend the preference school and why no other school could meet the child's needs.

Providing evidence does not guarantee that a child will be given exceptional social/medical priority at a particular school and in each case a decision will be made based on the merits of the case and whether the evidence demonstrates that a placement should be made at one particular school above any other.

Common medical conditions, allergies and asthma can usually be supported in all mainstream schools, therefore priority under a school's exceptional medical criterion would not normally be given for these. Some mainstream schools have units attached which provide specialist provision for children with an education, health and care plan which names the school. The facilities in these units are not normally available to children in the mainstream school and as such priority under a school's exceptional social or medical criterion would not normally be agreed for a mainstream place on the basis of a specialist unit being attached to the school.

In addition, routine child minding arrangements would not normally be considered to be an exceptional social reason for placement at a particular school.

Requests will be considered in accordance with the Equalities Act 2010.

Please complete all boxes in CAPITAL LETTERS

### 1. Child's details

Question	Answer
Surname	
Forename	
Date of Birth (dd/mm/yyyy)	
Address	
Name of the school for which social/medical priority is requested (only name one school)	

9

### 2. Details of case

Question	Answer
<p>Please set out the particular reasons why the school named in Section 1 is the only school that can meet your child's needs and the difficulties that would be caused if your child had to attend another school.</p>	



Question	Answer
Please list the supporting evidence that is being submitted to support your application under the exceptional social/medical need criterion	

## Declaration

I understand that the information contained in this form is subject to GDPR (General Data Protection Regulation) and my personal data may be exchanged with other departments within Surrey County Council, other local authorities, admissions authorities, schools and Government agencies where necessary.

I understand that the outcome of this request for exceptional social/medical priority will be on the basis that the information I provide is accurate and correct and that if any information changes it is my responsibility to inform the local authority.

I certify that all relevant sections have been completed fully and I have supplied all the supporting evidence from the professionals involved to support my application under social and medical grounds.

I understand that if I submit this form or evidence after the closing date it may not be considered until after the national offer day.

I certify that the information I have given is correct.

Question	Answer
Signature of parent/guardian:	
Date:	

If you are applying online, please attach your completed form to your application. Alternatively, please return it to: **schooladmissions@surreycc.gov.uk** or by post to: School Admissions, Surrey County Council, PO Box 475, Reigate, RH2 2HP. If you are posting your form, we recommend that you send it by recorded delivery.

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# Supplementary Information Form Children of Staff – for community and voluntary controlled schools only

Applicants who wish to be considered for priority under the criterion of Children of Staff at a **community or voluntary controlled school** should complete this form, **in addition to the local authority application form**.

- If the application is for Year 7 in September this supplementary information form must be submitted by 31 October
- If the application is for Reception or Year 3 in September this supplementary information form must be submitted by 15 January
- If the application is for in year admission at any other time, this supplementary information form must be submitted at the same time as submitting the application

Please complete all boxes in CAPITAL LETTERS

## 1. Child's details

Question	Answer
Surname	
Forename	
Date of Birth (dd/mm/yyyy)	

## 2. Parent/Guardian's details

Question	Answer
Surname	
Forename	
Name of school where employed	
Date employment commenced	
Address	
Postcode	
Telephone (Home)	
Telephone (Mobile)	
E-mail	

### 3. Member of staff claim

I am a permanent member of staff in accordance with the local authority’s admissions policy.

Delete as appropriate:

- I have been employed at the school on a full or part time basis for two or more years (at the closing date for applications)
- I have been recruited to a post at the school for which there is a demonstrable skills shortage

### 4. Declaration

- I understand that the information contained in this form is subject to GDPR (General Data Protection Regulation) and my personal data may be exchanged with other departments within Surrey County Council, other local authorities, admissions authorities, schools and Government agencies where necessary.
- I understand that the outcome of this request for children of staff priority will be on the basis that the information I provide is accurate and correct and that if any information changes it is my responsibility to inform the local authority.
- I certify that all relevant sections have been completed fully.
- I understand that if I submit this form or evidence after the closing date it may not be considered until after the national offer day.
- I certify that the information I have provided is correct.

9

Question	Answer
Signature of parent/guardian:	
Date:	

If you are applying online, please attach your completed form to your application. Alternatively, please return it to: **schooladmissions@surreycc.gov.uk** or by post to: School Admissions, Surrey County Council, PO Box 475, Reigate, RH2 2HP. If you are posting your form, we recommend that you send it by recorded delivery.



# Addressing Inequalities

## Equalities Impact Assessment

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# Surrey County Council Equality Impact Assessment Template

## Stage one – initial screening

What is being assessed?	Admissions policy 2025
Service	School Admissions
Name of assessor/s	Claire Potier
Head of service	Carrie Traill
Date	20 November 2023
Is this a new or existing function or policy?	Existing policy under review

**Write a brief description of your service, policy or function. It is important to focus on the service or policy the project aims to review or improve.**

The policies being considered under this EIA set out the criteria for admitting children to community and voluntary controlled schools. In accordance with the School Admissions Code, these policies include processes and criteria that are fair, objective and transparent.

**Indicate for each equality group whether there may be a positive impact, negative impact, or no impact.**

Equality Group	Positive	Negative	No impact	Reason
Age	X			<ul style="list-style-type: none"> <li>Parents of 4 year olds can decide for their child to defer entry or start Reception full / part-time</li> <li>Requests from the parents of summer born children for their child to be admitted to Reception in the year after they turn five will</li> </ul>

				<p>be considered on a case by case basis</p> <ul style="list-style-type: none"> <li>Older applicants will be prioritised for admission to a three year old nursery place as they will have less time to spend in nursery</li> </ul>
<b>Gender Reassignment</b>			X	
<b>Disability</b>	X			<p>Children with an EHCP naming a school are admitted before other applicants</p> <p>Provision made within the policy for priority to be given on the basis of medical need, where a disability warrants a place at a particular school</p>
<b>Sex</b>			X	
<b>Religion and belief</b>			X	
<b>Pregnancy and maternity</b>			X	
<b>Race</b>			X	
<b>Sexual orientation</b>			X	
<b>Carers</b>	X			<p>Potential for child carers to claim for social priority for a school place based on need</p>
<b>Other equality issues – please state</b>	X			<p>Children in care and children who have left care through adoption, a child arrangement order or special guardianship order, receive top priority for a school place by law, including children adopted from state care outside of England</p> <p>A translation service is on offer for parents who</p>



				might find language a barrier to understanding the literature and Surrey's Schools and Childcare service helps parents understand the process
HR and workforce issues	X			Priority for children of staff at the school with part time and full time employees being given equal priority
Human Rights implications if relevant			X	

If you find a negative impact on any equality group you will need to complete stage one and move on to stage two and carry out a full EIA.

A full EIA will also need to be carried out if this is a high profile or major policy that will either effect many people or have a severe effect on some people.

Is a full EIA required?	Yes (go to stage two) X	No
If no briefly summarise reasons why you have reached this conclusion, the evidence for this and the nature of any stakeholder verification of your conclusion.		
Briefly describe any positive impacts identified that have resulted in improved access or services		

#### For screenings only:

Review date	
Person responsible for review	
Head of Service signed off	
Date completed	

- Signed off electronic version to be kept in your team for review
- Electronic copy to be forwarded to Equality and Diversity Manager for publishing

Stage 2 – Full Equality Impact Assessment - please refer to [equality impact assessment](#) guidance available on Snet

## Introduction and background

Using the information from your screening please describe your service or function. This should include:

- The aims and scope of the EIA
- The main beneficiaries or users
- The main equality, accessibility, social exclusion issues and barriers, and the equality groups they relate to (not all assessments will encounter issues relating to every strand)

The policies being considered under this EIA set out the criteria for admitting children to community and voluntary controlled schools. These are statutory policies required by legislation and, in accordance with the School Admissions Code, these policies include processes and criteria that are fair, objective and transparent and that comply with equalities legislation and the Human Rights Act.

The main users of the policies will be parents applying for Surrey community and voluntary controlled schools.

The admission policy allows for children with an EHCP to be admitted ahead of other applicants. EHCP admissions fall outside the scope of admissions legislation.

The admission criteria make provision for looked after children and children who have left care through adoption, a child arrangement order or special guardianship order, as a top priority for admission, along with children adopted from state care outside England. The second criterion for admission allows for children who have a social or medical need for a place at a particular school to be given priority, this might include a child who has a disability or a child who has caring responsibilities for a parent.

Most children start school in the year after they turn 4 years old but all children must be in school in the term after they turn 5 years old. By law the admission arrangements for entry to Reception allow for a parent of a 4 year old to defer their entry until later in the school year or arrange for them to start school part time. In addition, parents of summer born children may ask for their child's entry to reception to be deferred for a year and these cases are considered on an individual basis according to the circumstances. However, by law, these applicants would have to reapply for a place in the following year.

The arrangements for admission to a three year old nursery place allow nurseries to give a higher priority to older children who might have less time to spend in nursery. The proposed admission arrangements for a two year old nursery place provide for a fair allocation of places to children who are entitled to the extended nursery provision.

The policies and application procedure are widely publicised on Surrey

County Council's website, in print through publicity posters and on social media. Parents are encouraged to apply online and leaflets are sent out widely setting out how parents can apply and how they might obtain a paper copy of the application form. Schools act as a support and advisory point for parents and primary schools are asked to target parents of children in their nursery to make sure they apply for a Reception place. Primary schools are also asked to check the applications made to ensure that all children who are approaching Year 7 transition have made an application. Online application numbers are high at 99.2%, which demonstrates that most parents have the access and ability to apply online. However, paper forms are readily available for parents who do not have the access or ability to apply online to ensure that these parents have equal access to school places. There is no evidence that would indicate that these families are not currently accessing the service.

The County Council also employs a dedicated translation service for all written material and the Contact Centre is used to support parents who might have difficulty in understanding and applying the policy.

**Now describe how this fits into 'the bigger picture' including other council or local plans and priorities.**

Surrey County Council acts as admission authority for community and voluntary controlled schools, whilst the governing body of each school acts as the admission authority for academies and foundation, trust and voluntary aided schools. The admission arrangements for all schools must be determined by 28 February each year and the arrangements and processes to determine which children will be admitted must be lawful and comply with the School Admissions Code.

The over-arching aspect of admission arrangements is that they must be fair and objective, give every parent the opportunity to apply for schools that they want for their child, provide parents with clear information and provide support to parents who find it hardest to understand the system.

## Evidence gathering and fact-finding

**What evidence is available to support your views above? Please include a summary of the available evidence including identifying where there are gaps to be included in the action plan. Remember to consider accessibility alongside the equality groups**

99.2% of parents applied online in 2023 and paper forms were readily available to parents who could not or chose not to apply online

Sources of evidence may include:

- Service monitoring reports including equality monitoring data
- User feedback
- Population data – census, Mosaic
- Complaints data
- Published research, local or national.
- Feedback from consultations and focus groups

- Feedback from individuals or organisations representing the interests of key target groups
- Evidence from partner organisations, other council departments, district or borough councils and other local authorities

**How have stakeholders been involved in this assessment? Who are they, and what is their view?**

All community and voluntary controlled schools have been sent confirmation of the published admission number that is to be proposed and have been offered the opportunity to query it if they felt it was incorrect or if they had anticipated a change.

Consultation is only required if a change is being proposed or if the arrangements have not been consulted on in the last seven years. As no changes, other than points of clarification, have been proposed and as the arrangements were last consulted on in 2022, no consultation has been carried out in 2023.

**Analysis and assessment**

**Given the available information, what is the actual or likely impact on minority, disadvantaged, vulnerable and socially excluded groups? Is this impact positive or negative or a mixture of both? (Refer to the EIA guidance for full list of issues to consider when making your analysis)**

Based on the assessment of the policies and the evidence, these policies will have an overall positive equality impact.

**What can be done to reduce the effects of any negative impacts? Where negative impact cannot be completely diminished, can this be justified, and is it lawful?**

No evidence of any negative impact.

**Where there are positive impacts, what changes have been or will be made, who are the beneficiaries and how have they benefited?**

**Recommendations**

**Please summarise the main recommendations arising from the assessment. If it is impossible to diminish negative impacts to an acceptable or even lawful level the recommendation should be that the proposal or the relevant part of it should not proceed.**

That the recommendation set out in the accompanying report are approved.

**Action Plan – actions needed to implement the EIA recommendations**

Issue	Action	Expected outcome	Who	Deadline for action

- Actions should have SMART Targets
- Actions should be reported to the Directorate Equality Group (DEG) and incorporated into the Equality and Diversity Action Plan, Service Plans and/or personal objectives of key staff.

Date taken to Directorate Equality Group for challenge and feedback	
Review date	
Person responsible for review	Claire Potier
Head of Service signed off	Carrie Trill
Date completed	20 November 2023
Date forwarded to EIA coordinator for publishing	

- **Signed off electronic version to be kept in your team for review**
- **Electronic copy to be forwarded to your service EIA coordinator to forward for publishing on the external website**

--

**SURREY COUNTY COUNCIL****CABINET****DATE: 30 JANUARY 2024****REPORT OF CABINET MEMBER: TIM OLIVER, LEADER OF THE COUNCIL****LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR FOR RESOURCES****SUBJECT: STRATEGIC INVESTMENT BOARD ANNUAL REPORT - FINANCIAL YEAR 2022/23****ORGANISATION STRATEGY: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT / HIGH PERFORMING COUNCIL****PRIORITY AREA:****Purpose of the Report:**

As part of its strategy to innovate in developing new models of delivery and to benefit from the freedoms introduced by the Localism Act, Surrey County Council had made investments and created trading companies to deliver income and efficiencies and in doing so has established a Strategic Investment Board, which reports annually to the Council. The purpose of the Board was to safeguard the Council's interest as shareholder and to take decisions in matters that required the approval of the Council as owner of a company.

The report was considered by the Strategic Investment Board at its meeting of 5 December 2023.

**Recommendations:**

It is recommended that:

1. Cabinet endorses the Annual Report of the Strategic Investment Board.

**Reason for Recommendations:**

- To inform the Council about the activities of the Strategic Investment Board
- The Strategic Investment Board has been established in accordance with best practice governance to ensure effective oversight and alignment with the strategic objectives and values of the Council.

### **Executive Summary:**

1. The Strategic Investment Board was created in June 2019 following the combining of the Shareholder Board and the Investment Board. The Shareholder Board and the Investment Board were created following the report to Cabinet in March 2013 outlining the Council's strategic approach to innovation and evaluating new models of delivery. It has been established in accordance with best practice governance principles to ensure effective oversight and alignment with the strategic objectives and values of the Council.
2. The Board's responsibilities and powers include:
  - approval of annual business plans; and
  - reviewing the financial and overall performance of trading companies; and
  - appointing and removing directors.
3. The Strategic Investment Board is comprised of four members of the Council's Cabinet and is supported by senior officers of the Council, including the Section 151 Officer (Executive Director of Resources) and the Monitoring Officer (Director of Law & Governance).
4. The Board works in accordance with its Terms of Reference which are reviewed on an annual basis.
5. Meetings are scheduled to take place on monthly basis.

### **Consultation:**

6. The Strategic Investment Board considered the Annual Report at their meeting of 5 December 2023.

### **Risk Management and Implications:**

7. Effective risk management is a vital part of the Council's approach to innovation and establishing new models for service delivery and to generate income. The Strategic Investment Board provides the governance to ensure that risks are effectively managed.

### **Financial and Value for Money Implications:**

8. Effective risk management is a vital part of the Council's approach to innovation and establishing new models for service delivery and to generate income. The Shareholder Board provides the governance to ensure that risks are effectively managed.

### **Section 151 Officer Commentary:**

9. 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.

10. 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.

11. As such, the Section 151 Officer notes that there are no direct financial implications arising from this report. The financial performance of the companies is detailed in the body of the report.

**Legal Implications – Monitoring Officer:**

12. There are no direct legal implications arising from this report. The legal basis for company ownership and oversight is explained in the body of the report.

**Equalities and Diversity:**

13. There are no direct equalities implications arising from this report.

**Other Implications:**

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	There are no implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	There are no implications arising from this report.
Environmental sustainability	There are no implications arising from this report.
Compliance against net-zero emissions target and future climate compatibility/resilience	There are no implications arising from this report.
Public Health	There are no implications arising from this report.

---

**Contact Officer:**

Neil Jarvey, Strategic Finance Business Partner, Commercial,  
neil.jarvey@surreycc.gov.uk

**Consulted:**

Strategic Investment Board

**Annexes:**

Annex A – Annual Strategic Investment Board Report  
Part 2 Annex



# Strategic Investment Board Annual Report 2022/23

## PART ONE: INVESTMENTS OVERVIEW

# Contents

## Shareholder Board (Strategic Investment Board)

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- Governance page 5
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- Directors page 8
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## Company Details

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- Halsey Garton Property page 12
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## Glossary

page 22

# Shareholder Board

## Introduction

The Council's strategic framework for innovation and investment has supported the development of initiatives to enhance the financial resilience of the Council. The Council Member-led Strategic Investment Board (SIB) monitors the Council's trading activity and its investments in companies to ensure satisfactory performance and effective risk management. The financial returns delivered by trading and investment helps to ensure that we continue to deliver quality services to our residents.

The SIB provides effective over-sight ensuring alignment with the strategic objectives and values of the Council. The SIB safeguards the Council's interests and takes decisions in matters that require the approval of the Council as owner or as a shareholder of a company.

The annual report of the SIB provides an overview of the progress we have made in the year in enhancing the financial resilience of the Council. The report also gives an update on the companies' full year performance for 2022/22.



Tim Oliver

Leader of Surrey County Council

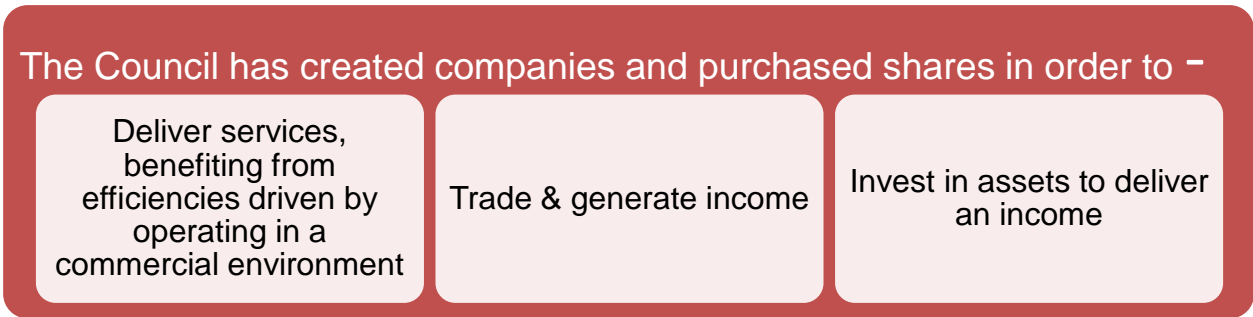
# Purpose

The primary and most common purpose behind the creation of a Local Authority Trading Company (LATC) is to enable a Council to participate in commercial trading activities. Many local authorities have created a LATC for this purpose, with the most common reason given being in order to grow income to protect services.

The decision to create a company or invest in shares is now taken by the SIB upon the basis of a business case. Like many other Councils, Surrey County Council (SCC) has created companies to trade and grow income; with profits generated for the Council available to support the delivery of the Council's Medium Term Financial Strategy and enhance financial resilience. This is however not the only reason for the creation of a company or investment in shares.

Surrey Choices for example was set up to safeguard the provision of services to people with learning and physical disabilities. Cabinet likewise approved the creation of a Property Company to strengthen the Council's ability to invest in a diversified and balanced portfolio of assets in pursuit of its Investment Strategy. The investment in the UK Municipal Bonds Agency was made to give the Council an alternative source of finance at preferential rates. The establishment of a Recruitment Joint Venture, Connect2Surrey, will enable the Council to have flexibility and control of temporary and interim recruitment in a changing market to suit both the needs of the Council and of the workforce.

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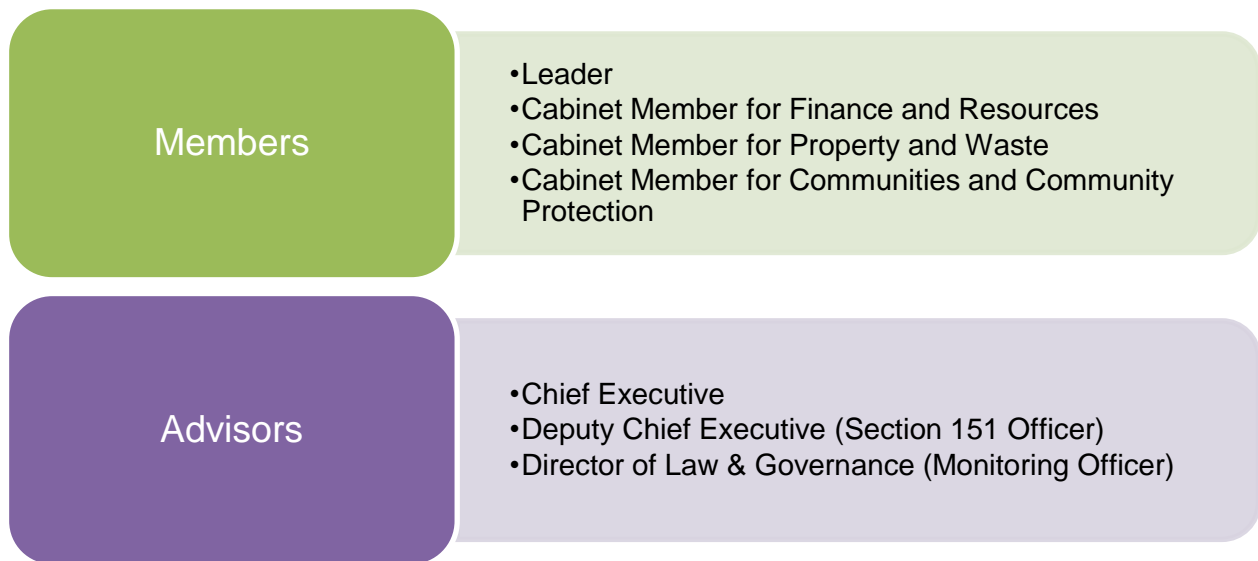
# Governance

The primary and most common purpose behind the creation of a Local Authority Trading Company (LATC) is to enable a Council to participate in commercial trading activities. Many local authorities have created a LATC for this purpose, with the most common reason given being in order to grow income to protect services.

- The SIB was created in June 2019 following the combining of the Shareholder Board and the Investment Board as noted in the 2018/19 report.
- The Board and its role are noted in the constitution of the Council.
- The Board works in accordance with its Terms of Reference which are reviewed on an annual basis.
- Meetings are scheduled to take place monthly.
- A review of the governance of the companies was conducted during 2021/22. The overarching findings were that the existing governance and reporting processes were sound and provided visibility of decision making and of performance.
- However, improvements were identified and have now been implemented. These include an increase in:
  - reporting and oversight by Members and scrutiny; safeguarding against conflicts of interest; communication between company and shareholder; formal Director training

10

The Strategic Investment Board is comprised of three members of the Council's Cabinet and is supported by senior officers of the Council, including the Section 151 Officer (Executive Director of Resources) and the Monitoring Officer (Director of Law & Governance).



The SIB is further supported by the Asset Strategy Board (ASB) and the Shareholder Investment Panel (SHIP). The role of the SHIP is detailed on Page 6 of the report.

## Decision-making Process

The day-to-day operation of each company is the responsibility of the Directors (of each company) with the SIB being responsible for taking decisions on behalf of the Council where these are of a more strategic nature. The extent of this decision-making will depend upon the Council's shareholding and upon terms included in a company's Articles of Association (matters reserved for the Shareholder) and / or a Shareholders Agreement in relation to Joint Venture companies. The Articles of Association for the Council's wholly owned companies stipulate that



the shareholder, that is the SIB on behalf of the Council, are required to approve or make decisions in relation to the following matters summarised in the table below.

<b><u>Decision</u></b>	<b><u>Rationale</u></b>
Changes to the Articles	Removes all controls
Appoint and remove Directors	To ensure that the company is appropriately managed and that there is satisfactory governance
Material change in the nature or scope of the business	To ensure companies only undertake activities for which approval has been given and to protect the Council's reputation
Purchase of shares or interest in another company. Acquisitions of any business or any shares.	Significant business decision which may involve further financial risk
Borrowing or the raising of finance (except from SCC). The creation of any security interest (except SCC)	To avoid taking on debt that undermines security for SCC debt (excluding de-minimis bank overdrafts) and to avoid incurring further financial risk
Issuing, withdrawal or buy back of shares	To maintain SCC ownership as originally intended
Enter any Joint Venture, consortium, or partnership	To ensure companies only undertake activities for which approval has been given, in order to protect SCC reputation. To ensure that it is the shareholder that takes decisions that may involve substantial financial risk (rather than the Directors alone)
Selling, transferring, leasing, assigning property or assets (excluding de-minimis and replacement of operational equipment)	To avoid dilution of assets or security in relation to SCC debt
Disposal of any business or any shares	To maintain SCC ownership as originally intended
Entering into an administration order or steps to voluntarily wind up the company	To protect SCC's reputation

The SHIP, an Officer-led panel, chaired by the Director of Finance, Corporate and Commercial (Deputy s151), works within delegated authority limits set by the SIB. The Panel's remit is to review and challenge the subsidiaries performance within year and assist with the approvals and operational workings of the respective companies. This enables approvals to be made in a timely manner so that operational effectiveness is not impacted by an elongated approval process. The SHIP also provides governance, as the client, for projects delivered by any of the subsidiaries and acts as the Senior Responsible Owner. Items that fall outside of the approval limits afforded to the SHIP will still be discussed and scrutinised by the Panel before coming forward to the SIB.

# The Council's Shareholdings

The decision to create a company or to invest in shares is taken by Cabinet, or in accordance with delegated decision-making at the SIB. The decision is made upon the basis of a business case which articulates the financial implications and associated risks for the Council. These proposals are made with realistic and prudent expectations regarding the investment required and the length of time it will take to establish a successful company. The Council recognises that returns will not necessarily be received in the short-term but will contribute to financial resilience in the longer term and, may deliver wider benefits that may supersede financial returns.



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Company	Ownership
Halsey Garton Property Ltd	100.0%
Halsey Garton Residential Ltd	100.0%
Surrey First Ltd	100.0%
Hendeca Group Ltd	100.0%
Surrey Choices Ltd	100.0%
Surrey and Kent Commercial Services LLP *	50.0%
TRIC Consortium Ltd	16.7%
UK Municipal Bonds Agency	3.4%

\* Trading as Connect2Surrey

# Directors

Each company must have at least one person named as a Director – the Council itself cannot act in this capacity. The SHIP has delegated authority from the SIB for appointing (and removing) Directors to act on behalf of the Council. Directors have specific responsibilities in Company Law and therefore the board or panel making the selection will need to ensure that persons with the appropriate skills are appointed. The name of the person(s) appointed to each company is noted in the next section of the report. In the case of Joint Ventures, the person appointed by the Council to act in respect of its shareholding is noted.

Since the last report the following Directors have been appointed:

- Hendeca Group – Pamela Vick, Tony Barry
- Halsey Garton Property Investments – Charles Maxlow-Tomlinson
- Halsey Garton Property – Charles Maxlow-Tomlinson
- Halsey Garton Residential - Charles Maxlow-Tomlinson
- Surrey Choices – Martin Farrow
- Surrey and Kent Commercial Services LLP – Shella-Marie Smith

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These directors work alongside the other appointed directors, bringing their valuable experience to the board, and will be responsible for delivering the day-to-day activities of the company in accordance with the strategies and business plans agreed by the SIB.

As Directors, their role is not to provide scrutiny, but to be accountable to the SIB, alongside other directors, for the performance of the company and for their own performance as a Director. The SIB will continue to be the subject for scrutiny rather than individual directors.

Directors appointed by the Council receive no additional remuneration and undertake this role as part of their duties as an Officer or Member of the Council.

# Funding

Changes to the Public Works Loan Board (PWLB) lending rules have prevented Councils taking on additional borrowing to invest purely for commercial gain. Unless seeking external funding, this limits the companies to work within the current envelope of investment that has been made to date, or alternatively, make investments where commercial returns are of secondary benefit. Recent proposed powers as part of the draft Levelling Up & Regeneration Bill confirm the Government's long-running concerns that a small number of authorities are taking on very high, disproportionate levels of debt or have become excessively exposed to risk from commercial investment strategies. The government continues to put in place controls to reduce this risk and any changes to future strategies need to be developed in compliance with the Prudential framework. The Council's revenue budget includes an element of income generating investment activity. The Capital, Investment & Treasury Management Strategy 2022/23 set out the extent to which expenditure plans are dependent on achieving the expected net income from investments over the lifecycle of the MTFs, to ensure proportionality. Investment activity is forecast to remain between 2-2.5% of the Council's net revenue budget over this period. Should we fail to achieve the expected return, the Council has earmarked reserves in place to manage one-off fluctuations in investment income achieved.

# Company Details

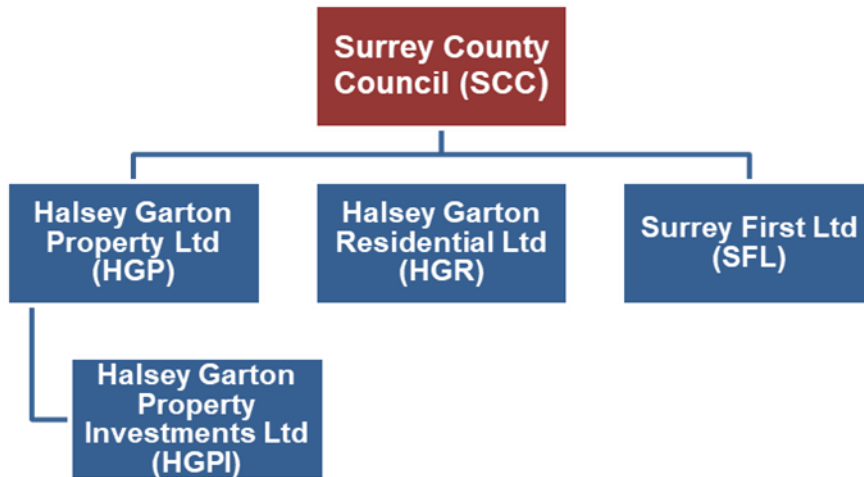
## Introduction

The following pages contain information about each company, including a description of activities and purpose, Cabinet approval and date of incorporation and progress made to date. Financial information has been included where this is generally publicly available (e.g., from the statutory accounts of each company) or not commercially sensitive. However, information that is commercially sensitive, such as the future business plans, have been excluded.

## Company Profile and Business Case

The Halsey Garton companies were incorporated in June 2014. The initial remit for the companies related to Halsey Garton Property Ltd which was incorporated to fully implement the recommendations of the Investment Strategy approved by Cabinet in July 2013 via Halsey Garton Property Investments Ltd. Halsey Garton Residential Ltd was dormant until August 2020 when it became active following the long lease purchase of 23 properties, now increased to 80. Surrey First (formerly Halsey Garton Property Developments Ltd) remains dormant.

## Company Structure



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<b>Cabinet Approval</b>	<b>May 2014</b>
<b>Ownership</b>	100%
<b>Date of Incorporation</b>	June 2014 Commenced trade in November 2015
<b>Council Investment</b>	Share Capital £93m Loans of £234m
<b>Return on Investment</b>	2016/17 - 2017/18 the company proposed and paid dividends of £2.35m.  2018/19 the company proposed a dividend but later withdrew it.  2019/20 - 2021/22 the company did not propose a dividend.  Interest payments to the Council in 2022/23 of £14.3m (2021/22 £14.3m).
<b>Directors</b>	Nicola O'Connor* (resigned June '22), Diane Wilding*, Verity Royle*, Bill Yardley (appointed September '22), Charles Maxlow-Tomlinson (appointed March '23)  *Council appointed Officer

## Company Profile

The company purchased 17 commercial property assets between November 2015 and December 2018. The portfolio consists of assets in a balance of sectors and is geographically across England. The portfolio remained unchanged up until May 2023 when it disposed of one its assets.

The strategy of the company was revised in 2023 where it was agreed that the Company will:

- Retain a clear and dedicated focus on long term revenue return.
- Adopt a portfolio approach by developing an Annual Company Business Plan.
- Retain existing assets forecast to deliver long term, secure income with minimum volatility.
- If necessary, divest underperforming assets to maximise optimum portfolio performance and recycle capital proceeds to ensure a diversified portfolio which delivers revenue benefits.
- Ensure that a primary consideration when assessing acquisitions is commercial revenue.
- Protect the capital investment as far as possible.
- Identify the availability of short-term loan facilities to leverage opportunities.



- Build up cash reserves to enable delivery of revenue enhancing initiatives of existing assets through capital investment and support, to the extent possible, the Shareholder's wider agenda of Net Zero emissions by 2030.

## Progress Update

The company delivered a pre-tax operating profit of £1,941k, well-above budget of £297k due to an increase in rental income and release of bad debt provision. Despite the market conditions, no significant new bad debt provisions were made in relation to arrears owed by tenants at year end.

Rent collection rates have continued to be strong following the Covid-19 closure period, with the largest debtor paying its arrears in accordance with a repayment plan due for completion during 2023/24. The company continues to actively manage voids within the portfolio. The company is forecasted to be remain profitable before taxation for the year 2023/24, however, due to general market trends, no dividend is anticipated to be paid from the 2023/24 trading year.

The company owns investment assets with a value of £248m (£291m, 2021/22). This drop in values is reflective of the changes in market conditions over the year. Property capitalisation rates have moved outwards significantly, predominately because of the increase in borrowing rates, consequently bringing values down.

<b>Cabinet Approval</b>	<b>May 2014</b>
<b>Ownership</b>	100%
<b>Date of Incorporation</b>	June 2014 Commenced trade in August 2020
<b>Council Investment</b>	Share Capital £4.1m Loans of £7.0m (as at 31 <sup>st</sup> March 2023)
<b>Return on Investment</b>	No dividends to date  Interest payments to the Council in 2022/23 of £0.4m (2021/22 £0.4m).
<b>Directors</b>	Nicola O'Connor* (resigned June '22), Diane Wilding*, Verity Royle*, Charles Maxlow-Tomlinson (appointed March '23)  *Council appointed Officer

## Company Profile

The Council has provided debt and equity funding for the purchase of 80 residential properties, totalling £11.2m to date.

## Progress Update

The company continues to deliver profits in line with the business case. The profit before tax and fair value adjustment in 2022/23 was £215k (£191k 2021/22).

In 2022, SIB approved the appointment of a Managing Director to assist in shaping the strategy of the Company going forward. Following this recommendation, Charles Maxlow-Tomlinson was appointed and is working with the Board to develop a future strategy proposal for consideration by the Shareholder.

# Connect2Surrey

<b>SIB Approval</b>	<b>July 2021</b>
<b>Ownership</b>	50%
<b>Date of Incorporation</b>	September 2021 Commenced trade in February 2022
<b>Council Investment</b>	Loans of £153k
<b>Return on Investment</b>	£Nil
<b>Board Members</b>	Shella-Marie Smith (SCC)*, Helen Lock (Commercial Services Kent Ltd) *Council appointed Officer

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## Company Profile

The Council has provided debt funding of £153k, together with a further £153k from Commercial Services Kent Ltd (CSKL), in order to invest in the start-up infrastructure required for a Temporary Resource Recruitment joint venture with CSKL.

Previously, Temporary Resource has been acquired through various Master Vendor agreements with large private sector companies. It has been an ambition of SCC for some time to set up its own Temporary Resource solution, but this was hampered by lack of expertise, inadequate systems, and cost of set up. Following the expiration of the contract with Adecco in January 2022, SCC created a partnership with a neighbouring public sector organisation (Commercial Services Kent) in order to provide the best solution.

## Progress Update

Since 'go live', it has been discussed at the SHIP and SIB the various challenges that Connect2Surrey have faced and plans to overcome these to improve the service delivery to SCC, and ensure the financial performance is delivered as planned. The 2022/23 financial performance of £123k loss was £76k ahead of the original business case. The forecast for 2023/24 is expected to be in-line with the business case.

Stronger relationships have been developed with SCC Workforce Teams through ongoing meetings and interactions, and greater adoption of mutual recruitment activities, and there is ongoing engagement at Executive level to provide strategic input with regards to Qualified Social Care hiring. Regular 'agency and supplier' forums are held to ensure maximum engagement of QSW Suppliers to support fulfilment of Surrey CC's demand.

A process is being developed for transfer of existing Interim workers, as well as development of a process for future engagement of all interim recruitment to be managed via C2Surrey, starting initially with any new interim requirements within 'Resourcing' Directorate.

# Hendeca Group

<b>Cabinet Approval</b>	<b>March 2013</b>
<b>Ownership</b>	100%
<b>Date of Incorporation</b>	June 2013 Commenced Trade in December 2013
<b>Council Investment</b>	£100 Share Capital
<b>Return on Investment</b>	The company has paid the following dividends: 2014/15: £400,000      2015/16 £400,000 2016/17: £440,000      2017/18 £400,000 2018/19: £500,000      2019/20 £400,000 2020/21: £200,000      2021/22 £340,000 No dividend declared for 2022/23
<b>Directors</b>	Lynne Hobbs, Janine Lewis (resigned August '22), Paul Forrester* (resigned June '22), Neil Jarvey* (appointed August '22), Pamela Vick (appointed November '22), Tony Barry (appointed November '22) *Council appointed Officer

## Company Profile

Hendeca commenced trading in December 2013 following Cabinet approval as part of the New Models of Delivery strategy in March 2013. The company was known as S.E.Business Ltd, changing name to Hendeca Group Ltd during 2019/20. The company provides business to business (B2B) professional, technical, training and contingency services, enabling the Council to trade in those functions in which it has particular expertise and capacity.

## Progress Update

In 2022/23 the company delivered pre-tax profits of £184k. This was a significant drop on the prior year (£836k) due to 2021/22 benefitting from fire contingency service deployment. These profits have been delivered in the main through the contracts held in the fire aviation contingency market. The decision to not pay a dividend for 2022/23 reflects the policy to retain some profit for investment into the company to assist with seeking new opportunities. During 2022/23 Hendeca purchased training materials to facilitate entry into the market for fire safety in construction, being a growing market that complements its existing offer.

The revised business plan approved early in 2023 focuses on the drive to diversify Hendeca's income streams and customer base. It intends to continue investment into identified business opportunities in the B2B training market to help deliver this aim.

Work is continuing to improve the branding and website of the company to take services to market and improve the customer experience.



<b>Cabinet Approval</b>	<b>December 2013</b>
<b>Ownership</b>	100%
<b>Date of Incorporation</b>	March 2014 Commenced Trade in August 2014
<b>Council Investment</b>	£100 Share Capital Loans of £2.8m
<b>Return on Investment</b>	Nil
<b>Directors</b>	Jane Earl (Chair), Martin Farrow (Interim Managing Director), Rachel Wigley*, Stefan Nahajski (NEDs), Riasat Khan** *Council appointed Officer **Council appointed Member

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## Company Profile

Choices Ltd was formed in August 2014. Our staff of over 300 provide support for people with learning and physical disabilities, as well as autistic people, with care services across a range of settings throughout Surrey. These include day services, employment support, volunteering, or training opportunities, day and 24/7 respite services, travel training for both children and adults, plus a Shared Lives service which provides short and long-term support in a family home setting. Today, the company has a turnover of c.£14m.

## Progress Update

Surrey Choices continues to develop its portfolio of services, with a primary focus on community inclusion, the expansion and development of employment services, with closer links to the NHS in Surrey, vocational opportunities and flexible community-based support. In addition, Surrey Choices is also expanding the Shared Lives service, which is not only cost effective, but delivers excellent outcomes for individuals and has won best UK Shared Lives Provider in the UK in 2022 for the second year in a row.

The company has now successfully completed the Changing Days programme, which developed inclusive models of support enabling people to gain independence, choice and control. The person-centred approach seeks to end segregated day care centres in favour of community hubs which are integrated within local communities. 40% of day support activities are now carried out directly in the community. Lockwood, located on the Slyfield Industrial Estate in Guildford, which was the company's largest segregated day service, was closed at the

end of March 2023, with the people either being supported in the community or at other Surrey Choices services.

The budget for 2023/24 reflects a £1m efficiency saving passed to SCC. This saving is the balance of an overall £3.5m three-year efficiency savings programme that has been delivered by Surrey Choices to the council. Further efficiency savings are planned, including the continued review of the property footprint and bringing the provision of transport in house, saving approximately £300k annually. The profit before tax in 2022/23 was £32k, being lower than the previous year of £204k due to cost inflation, particularly staff and transport costs.

Recruitment and retention remain the greatest risks faced by the care sector. However, the company had a better vacancy and retention rate than the care sector average.



<b>Cabinet Approval</b>		<b>July 2014</b>	
Ownership	16.67%		
Date of Incorporation	October 2014		
	Commenced trade in January 2015		
Council Investment	£37,500 Share Capital		
Return on Investment	The company has provided the following dividends-		
	2015: £81,347	2016: £83,821	
	2017: £80,219	2018: £93,040	
	2019: £90,291	2020: £98,667	
	2021: £96,179	2022: £89,758	
	2023: to be declared		
Surrey County Council Director	Mike Green		

## Company Profile

TRICS Consortium Ltd commenced trading in January 2015, following Cabinet approval in July 2014. The Company provides a service to the transport planning and property development customer community by providing access to a comprehensive database of travel patterns known as trip rates. Trip rate data is used by planning consultants in support of planning applications in order to demonstrate the impact of major developments on local traffic. The database is recognised in national planning policy and is widely used by the planning profession and its use has been given due weight by Inspectors at Planning Inquiries.

The company is a Joint Venture (JV) with five other local authorities, Dorset Council, East Sussex County Council, Hampshire County Council, Kent County Council, and West Sussex County Council. These Councils held the rights to the database under a long-standing partnership arrangement and therefore became the shareholders of the company. The company now owns all Intellectual Property Rights in relation to the database and the brand.

## Progress Update

The Company commenced trading on 1st January 2015 when it took over the operation of the database from the incumbent supplier. The company comprises of the Managing Director, recruited to deliver the day-to-day operation of the company, three employees that TUPE transferred from the previous supplier and two further employees recruited to support its recent growth. The company is benefiting from increased memberships with user activity on the increase particularly from the residential development sector. 2022 saw a further increase in



members of 1% on 2021, which considering the impact of Covid upon businesses is higher than expected, membership numbers have risen each year since inception.

TRICS has now become a truly international company, with its Australasian Database being released in September 2018. The second phase of this region's database being released in September 2019, with the improved TRICS Surveys being added from this date. It is anticipated that TRICS-commissioned surveys can start within the region in 2023, as Covid has made undertaking surveys in these regions very difficult.

The company continues to deliver profits in excess of expectations and has distributed a dividend to its shareholders each year since its creation, thereby delivering a significant return on investment within a short timeframe.



<b>Cabinet Approval</b>	<b>Decision taken under delegated approval in September 2015</b>
Ownership	3.4%
Date of Incorporation	September 2014
Council Investment	£450,000 share capital

## Company Profile

The UK Municipal Bond Agency's (UKMBA) objective is to provide an alternative to the Public Works Loans Board (PWLB) as a cheaper source of borrowing for local authorities from the issuing of bonds. The agency, developed by the Local Government Association (LGA), raised equity funds from 56 Councils to provide for operating costs and capital against risks.

The agency aims to provide access to all local authorities to raise external borrowing provided that they meet the criteria set, and at the time of SCC's investment, preferential terms were expected to be provided to those Councils that are also shareholders in the company. It is uncertain whether this commitment will stand in the future.

## Progress Update

UKMBA distributed a framework agreement which set out the terms upon which local authorities will be able to borrow from them. Authorities were expected to agree to a joint guarantee that would operate if a local authority defaulted on its part of a joint borrowing. Requirement to provide the guarantee has been removed, however an approval of a credit check to borrow is required.

The PWLB's reduction of its borrowing rates by 1% in 2020 introduced a new borrowing benchmark for local authorities and made the lending market more competitive. UKMBA sees market opportunities to issue bonds for councils inside the new PWLB rate and, therefore, continues to receive an increased interest from prospective borrowers. The LGA continues to financially support the agency.

The recent Bank of England base rate rise and the war in Ukraine have also impacted the financial markets. The sterling debt market has been affected with a sharp increase in volatility which contributed to the delays of the Company's planned pipeline of bond transactions in 2021. However, the demand for fixed income securities of various maturities remains strong and UKMBA expects to resume marketing its new bonds in the second quarter of 2022.

While interest remains from local authorities which could result in further bond issues, the lack of activity after the initial bond issue has led to the auditors of UKMBA to continue to state that there is material uncertainty related to going concern. As a result, SCC continues to carry the value of the investment at £nil. Should the performance of the company recover the investment value can be reinstated. However, the treatment adopted removes any future risk relating to the company for the Council.

# Glossary

## Articles of Association

A company's Articles of Association set the rules (the constitution) for the company. The Articles are filed as part of the incorporation process and are publicly available documents. The objects of the company describe what the company will do. The objects of a company are now deemed to be unlimited, unless the Articles limit them.

The Articles may restrict the decision-making powers of the Directors – these are described as Reserved Matters. The Articles may be changed at any time by a special resolution of the members (the shareholders) of the company.

Companies created by the Council follow the model articles with the exception of the introduction of reserve powers in matters of strategic importance and one or two other minor exceptions.

## Assets

A Council owned company may purchase assets from the Council. In disposing of assets, the Council must ensure that it receives appropriate market value and the company in turn will be required to purchase at market value in order to ensure that there is no financial subsidy or advantage that may be deemed as state aid.

The Council will retain property assets unless there is a financial advantage to transfer (for example, where the purpose of the trading company relates to property activities). Market rents will be charged for occupancy of property assets – rents are a pre-tax expense making this arrangement tax efficient and this also ensures that the Council's balance sheet remains strong and is not diluted.

Surrey Choices Ltd purchased operational assets, such as vehicles and musical equipment, at appropriate market values from the Council and this formed part of the initial set-up costs for the company.

## Debt Financing

Debt financing provides the funds required to run a business. A company may borrow the money required to grow and develop the business.

Interest on debt is a business expense, and therefore deducted before tax.

Companies created by the Council, such as Hendeca Group and Surrey Choices have been set-up with limited equity funds. Funding for growth and working capital requirements has been provided by the Council under an agreed loan facility. The Council provides loans to enable Halsey Garton Property to buy investment assets.

## Directors' Duties

The SHIP is responsible for appointing (and removing) Directors to act on its behalf in relation to companies in which the Council holds shares. Directors' duties are described in the Companies Act 2006 and include a responsibility to promote the success of the company, exercise independent judgement and exercise reasonable care, skill and diligence.

Directors appointed by the Shareholder Board do not receive additional remuneration for their role and are covered by indemnities provided by the Council in respect of financial loss (an extension of the indemnities provided by the Council to staff and members as agreed by Cabinet in March 2013). This does not and cannot extend to negligence, default, breach of duty or breach of trust.

The Council's legal team brief Directors so that they understand their duties.

## **Group Companies**

Companies form a Group if one is a subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person. Companies within a Group can take advantage of Group Tax relief. In tax legislation, the Council is a body corporate that can perform the link between LATCs and therefore the losses of one company can be offset against profits of another.

This group status in tax law also provides the Council with the ability to be exempt from stamp duty which would ordinarily apply to property transactions (including the entering into lease arrangements) between group companies).

The Council is required to produce Group Accounting statements which mean that the financial results of its LATC's will be included together with the financial results of the Council. The Council will continue to also produce detailed Annual Statements of Accounts on a single entity basis.

## **Joint Venture**

A Joint Venture company is one that is owned by more than one shareholder, where the shareholders concerned are corporate bodies in their own right. The term Joint Venture is not one that is legally defined and is often used in respect of other arrangements that do not necessarily involve a limited company. For example, a Joint Venture may also be a Limited Liability Partnership or may be used to describe an arrangement between public bodies.

## **LATC (Local Authority Trading Company)**

The terminology "LATC" is often used to describe a company that is owned by a Local Authority (i.e., Local Authority Trading Company). It is not a different form of company and most companies described as LATC's are companies limited by shares, with the shares and therefore the company being wholly owned by the local authority.

Companies created by SCC are most likely to be limited by shares, as this structure ensures that profits can be returned to the shareholder (the Council) in the form of dividend payments and provide the possibility for future sale. It is the most suitable structure for trading activity and enables the Council to create a tax group.

It is possible that other company structures may be applicable in certain circumstances; however, these structures tend to involve the removal of Council control or would mean an inability to return profits-examples are companies that are limited by guarantee.

## **Limited Liability Partnership (LLP)**

A Limited Liability Partnership is an alternative legal structure that is similar to a traditional partnership (e.g., as used by a firm of solicitors) but it limits financial risk whilst still being able to benefit from flexibility of structure, tax, profit distribution and the rights and duties of the partners. A partner of an LLP is called a member and is similar to a degree to a shareholder. A

partnership agreement will usually be put in place to set out the rights, responsibilities and liabilities of each member and will specify the way in which the LLP will be managed.

LLPs do not have to pay Corporation Tax – it is “transparent” for tax. This means that each member is taxed in accordance with its own tax status. This is beneficial for the Council as it means that Corporation Tax is not payable on its share of eth profits. An LLP however can only be set-up by a Council in certain circumstances and cannot be established where the purpose of the LLP is purely to trade or deliver an income.

An LLP is permissible for the creation of the “JV” with Places for People since this entity is being established for the purpose of creating a model to deliver benefits to residents from the development of housing and mixed used schemes utilising the Council’s vacant sites. As this is an activity that the Council can undertake in its own right (rather than requiring a company to be set-up) an LLP is an appropriate structure.

## **Reserved Matters**

Reserved matters are important decisions for which the Directors are required to seek and gain Shareholder Approval. These decisions are written in the Company’s articles of association which set the constitution or the rules for the running of the company.

The Shareholder Board has delegated authority to perform these functions on behalf of the Council. The reserved matters of SCC’s companies have been written to ensure that the Shareholder Board is responsible for consideration of issues of strategic importance, take decisions that may involve changes to financial risks or may have an impact on the Council’s reputation.

## **Share Capital (Equity)**

Equity or shares in a company represent the ownership interests. The Equity invested is the amount of funds contributed by the owners to the financial requirements of the company. In a limited liability company, the owners / shareholders lose no more than the amount invested. Equity invested at start-up is evaluated on the basis of assets owned and/or earnings potential.

Financial returns to the shareholders are made in the form of dividend payments. Dividends are not a business expense and are paid from post-tax profits.

## **Shareholders**

The Shareholders (the owners of a company) and directors have different roles in a company. The Shareholders own the company and the directors manage it. The Directors must obtain shareholder approval for decisions where the shareholder has restricted the powers of the Directors – these are called reserved matters. The Shareholder Board has delegated authority to perform these functions on behalf of the Council.

## **Shareholders’ Agreement**

These are agreements between shareholders which are private documents. These agreements set out how the shareholders interact with each other and can define what happens in the event of dispute. A shareholder agreement is only relevant when there is more than one shareholder and is recommended practice for Joint Ventures.

SCC has entered into a shareholder agreement for TRICS Consortium Ltd and in relation to the investment in FutureGov Ltd (in this instance it is called an Investment Agreement but is essentially the same thing).

## Support Services

The 2003 Local Government Act provides the ability for the Council to enter into agreements for the supply of goods and services, by and to a LATC. The supply of goods, services and financial assistance must be made without subsidy. The legislation guides the Council to apply CIPFA definitions of total cost in calculating the cost of supplies made to a Trading company. This provides the ability to recover all costs in the organisation, including a proportion of all central overheads, depreciation, capital costs and pension back-funding. This wide definition allows significant overhead recovery in the provision of services to an LATC. The supply of goods and services calculated on this basis will be compliant with state aid legislation.

The arrangements for LATCs should seek to ensure that the overall cost base of the Group is not unnecessarily duplicated or increased as a result of any new arrangements. Therefore, SCC will provide services to an LATC where it is in a position to do so, where these services are fit for purpose for the business and support its strategy and can be supplied at a cost that is competitive. This is particularly important from a Group perspective where costs are relatively fixed, for example in the provision of payroll services where a substantial portion of the cost relates to the system.

## TUPE

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) protects employees when a business changes to a new owner and apply to “relevant transfers” which may occur in many situations, including service provision or contract changes. In these situations, the employment transfers, employment terms and conditions transfer, and continuity of employment is maintained.

The new employer is therefore required to provide the same terms and conditions to the staff concerned. Alternate provision can be made, e.g., a cash alternative to a lease car, but this alternate provision must be acceptable to the employee.

SCC is required to follow the provisions of the TUPE act. This will apply where a service is being transferred to a trading company, as occurred with the award of the commissioning contract for services to Surrey Choices. A LATC will additionally be required to follow TUPE provisions when taking over a service contract from another supplier – for example, as in the case for Hendeca Group in the provision of IT managed services previously supplied to the customer by another provider.

## Teckal

Procurement complications arise where the Local Authority creates a company to supply services that the LA wishes to continue to purchase – be those that were previously in-house or previously provided externally. The Council is not permitted to automatically purchase from a LATC company outside of normal EU procurement rules. The LATC is required to tender alongside other private sector suppliers.

Procurement issues in relation to the purchase of goods and services from a LATC were evaluated in the Teckal case. According to the 1999 Teckal judgement, public procurement rules do not apply to contracts if the control exercised by the contracting authority over the entity awarded the contract is similar to that which it exercises over its own departments and, if at the same time that entity carries out the essential part of its activities with the controlling authority. This judgement has now been codified into a new EU Directive and in UK Law by the Public Contract Regulations 2015.

SCC will need to ensure that arrangements comply when considering transferring activities to a trading company, assuming that the Council wishes to continue to purchase the services. The arrangements for Surrey Choices comply with these considerations.

A LATC falling within the Teckal exemptions will itself be required to comply with the EU public procurement rules, and therefore Surrey Choices is subject these procurement regulations.

### **Transfer Pricing / State Aid**

Transfer Pricing refers to the price at which divisions of a company or a group of companies transact with each other – the terminology relates to all aspects of inter-company financial arrangements. These arrangements have potential implications for the tax authorities since they can be used by multi-national corporations to move profits to countries with lower taxes. The UK has adopted principles of “arm’s length” in tax laws.

State Aid issues would apply where a LATC is established or provided with goods and services and financial assistance at a subsidy.

SCC will need to ensure that it steers an appropriate path or middle ground between issues of transfer pricing (in relation to tax) and those in relation to State Aid. The cost of goods and services and financial assistance (e.g., loans) supplied by the Council to an LATC will therefore be tested against the market to ensure that prices / rates can be justified on an arm’s length basis.



## SURREY COUNTY COUNCIL

## CABINET

DATE: 30 JANUARY 2024



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

LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR FOR RESOURCES (S151 OFFICER)

SUBJECT: 2023/24 MONTH 8 (NOVEMBER) FINANCIAL REPORT

ORGANISATION STRATEGY PRIORITY AREA: NO ONE LEFT BEHIND / GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT / TACKLING HEALTH INEQUALITY / ENABLING A GREENER FUTURE / EMPOWERED AND THRIVING COMMUNITIES / HIGH PERFORMING COUNCIL

<b>Purpose of the Report:</b>
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This report provides details of the Council's 2023/24 financial position, for revenue and capital budgets, as at 30th November 2023 (M8) and the expected outlook for the remainder of the financial year.

Regular reporting of the financial position underpins the delivery of all priority objectives, contributing to the overarching ambition to ensure No One Left Behind.

**Key Messages – Revenue**

- Local government continues to work in a challenging environment of sustained and significant pressures. **At M8, the Council is forecasting an overspend of £1.7m 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).
- The application of the contingency reduces the overall net forecast overspend position and enables Directorates to focus on maximising the opportunities to offset further risks of overspends, in order to contain costs within available budget envelopes.
- Alongside, the identification of these areas of focus, the Council has assessed the level of reserves, balancing the need to ensure ongoing financial resilience with the need to ensure funds are put to best use. The level of reserves held by the Council provides additional financial resilience should the residual forecast overspend not be effectively mitigated.

## Key Messages – Capital

- At month 8, capital expenditure of £267.4m is forecast for 2023/24, a variance of £0.9m less than the re-set budget of £268.3m. Further details are set out in paragraph 10.
- The capital pipeline budget includes £40m for Your Fund Surrey for 23/24 – 25/26, including an allocation available to each Councillor for the small project fund which enables them to support local small capital projects in their community. A whole range of projects have been funded from this scheme to date, including refurbishment of village halls, new pathways, community gardens, playgrounds and inclusive sports facilities. In order to build on this success, ensure the Council supports as many initiatives as possible and spread the fund more widely across the County, it is proposed the allocation to individual councillor is increased by an additional £50,000, to a total of £100,000. The increase will be contained within the overall budget allocation.

## Empty Properties

- In line with the empty property policy approved by Cabinet in November 2020, a submission has been received from Waverley Borough Council relating to the reimbursement of the Council's share of the additional council tax raised for specific years from implementing changes to empty homes policies (paragraph 7-8).

### Recommendations:

It is recommended that Cabinet:

1. Notes the Council's forecast revenue budget (after the application of the full contingency budget) and capital budget positions for the year.
2. Approves the Empty Homes proposal of £575,933 to Waverley Borough Council relating to 2022, outlined in paragraph 7 – 8.
3. Approves the increase to the Your Fund Surrey small project fund allocation for each individual councillor to £100,000.

### 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.

### Executive Summary:

1. At M8, the Council is forecasting a full year overspend of £1.7m against the revenue budget, an improvement of 0.2m since the M7 report. Table 1 below shows the forecast revenue budget outturn for the year by Directorate (further details are set out in Annex 1):

2. Table 1 - Summary revenue budget forecast variances as at 30th November 2023

	M8 Forecast £m	Annual Budget £m	M8 Forecast Variance £m
Adult Social Care	440.0	438.9	1.1
Public Service Reform & Public Health	37.9	38.1	(0.2)
Children, Families and Lifelong Learning	277.6	257.1	20.5
Environment, Transport & Infrastructure	155.0	153.8	1.3
Surrey Fire and Rescue	38.9	38.7	0.2
Customer & Communities	20.9	20.8	0.1
Resources	83.9	83.1	0.8
Communications, Public Affairs and Engagement	2.2	2.2	(0.0)
Prosperity, Partnerships & Growth	2.1	2.2	(0.1)
Central Income & Expenditure	45.3	47.4	(2.1)
Directorate position	1,103.9	1,082.2	21.7
Contingency	0.0	20.0	(20.0)
Corporate Funding	(1,102.2)	(1,102.2)	0.0
Overall	1.7	0.0	1.7

The £1.7m forecast overspend is made up of an overspend of £21.7m on Directorate positions, offset by the application of £20m contingency budget, as previously approved by Cabinet. The £21.7m underlying forecast overspend relates primarily to the following:

- **Adult Social Care - £1.1m overspend, unchanged** since last month. There is significant pressure on ASC's care package budget due to demand and market pressures and the forecast impact of assessed fees & charges debt across the year. An overall overspend of £6.2m is forecast on care packages, which is being partially mitigated by additional grant funding and underspends in other areas.

Within the latest position there is a £3.1m shortfall across efficiencies relating to strengths-based practice, demand management and changing care models, the delivery of which has been 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 - £20.5m overspend, unchanged** since last month. The issues affecting this budget are also seen in many county councils across the country and are due to number of factors:
  - A £4.7m 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. This is partly related to the tender of c30% of contracts, where prices have come in higher than budget.

The contracts are for three years, so although we are experiencing higher costs this year, it should enable some stability of costs in the next two years.

- A forecast overspend of £16.1m in social care placements for our children looked after. This is 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.
- Further risks remain for placements, with volatility in demand on services and prices paid. The current forecast assumes an increase in the use of in-house provision will be delivered by the end of the year.
- Legislative changes and matching of special guardianship rates to fostering child allowances results in a £1.7m pressure in 2023/24.
- Demand pressures within children with disability of £1.5m reflecting a continuation of the demand experienced in 2022/23.
- These pressures are partially mitigated by a net improvement on Unaccompanied Asylum Seeking Children budgets due to increased grant rates (£1.4m), underspends on in-house fostering due to a lower number of children supported through in-house foster carers (£1.1m) and reduced current capacity for in-house residential provision (£0.7m).
- **Environment, Transport & Infrastructure - £1.3m overspend, unchanged** since last month. Pressures include net £0.7m within Highways & Transport due to a range of items including additional staffing (including inspectors), reduced income related to the housing market and delays associated with the new approach to managing parking enforcement, partly offset by a concessionary fares saving and other highway savings; £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 have other pressures that are being monitored but are currently expected to be contained within the overall service budget envelope.
- **Surrey Fire and Rescue - £0.2m overspend, unchanged** since last month, due to a backdated national pay award agreed in March at a higher rate than budgeted for, partly mitigated by management of vacancies and savings through partnership working.
- **Resources - £0.8m overspend, unchanged** since last month. 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 Business Services and People & Change due to agency and restructure costs (£0.4m).

- **Public Service Reform and Public Health - £0.2m underspend, £0.2m movement since last month**, relating to recruitment delays within the Analytics & Insight team.
  - **Customer & Communities - £0.1m overspend, unchanged** since last month. 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.
  - **Central Income & Expenditure - £2.1m underspend, unchanged** since last month, relating to one-off additional business rate income from the Business Rates pool gain and additional grant income due to higher than forecast inflationary compensation.
3. In addition to the forecast overspend position, emerging risks and opportunities are monitored throughout the year. Directorates have additionally identified net risks of £17.3m, consisting of quantified risks of £18.1m, 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.

#### Dedicated Schools Grant (DSG) update

5. The table below shows the projected forecast year end outturn for the High Needs Block. The forecast at month 8 is in-line with the budget.

Table 2 - DSG HNB Summary

<b>2023/24 DSG HNB Summary</b>	<b>Budget £m</b>	<b>Forecast £m</b>
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
<b>Total expenditure</b>	<b>258.7</b>	<b>258.7</b>
DSG High Needs Block	(218.3)	(218.3)
<b>Deficit</b>	<b>40.4</b>	<b>40.4</b>

6. As reported in Month 7, the second monitoring report for the safety valve agreement in 2023/24 has been approved by the Department for Education, with a further £3m funding paid to SCC. The report confirmed that the Council remains on track with its agreed trajectory, although also noted continued pressures both within the system and through rising inflation. This brings 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 latest one made in December.

### Empty homes proposal

7. On the 24 November 2020, Cabinet approved the Empty Homes proposal, which is aimed at reducing the number of empty properties across the county. It allows District and Borough Councils who change their empty homes policies to qualify for reimbursement of SCC's share of the additional council tax raised. When setting the budget for 2020/21, our contribution to reserves included an allocation of funding set aside for re-imbursement relating to this proposal and this remains sufficient. The policy agreed in 2020 required any applications in excess of £500,000 to be approved by Cabinet before being dispensed. The application has been reviewed and is endorsed by the Section 151 and the portfolio holder.
8. An application has been received relating to 2022 from Waverley Borough Council requesting a total value of £575,933. Additional Council Tax was raised through these measures and the redistribution has been assumed within the budget for council tax income. This proposal consists of multiple projects investing in Greener Futures Initiatives across the borough such as leisure centre efficiency improvements and decarbonisation, as well as solar feasibility.

### Capital Budget

9. 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 £10m budgeted for Your Fund Surrey. After adjustments for 2022/23 carry forwards and acceleration, the revised budget was £326.4m.
10. 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. The re-set budget is **£268.3m**.
11. Capital expenditure of **£267.4m** is forecast against this budget, which represents a forecast variance of £0.9m (a decrease of £1.1m since month 7), as summarised below.

**Table 3 - Summary capital budget**

Strategic Capital Groups	Annual Budget	2023-24 Outturn Forecast at M8	M8 Forecast Variance	M7 Forecast Variance	Change from M7 to M8	Increase / Decrease / Unchanged
	£m	£m	£m	£m	£m	
<b>Property</b>						
Property Schemes	101.8	101.1	(0.7)	(0.1)	(0.6)	Decrease
ASC Schemes	1.6	1.6	0.0	0.0	0.0	Unchanged
CFLC Schemes	2.4	2.4	0.0	0.0	0.0	Unchanged
<b>Property Total</b>	<b>105.8</b>	<b>105.1</b>	<b>(0.7)</b>	<b>(0.1)</b>	<b>(0.6)</b>	Decrease
<b>Infrastructure</b>						
Highways and Transport	121.9	121.9	(0.0)	(0.0)	0.0	Increase
Infrastructure and Major Projects	15.9	15.6	(0.4)	(0.1)	(0.3)	Decrease
Environment	9.5	9.6	0.2	0.3	(0.1)	Decrease
Surrey Fire and Rescue	6.0	6.0	0.0	0.0	0.0	Unchanged
<b>Infrastructure Total</b>	<b>153.4</b>	<b>153.1</b>	<b>(0.2)</b>	<b>0.3</b>	<b>(0.5)</b>	Decrease
<b>IT</b>						
IT Service Schemes	9.2	9.2	0.0	0.0	0.0	Unchanged
<b>IT Total</b>	<b>9.2</b>	<b>9.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	Unchanged
<b>Total</b>	<b>268.3</b>	<b>267.4</b>	<b>(0.9)</b>	<b>0.2</b>	<b>(1.1)</b>	Decrease

12. The overall variance is attributable to the following:

- **Property Schemes - £0.7m variance under budget.** This is due to: accelerated spend on Looked After Children schemes (£2.4m), reflecting the acquisition of properties for care leavers accommodation; offset by slippage on Depots due to procurement and other delays (£2.3m); and £0.8m slippage on SOLD, as an alternative project is being developed. Costs will be capitalised once this project proceeds.
- **Infrastructure and Major Projects - £0.4m variance under budget** due to £0.7m slippage on Surrey Infrastructure Plan schemes, offset by forecast spend on other schemes which have been approved but are not yet reflected in the budget (£0.3m).
- **Environment Schemes - £0.2m variance over budget.** Acceleration is forecast on Surrey Flood Alleviation schemes (£0.2m). Additional funding has been approved for the 2023/24 Tree Planting Programme which is not yet reflected in the budget (£0.2m) and small acceleration on externally funded public right of way works. This is offset by slippage (£0.3m) on the Greener Homes LAD3 Sustainable Warmth scheme following confirmation of final delivery figures from the delivery partner.

**Consultation:**

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

**Risk Management and Implications:**

14. 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:**

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

#### **Section 151 Officer Commentary:**

16. 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.

17. 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.

18. 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:**

19. 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.

20. 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:**

21. 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.

22. 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.

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**What Happens Next:**

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23. The relevant adjustments from the recommendations will be made to the Council's accounts.

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**Consulted:**

Cabinet, Executive Directors, Heads of Service

**Annexes:**

Annex 1 – Detailed Outturn position

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## Detailed Revenue Outturn Position

## Annex 1

Service	Cabinet Member	Gross budget	Net budget	Forecast	Outturn variance
Family Resilience	C Curran	£58.4m	£58.4m	£59.2m	£0.8m
Education and Lifelong Learning	C Curran	£28.2m	£28.2m	£28.3m	£0.1m
Commissioning	C Curran	£69.6m	£69.6m	£74.4m	£4.8m
Quality & Performance	C Curran	£10.3m	£10.3m	£10.0m	(£0.3m)
Corporate Parenting	C Curran	£94.1m	£94.1m	£109.1m	£15.0m
Exec Director of CFLL central costs	C Curran	£-3.4m	£-3.4m	£-3.3m	£0.1m
<b>Children, Families and Lifelong Learning</b>		<b>£257.1m</b>	<b>£257.1m</b>	<b>£277.6m</b>	<b>£20.5m</b>
Public Health	M Nuti	£35.8m	£35.8m	£35.8m	£0.0m
Public Service Reform	D Lewis	£2.3m	£2.3m	£2.2m	(£0.2m)
<b>Public Health and PSR</b>		<b>£38.1m</b>	<b>£38.1m</b>	<b>£37.9m</b>	<b>(£0.2m)</b>
<b>Adult Social Care</b>	<b>S Mooney</b>	<b>£439.7m</b>	<b>£438.9m</b>	<b>£440.0m</b>	<b>£1.1m</b>
Highways & Transport	M Furniss	£67.1m	£67.1m	£67.8m	£0.7m
Environment	M Heath/ N Bramhall	£82.6m	£81.5m	£81.7m	£0.2m
Infrastructure, Planning & Major Projects	M Furniss	£2.8m	£2.8m	£2.9m	£0.1m
Planning Performance & Support	M Furniss	£1.9m	£1.9m	£2.1m	£0.2m
Emergency Management	K Deanus	£0.5m	£0.5m	£0.6m	£0.0m
<b>Environment, Transport &amp; Infrastructure</b>		<b>£154.9m</b>	<b>£153.8m</b>	<b>£155.0m</b>	<b>£1.3m</b>
<b>Surrey Fire and Rescue</b>	<b>K Deanus</b>	<b>£38.7m</b>	<b>£38.7m</b>	<b>£38.9m</b>	<b>£0.2m</b>
Armed Forces and Resilience	K Deanus	£0.1m	£0.1m	£0.1m	(£0.0m)
Communications	T Oliver	£2.1m	£2.1m	£2.1m	£0.0m
<b>Communications, Public Affairs and Engagement</b>		<b>£2.2m</b>	<b>£2.2m</b>	<b>£2.2m</b>	<b>(£0.0m)</b>
PPG Leadership	T Oliver	£0.3m	£0.3m	£0.3m	(£0.0m)
Economic Growth	M Furniss	£1.8m	£1.8m	£1.7m	(£0.1m)
<b>Partnerships, Prosperity and Growth</b>		<b>£2.2m</b>	<b>£2.2m</b>	<b>£2.1m</b>	<b>(£0.1m)</b>
Community Partnerships	D Turner-Stewart	£1.9m	£1.9m	£1.9m	(£0.0m)
Customer Services	D Turner-Stewart	£3.0m	£3.0m	£3.1m	£0.2m
Customer Experience	D Turner-Stewart	£0.5m	£0.5m	£0.5m	£0.0m
Cultural Services	D Turner-Stewart	£8.3m	£8.3m	£8.8m	£0.4m
Customer and Communities Leadership	D Turner-Stewart	£2.2m	£2.2m	£1.7m	(£0.5m)
Registration and Nationality Services	D Turner-Stewart	£-1.5m	£-1.5m	£-1.5m	(£0.0m)
Trading Standards	D Turner-Stewart	£1.9m	£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
<b>Customers and Communities</b>		<b>£20.8m</b>	<b>£20.8m</b>	<b>£20.9m</b>	<b>£0.1m</b>
Land & Property	N Bramhall	£26.4m	£25.1m	£25.4m	£0.3m
Information Technology & Digital	D Lewis	£20.2m	£20.2m	£20.2m	£0.0m
Twelve15	D Lewis	£-1.1m	£-1.1m	£-1.2m	(£0.1m)
Finance	D Lewis	£7.7m	£7.7m	£7.6m	(£0.1m)
People & Change	T Oliver	£7.8m	£7.8m	£8.1m	£0.2m
Legal Services	D Lewis	£5.9m	£5.9m	£5.9m	£0.0m
Joint Orbis	D Lewis	£6.2m	£6.2m	£6.2m	£0.1m
Democratic Services	D Lewis	£3.8m	£3.8m	£3.8m	£0.0m
Business Operations	D Lewis	£0.8m	£0.8m	£1.2m	£0.5m
Executive Director Resources (incl Leadership Office)	D Lewis	£3.5m	£3.5m	£3.6m	£0.1m
Corporate Strategy and Policy	D Lewis	£1.2m	£1.2m	£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
<b>Resources</b>		<b>£84.3m</b>	<b>£83.1m</b>	<b>£83.9m</b>	<b>£0.8m</b>
<b>Central Income &amp; Expenditure</b>	<b>D Lewis</b>	<b>£47.4m</b>	<b>£47.4m</b>	<b>£45.3m</b>	<b>(£2.1m)</b>
<b>Directorate position</b>		<b>£1,085.4m</b>	<b>£1,082.2m</b>	<b>£1,103.9m</b>	<b>£21.7m</b>
<b>Contingency</b>	<b>D Lewis</b>	<b>£20.0m</b>	<b>£20.0m</b>	<b>£0.0m</b>	<b>(£20.0m)</b>
<b>Corporate Funding</b>			<b>£-1,102.2m</b>	<b>£-1,102.2m</b>	<b>£0.0m</b>
<b>Overall</b>		<b>£1,105.4m</b>	<b>£0.0m</b>	<b>£1.7m</b>	<b>£1.7m</b>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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