



Agenda and Reports  
for the Budget meeting of  
**THE COUNTY COUNCIL**  
to be held on  
**4 FEBRUARY 2025**

(i)

Woodhatch Place  
Reigate  
Surrey

Monday, 27 January 2025

TO THE MEMBERS OF SURREY COUNTY COUNCIL

## **SUMMONS TO MEETING**

You are hereby summoned to attend the meeting of the Council to be held at Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF, on Tuesday, 4 February 2025, beginning at 10.00 am, for the purpose of transacting the business specified in the Agenda set out overleaf.

TERENCE HERBERT  
Chief Executive

**Note 1:** *For those Members wishing to participate, Prayers will be said at 9.50am. The Reverend Dr Robert Kenyon, St Katharine's church, Merstham, has kindly consented to officiate. If any Members wish to take time for reflection, meditation, alternative worship or other such practice prior to the start of the meeting, alternative space can be arranged on request by contacting Democratic Services.*

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

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

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

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

**If you would like a copy of this agenda or the attached papers in another format, e.g. large print or braille, or another language, please email Amelia Christopher on [amelia.christopher@surreycc.gov.uk](mailto:amelia.christopher@surreycc.gov.uk)**

**This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Amelia Christopher on 07929 725663 or via the email address above.**

## 1 APOLOGIES FOR ABSENCE

The Chair to report apologies for absence.

## 2 MINUTES

(Pages 9  
- 58)

To confirm the minutes of the meetings of the Council held on 10 December 2024 and 8 January 2025 (Extraordinary).

## 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 CHAIR'S ANNOUNCEMENTS

### Welcome

Following the Extraordinary Council meeting in January, I welcome you all to our first scheduled Council meeting of 2025. Despite January often being associated with doom and gloom, it has been a very eventful and positive start to the year.

### King's New Year Honours List

Surrey has seen a remarkable number of its residents recognised in the King's New Year Honours List for 2025. The volume of awards highlights the county's strong commitment to excellence and public service, showcasing the impact of its residents on both local and national levels.

I extend my heartfelt congratulations and gratitude to all the honourees. Your dedication and contributions to various fields have made a significant impact, and we thank you for your service. It is truly inspiring to see so many people from Surrey being honoured for their hard work and dedication.

You can find a full list of all award winners via The Gazette Official Public Record.

## **Chair's Visits**

**Surrey's Fostering Event:** I attended Surrey's Fostering Annual Winter Event, it was a privilege to celebrate the enormous contribution our foster carers make to the lives of Surrey's Looked After Children. We recognised carers who have reached specific milestones in their fostering careers and provided an opportunity for them to come together and socialise with other foster carers.

**Installation of Dean of Guildford:** I was honoured to attend the installation and welcome of the Dean of Guildford, The Venerable Bob Cooper. Bob brings extensive experience and a passion for community engagement. He will lead the cathedral's mission, ensuring it continues to be a beacon of faith, outreach, and cultural enrichment in Guildford and beyond. I wish the Dean every success in his new post.

**Jewish Commemoration & Reconciliation Day:** I joined the Mayor of Guildford and the Lord Bishop of Guildford to mark the 750th Anniversary of the expulsion of the Jews of Guildford. The day was dedicated to recommitting ourselves to diversity, freedom of religion, and belief, especially in this time of surging antisemitism and Islamophobia.

## **Chair's Events**

**Community Champions Reception:** I would like to thank the Members who nominated residents who do exceptional work in their districts for the Community Champion Reception set to take place this Spring. My office will be in touch in due course, and I very much look forward to recognising, thanking, and celebrating each and every worthy individual.

**Holocaust Ceremony:** This year, for the first time, we held the Holocaust ceremony at the Surrey History Centre in Woking. I was joined by guest speakers, Holocaust survivor Ted Truscoe, our very own Paul Deach, and Rabbi Alex Goldberg in the lighting of the candle. This year's theme, "For a Better Future" was at the forefront, encouraging us to learn from the past and consider what we can do to create a better future. We focused on bringing people together to reflect, speak up against Holocaust and genocide denial and distortion, challenge prejudice, and encourage others to learn about the Holocaust and recent genocides. The ceremony was complemented by an exhibition open to the community to honour the memory of the Holocaust victims.

## **As always – thank you!**

I would like to extend my heartfelt gratitude to all Members for their unwavering dedication and hard work. Your commitment to improving our community is truly inspiring and deeply appreciated.

**5 2025/26 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2029/30** (Pages 59 - 200)

Council is asked to approve the 2025/26 Final Budget and Medium-Term Financial Strategy to 2029/30.

- Leader's Statement (Budget) - *to be appended to the minutes.*

There will be an opportunity for Members to ask questions and/or make comments.

**6 APPROVAL OF COUNTY COUNCILLOR ABSENCE** (Pages 201 - 202)

The purpose of this report is to request that the County Council considers whether to agree that County Councillor David Lewis (Camberley West) be absent from Council meetings by reason of ill health.

**7 APPOINTMENT OF COMMITTEES**

**Recommendation:**

Council is asked to note the Leader's appointment of David Lewis (Cobham) as the Chairman of the Strategic Investment Board.

**8 MEMBERS' ALLOWANCES ANNUAL ADJUSTMENT** (Pages 203 - 222)

To agree the annual adjustment to Members' Allowances for the financial year 2025-2026.

**9 UPDATED HEALTH GOVERNANCE ARRANGEMENTS** (Pages 223 - 254)

This report seeks to inform Council of recent changes to Health Governance arrangements in Surrey and asks it to note the Memorandum of Understanding between Surrey County Council and Surrey Heartlands Integrated Care Partnership and approve the revised Health and Wellbeing Board Terms of Reference.

**10 MEMBERS' QUESTION TIME**

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

***(Note: Notice of questions in respect of the above item on the agenda must be given in writing, preferably by e-mail, to Democratic Services by 12 noon on Wednesday 29 January 2025).***

**11 STATEMENTS BY MEMBERS**

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

***(Note: Notice of statements must be given in writing, preferably by e-mail, to Democratic Services by 12 noon on Monday 3 February 2025).***

**12 REPORT OF THE CABINET**

To receive the report of the meetings of the Cabinet held on 17 December 2024, 8 January 2025 (Extraordinary) and 28 January 2025.

*(Note: report to follow)*

**13 MINUTES OF CABINET MEETINGS**

(Pages  
255 -  
272)

Any matters within the minutes of the Cabinet's meetings, and not otherwise brought to the Council's attention in the Cabinet's report, may be the subject of questions and statements by Members upon notice being given to Democratic Services by 12 noon on Monday 3 February 2025.

*(Note: 28 January 2025 Cabinet minutes to follow)*

**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

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**MINUTES OF THE MEETING OF THE COUNTY COUNCIL HELD AT  
WOODHATCH PLACE, 11 COCKSHOT HILL, REIGATE, SURREY, RH2 8EF,  
ON 10 DECEMBER 2024 COMMENCING AT 10.00 AM, THE COUNCIL BEING  
CONSTITUTED AS FOLLOWS:**

Saj Hussain (Chair)  
Tim Hall (Vice-Chair)

Maureen Attewell	Eber Kington
Ayesha Azad	Rachael Lake BEM
Catherine Baart	Victor Lewanski
Steve Bax	David Lewis (Cobham)
John Beckett	* David Lewis (Camberley West)
Jordan Beech	Scott Lewis
Luke Bennett	Andy Lynch
* Amanda Boote	Andy MacLeod
Dennis Booth	Ernest Mallett MBE
Harry Boparai	Michaela Martin
Liz Bowes	Jan Mason
Natalie Bramhall	Steven McCormick
Helyn Clack	Cameron McIntosh
Stephen Cooksey	* Julia McShane
Clare Curran	Sinead Mooney
Nick Darby	* Carla Morson
Fiona Davidson	Bernie Muir
Paul Deach	Mark Nuti
Kevin Deanus	John O'Reilly
Jonathan Essex	Tim Oliver OBE
Robert Evans OBE	* Rebecca Paul
r Chris Farr	George Potter
Paul Follows	Catherine Powell
* Will Forster	Penny Rivers
John Furey	John Robini
Matt Furniss	Becky Rush
Angela Goodwin	Joanne Sexton
Jeffrey Gray	Lance Spencer
David Harmer	Lesley Steeds
Nick Harrison	r Mark Sugden
Edward Hawkins	Richard Tear
Marisa Heath	r Ashley Tilling
r Trefor Hogg	Chris Townsend
Robert Hughes	Liz Townsend
Jonathan Hulley	Denise Turner-Stewart
Rebecca Jennings-Evans	Hazel Watson
Frank Kelly	Jeremy Webster
Riasat Khan	Buddhi Weerasinghe
Robert King	Fiona White
	Keith Witham

\*absent

r = Remote Attendance

#### **78/24 APOLOGIES FOR ABSENCE [Item 1]**

Apologies for absence were received from Amanda Boote, Chris Farr (remote), Will Forster, Trefor Hogg (remote), David Lewis (Camberley West), Julia McShane, Carla Morson, Rebecca Paul, Mark Sugden (remote), Ashley Tilling (remote).

#### **79/24 MINUTES [Item 2]**

The minutes of the meeting of the County Council held on 8 October 2024 were submitted, confirmed and signed.

#### **80/24 DECLARATIONS OF INTEREST [Item 3]**

There were none.

#### **81/24 CHAIR'S ANNOUNCEMENTS [Item 4]**

The Chair:

- Noted that prior to the meeting the Council witnessed the re-signing of the Armed Forces Covenant.
- Noted that his full announcements could be found in the agenda.

*Bernie Muir and Harry Boparai arrived at 10.04 am.*

#### **82/24 LEADER'S STATEMENT [Item 5]**

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

Members raised the following topics:

- Wished all a Happy Christmas and all the best for 2025.
- Asked what change Surrey would face regarding local government reorganisation, whether he had met with the Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government.
- Asked whether the Leader could confirm that the Surrey local elections would proceed in May 2025 as planned.
- Noted that the draft budget highlights that vulnerable groups in Surrey would be most affected, the Council continued to leave them behind.
- Stressed that the Council must work efficiently and effectively with partners, funding the necessities, supporting early intervention and prevention to prevent further escalation of demand on statutory services.
- Noted that despite facing similar challenges, the narrative by officers at the Adults and Health Select Committee was on working in partnership, embracing technology, enabling and empowering people to live their best lives; whilst the narrative at the Children, Families, Lifelong Learning and Culture Select Committee was on Surrey's statutory responsibilities.
- Noted that having met a group of local secondary school pupils and parents suffering from anxiety, parents struggled to keep their children alive; was working on practical local support ideas.
- Welcomed the increased focus on early intervention and prevention, however much of that was signposting, no additional funding was going to charities or voluntary sector organisations.

*Ayesha Azad arrived at 10.21 am.*

- Noted that reception teachers faced difficulties around Covid-19 babies and developmental delays and behavioural challenges.
- Noted that service users valued the Digital Demand Responsive Transport (DDRT) service; questioned the financial sustainability of its expansion and if it should be a priority when the Council removed some non-statutory transport.
- Noted that the removal of the Local Committees was a mistake, services with the districts and boroughs needed to be properly integrated.
- Noted the need to move to a mindset of continuous improvement, not transformation, errors must be reviewed and changes made quickly.

*Maureen Attewell and Sinead Mooney arrived at 10.23 am.*

- Called for the Council to reset how it works with the voluntary, community and faith sector, they needed buildings and control over those.
- Noted that some services would be lost through the Council's strategy of taking control of Surrey-owned buildings being used successfully for Youth Services.
- Commended the projects funded through Your Fund Surrey, however in the financially challenging times, capital spend must focus on the necessities.
- Welcomed the re-signing of the Armed Forces Covenant, had seen first-hand the need to support serving armed forces personnel, veterans and their family.
- Had taken part in a recent select committee call-in process, which voted to refer the decision and the questions regarding the lack of evidence in decision-making back to the Cabinet, where it was only considered briefly.
- Noted that good decision-making must be evidence-based and original motions should be debated by all Members at Council meetings.
- Noted that the leaders of Surrey's councils had met and discussed the Council's lack of consultation on the cuts to the Family Support Programme.
- Noted that the worst outcome for Surrey from local government reorganisation would be to have a single unitary authority, collaborative working was needed to review the options, resisting further powers without financial support to deliver those and any changes must be alongside local government's finance reform.
- Welcomed that the new Government was taking the matter seriously, however it did not appear that it grasped the issue of local government funding, urged the Leader to continue to work with the borough and district councils on the matter.
- Noted that 'no one left behind' was not the current reality, those vulnerable people required support more than ever.
- Noted the increase from the Chancellor of the Exchequer in the budget of an extra £1.3 billion for local government, asked how much Surrey would receive.
- Noted that the Government sought to fix the basics so that local government could focus on its priorities, deliver for its residents and provide high-quality and vital frontline services.
- Noted that having the eleven borough and district councils, and the Council, and over 1,000 councillors including the town and parish councils was not necessarily the best way to deliver services; welcomed a review.
- Asked whether there had been discussions regarding an elected mayor, would they cover just Surrey or neighbouring authorities; asked whether the Leader was in favour of having a single unitary authority or multiple.
- Commended the Stars in Surrey Awards, which paid tribute to the hard work of those who deliver services in the county.
- Welcomed the Leader's desire for greater devolution and democratic accountability in health.

- Noted that the English Devolution Bill was rumoured to impose mayoral authorities on large local council areas, devolution would weaken councils' planning powers, blaming them for being blockers despite the lack of funding from the previous government holding back social housing development.
- Asked the Leader to confirm his support with the borough and district councils to keep democracy as local as possible; if unitaries are imposed queried what would the maximum size be for Surrey that the administration would support.
- Asked for new bus routes, noting the extra money in the draft budget.
- Asked how the new Family Support Programme compared in size to the former programme in terms of the number of families supported.
- Understood that funding regarding climate change was planned to be reduced, asked whether the Council could instead continue to lead the way and direct those resources into other areas of carbon reduction.
- Praised the team for undertaking the Redhill Library repair work and asked whether there had been any discussions with Reigate and Banstead Borough Council to collaborate on the matter.
- Noted that the draft budget yet again notes that last year's efficiencies had not been achieved in-year so larger savings were needed.
- Noted that despite being determined to improve services, parents of young people with Special Educational Needs and Disabilities (SEND) were not adequately being supported and those young people were being failed, there were high successful appeal rates against the Council's decisions.

#### **83/24 APPROVAL OF COUNTY COUNCILLOR ABSENCE [Item 6]**

The Chair introduced the report.

##### **RESOLVED:**

That Councillor Mark Sugden continues to be absent from meetings until March 2025 by reason of ill health. The Council looks forward to welcoming him back in due course.

#### **84/24 SURREY COUNTY COUNCIL - ELECTORAL REVIEW: FINAL REPORT [Item 7]**

The Chair introduced the report.

##### **RESOLVED:**

1. Noted the final recommendations of the electoral review process.
2. Recognised the efforts of the cross-party task group in shaping SCC's response.
3. Noted that the new county division boundaries will come into effect in May 2025.

#### **85/24 APPOINTMENT OF INDEPENDENT PERSONS [Item 8]**

The Chair introduced the report.

##### **RESOLVED:**

1. Formally noted its thanks to the two retiring Independent Persons following the end of their term of office.
2. Appointed Belinda Knight and Dean Spears as Independent Members for a four-year term.

## 86/24 MEMBERS' QUESTION TIME [Item 9]

### Questions:

Notice of twenty-six questions had been received. The questions and replies were published in the second supplementary agenda (items 9 and 11) on 9 December 2024.

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

**(Q1) Mark Sugden** asked the Cabinet Member whether funds were being set aside in the draft budget to enable a second weed spray should it be necessary.

The Cabinet Member for Highways, Transport and Economic Growth confirmed that there was sufficient budget available for a second weed spray if required.

**(Q2) Tim Hall** thanked the Cabinet Member, and various transport teams for their help regarding matters in his division. He asked how Members could engage with the future bus delivery grant and other money available.

The Cabinet Member for Highways, Transport and Economic Growth noted that the Council was lucky to receive the amount of money allocated by the Government for bus improvement, he requested that Members let himself or the team know about any improvements they would like to see. He noted that the Council was launching its next generation of electric vehicle (EV) buses with Falcon Buses, the Government supported the acceleration of further EV and hydrogen buses and the Council sought to increase funding. Regarding the £50 million funded by the Council, the Government was looking to provide funding and recognised that the Council was leading on decarbonising its bus network. It was disappointing that the bus cap would rise to £3 from £2, that would add around £500 or more to a regular commuter's journey annually. Over 75% of bus trips in Surrey were made with the bus cap.

**(Q3) Robert Evans OBE** asked whether the Cabinet Member could review the form's wording as it was insensitive to people with disabilities and have a bay outside their home. More appropriate wording would be whether there was any change in their circumstances.

The Cabinet Member for Highways, Transport and Economic Growth confirmed that the wording would be reviewed.

**(Q4) Catherine Powell** noted that if the Multi-Disciplinary Team Panel database was operated by the Council but did not record panel attendees or the information shared at the panel, she asked whether that information was stored elsewhere. Queried that to be transparent and ensure high-quality decision-making, the experts involved and what information they used to make their decisions should be known.

The Cabinet Member for Children, Families and Lifelong Learning noted that she did not have the details of the operational arrangements regarding the panels but would liaise with officers and would provide a written response.

**(Q5) Hazel Watson** asked the Cabinet Member how long individual properties had been held vacant for.

**Jonathan Essex** asked whether the revenue costs included the business rates incurred on the empty property and to confirm how much that was.

**George Potter** asked what the total book value of the sixty sites planned for disposal was.

The Cabinet Member for Property, Waste and Infrastructure confirmed that she would provide the list of those vacant properties, that the revenue costs included business rates, and noted that the total Red Book valuation was different from what the Council could achieve on the open market and she would arrange for that confidential information to be provided.

**(Q6) Lance Spencer** noted that the Care Quality Commission found that families felt stressed and angry due to inconsistent support and noted the system was difficult to navigate. Considering the budget reductions in the area, he asked whether the Cabinet Member could provide hope to families of a better future.

The Cabinet Member for Children, Families and Lifelong Learning welcomed the Government Minister's announcement that there would be more money for schools and councils and for the SEND system; however the implications were unknown. She noted that the SEND Transformation Programme aimed to deliver better services for families and children with Additional Needs and Disabilities. She noted the systemic challenge of parents finding it difficult to navigate the system, the Council was committed to providing better communications with families, ensuring that they are clearer about the process and are engaged throughout their child's journey.

**(Q7) Stephen Cooksey** asked the Cabinet Member to explain why the project's development costs were not estimated more accurately before the scheme was agreed and planning permission sought, and what costs had been accrued in developing the now abandoned scheme. He asked why local Members were not notified of such major changes or why those decisions were not discussed with them.

**Hazel Watson** noted that in line with the Council's new responsibility for Adult Education, she asked whether the Council would consider reopening the former Adult Education Centre to meet the lack of provision in Dorking.

The Cabinet Member for Property, Waste and Infrastructure explained that Land and Property operated on behalf of the services, concerns regarding service provision would be better directed to the Cabinet Member for Adult Social Care.

**(Q8) Liz Townsend** noted that the building in Cranleigh had been empty for nearly ten years, for the past four years she had asked about its future and was told that the plans were confidential. She asked the Cabinet Member to confirm why residents could not now be told what the Council was proposing on the site.

**Edward Hawkins** asked whether demolition should be considered pending further investigations and approval on the site.

The Cabinet Member for Property, Waste and Infrastructure requested that Liz Townsend address her question directly to the service. She noted that she would liaise with the relevant Executive Director to consider the demolition suggestion.

**(Q9) Steven McCormick** noted that he had tabled a similar motion to the Council meeting at Epsom and Ewell Borough Council, and had made good progress locally engaging with the Epsom Business Improvement District. He asked the Cabinet Member

whether meetings could be set up in the new year to review progress and produce actions on the motion agreed at October's Council meeting.

The Cabinet Member for Highways, Transport and Economic Growth explained that further details would be provided in the new year, he would ensure that a meeting would be set up in January.

**(Q10) Catherine Baart** asked the Cabinet Member why those six pilot zones were selected and what basis those were selected, what questions were hoped to be answered through those pilots and what the timescale was.

**Tim Hall** lobbied the Cabinet Member for Fetcham to Leatherhead to be added, it had been around eighteen months since his site visit.

The Cabinet Member for Highways, Transport and Economic Growth noted that he was happy to consider additional areas. He noted that funding was from the Government's Active Travel department or the Community Infrastructure Levy (CIL), it would be good if Mole Valley District Council could release some CIL funding. He explained that the six zones had local political support, and there were plans in place to implement those. The pilots sought to demonstrate that the concept works and for the teams to learn about how to implement the schemes, and to see what works and what does not. He was happy to arrange a meeting with the team if Catherine Baart sought further analysis and lessons learned.

**(Q11) Jonathan Essex** thanked the Cabinet Member for recognising the need for capacity improvements to Redhill Bus Station. Asked whether he would agree to meet with him, Network Rail and Reigate and Banstead Borough Council to see what could be done.

The Cabinet Member for Highways, Transport and Economic Growth responded yes.

**(Q12) Robert Evans OBE** referred to the 27,000 young people between 16 and 18 years old in Surrey for which their activity was not known, noting that if the age range was increased to 21 or 25 years it could be more. He asked what the Cabinet Member would do to address the situation and improve young people's life chances.

The Cabinet Member for Children, Families and Lifelong Learning noted that she had been in contact with the service about the relatively high numbers of those young people, after Christmas that number would decrease. Figures had been provided for young people aged 16 and 17 as they were classed as children. However, regarding Looked After Children and children with EHCPs, their destinations were monitored through the Virtual School or via the pathway into adulthood. She noted that the Council had a duty to prevent young people becoming Not in Education, Employment or Training (NEET). There was a Year 11 transition service which provides targeted support for those at risk of becoming NEET. Post-16 years, support was offered to Care Experienced young people. She noted the Government Minister's announcement of a new National Youth Strategy which includes additional money for additional youth facilities and buildings, and the creation of a Youth Guarantee. She noted the Council's Skills Strategy and Lifetime of Learning Strategy.

**(Q13) Catherine Powell** asked the Cabinet Member to advise when the review would be completed next year and whether there had been an allowance in the budget to address the requirements to change services and facilities to adapt for climate change, and whether it would need to be taken out of contingency or reserves.

The Cabinet Member for Environment noted the work underway looking at the risk the Council faces from climate adaptation, that included reviewing the anticipated financial impact and prioritising it - flooding was a priority. Regarding trees, she noted that the Council has a legal duty to keep people safe and asked the Member to inform her of danger areas; addressing Ash dieback had been resource intensive. She acknowledged that wetter weather would cause trees to be more unstable and that needed to be a focus. The approach would be outlined in April or May 2025.

**(Q15) Lance Spencer** asked whether the Cabinet Member was disappointed by the decision to reduce the resources and whether she would agree that would threaten the delivery of net zero by 2050.

The Cabinet Member for Environment noted that she did not want budget cuts but that was the reality. She acknowledged that reaching net zero would be difficult for the Council, and the district and borough councils; there were large challenges ahead and she committed to undertake a piece of work to address those. The biggest challenge was government funding and she welcomed future funding.

**(Q17) Liz Townsend** welcomed the approach taken regarding small cell networks using public assets and hoped that the Council would provide support for the pilot in Godalming and Cranleigh. She noted that the response overlooked the fact that digital connectivity included wider mobile phone coverage, there was a lack of understanding of the issues experienced in rural areas and the infrastructure required. She asked whether the response implied that residents in her division were facing a future of no or very limited coverage; and why the £4.5 million in Local Enterprise Partnership funding had not been used to improve the necessary service.

The Cabinet Member for Highways, Transport and Economic Growth noted that Rt Hon Jeremy Hunt MP was undertaking work in the division regarding mobile phone signal coverage, he suggested that the Member liaise with the MP.

**(Q18) Steven McCormick** had no supplementary question.

**John O'Reilly** asked whether the Cabinet Member and Leader would lobby the Government to take action to allow councils to enforce against vehicles blocking and obstructing pavements.

The Cabinet Member for Highways, Transport and Economic Growth noted that he would re-circulate the letter he wrote to the Government following the October Council meeting. He explained that the Government was still considering the matter. He noted that the Council would continue to press them for those enforcement powers.

**(Q21) Catherine Powell** welcomed that the gap in data was being collected and mapped on Surrey's Geographic Information System (GIS) system. She asked the Cabinet Member whether the Council could request data on sustainable drainage systems (SuDS) associated with new developments in a GIS compatible format. She asked whether officers could capture culverts and soakaways that were not currently mapped on the Surrey GIS system. She asked whether a dedicated email could be set up for local Members to provide information on lost infrastructure.

The Cabinet Member for Environment would ask the team to pick up on reporting the wet spots regarding the SuDS, she would liaise with the team regarding local Member information and check whether they could do that.



**(Q22) Steven McCormick** referred to those impacted teaching assistants and residents, and sought assurance from the Cabinet Member that no one would be out of pocket from the global system update implemented by Unit4, which caused the system-wide outage in November.

The Cabinet Member for Finance and Resources noted that the problems experienced due to November's upgrade were regrettable, the team had thoroughly tested the changes in advance, the issues were down to Unit4. He noted that there was some disruption at the start of the week after the upgrade, work was underway to stabilise the system. He was not aware that residents would be out of pocket as a result, there were robust processes in place and compensation available.

**(Q23) Catherine Baart** asked the Cabinet Member why there were two systems for measuring distance to schools, as the Stage Two Home to School Transport Panels received cases from parents who thought their child was going to the nearest school but could not have transport because it was not their nearest school under the Council's policy. She asked the Cabinet Member to review the information on the website to make sure it was clear to help such parents.

The Cabinet Member for Children, Families and Lifelong Learning explained that there were two systems because school admissions was governed by the School Admissions Code, and Home to School Transport eligibility was set out in home to school transport legislation. She noted that the Council tried to make the explanation as clear as possible on its website. She reminded Members that they agreed that Stage Two appeals panels would always have Member representation on them. She noted that there were not enough available Members to ensure those take place within the statutory timescales, she encouraged Members to be available to attend.

**(Q25) Catherine Baart** asked the Cabinet Member whether more detailed guidance was provided to the Council's contractors taking into consideration Natural England's guidance on hedges.

The Cabinet Member for Highways, Transport and Economic Growth noted that he would provide a written response.

#### **Cabinet Member and Deputy Cabinet Member Briefings:**

These were also published in the second supplementary agenda on 9 December 2024.

Members made the following comments:

**Deputy Leader and Cabinet Member for Customer and Communities:** on the transformation of the Council's libraries, **John O'Reilly** asked whether she would agree that had been exceptional and he welcomed the upgrade of Hersham Library.

The Deputy Leader and Cabinet Member for Customer and Communities acknowledged the positive feedback on the library service, a briefing had been circulated to highlight the work to Members of the exceptional work underway in transforming the fifty-two libraries. She noted that the Council had previously considered rationalising its libraries and had fiercely defended those, the Council was now creating central hubs in every borough and district, investing across localities. She commended Land and Property and the Cabinet Member for Property, Waste and Infrastructure for their work.

The **Chair** highlighted the success of the libraries' extended opening hours and other offerings, there had been a good uptake on using library spaces.

**Edward Hawkins** on Your Fund Surrey, he asked the Deputy Leader and Cabinet Member whether she was aware of how pleased residents in his division were regarding those contributions to help create a safe environment for school children and the works on the community centre. He thanked the officers for their work.

The Deputy Leader and Cabinet Member thanked the Member for his determination in recognising a local situation that affected many children and families and using that funding and working closely with the officers to find a solution. She noted the importance of creating that additional funding to ensure that each division benefits from the opportunity to work with the communities and to address their needs.

**Chris Townsend** thanked the senior manager in libraries for her work.

**Deputy Cabinet Member for Children, Families and Lifelong Learning:** on youth centres, **Chris Townsend** asked when the meeting would take place with youth centres to understand those that were working well and those that were not.

The Deputy Cabinet Member for Children, Families and Lifelong Learning noted that the Director - Family Resilience and Safeguarding was planning to meet all the providers of the youth centres and she would follow that up and look for a date.

**Cabinet Member for Highways, Transport and Economic Growth:** on the implementation of the School Street on Bullers Road, **Catherine Powell** asked him to confirm whether the planned in person meeting and briefing with residents to show them the software at least a month before it is implemented, would take place.

The Cabinet Member noted that he would talk to the team and set a date.

**Catherine Baart** on Local Transport Plan (LTP4) and Vision Zero, she asked whether an update could be provided in his next Cabinet Member Briefing.

The Cabinet Member noted that he was happy to provide that update. He noted that Vision Zero was launched last week as a partnership with Surrey Highways, Surrey Police, Surrey Fire and Rescue Service, and National Highways; Surrey Police was supportive and demonstrated the new equipment they would use including the average speed camera.

**Fiona Davidson** on the Guildford E-Bike Share Scheme, she noted that the Council had invested over £1 million in the scheme and asked the Cabinet Member to explain why the Council allowed a new E-Bike model which the supplier acknowledged was less secure than the older model. She asked who was holding the supplier to account for the inadequate security of the new model, the issue was down to vandalism.

The Cabinet Member noted that the issue was being addressed with the contractor, it was unfortunate that the model had a flaw. He noted that the bikes were being upgraded at no cost to the Council, the Council provided capital to fund it through the winter, it was not paying revenue contribution. One journey per bike was expected, currently there were three or four journeys a day per bike which was a success.

**Cabinet Member for Property, Waste and Infrastructure:** the progress made on SEND provision was welcomed, **Edward Hawkins** on acquisitions and disposals and the targeting of £26 million of capital receipts, asked whether the Council was on track with those by 31 March 2025. He asked to be kept informed of the transfer of land

concerning Lakeside Frimley.

The Cabinet Member would ask the Cabinet Member for Children, Families and Lifelong Learning to provide the Member with a written update on Lakeside Frimley. She noted that regarding disposals, the Council was on track and had £150 million of capital receipts, recent decisions had been taken on £9.1 million of capital receipts.

**Deputy Cabinet Member for Highways:** he thanked Ringway for its hard work over the weekend as there was exceptional weather and it had dealt with numerous emergencies, 230 fallen trees were cleared and 37 jobs were outstanding.

**Deputy Cabinet Member for Strategic Highways:** on signs, **Robert Evans OBE** asked whether that included road signs cleaning, there were many signs across Surrey which were dirty and were affected by overgrown vegetation.

The Deputy Cabinet Member confirmed that was included in his portfolio, he outlined the work underway in implementing the Task and Finish recommendations. In 2023/24 the Council provided £3.5 million in revenue, that included removing signs and cleaning those. In 2024/25 the Council provided £5.5 million in revenue to do that work plus refreshing the road lines and to implement FixMyStreet.

#### **87/24 STATEMENTS BY MEMBERS [Item 10]**

George Potter noted that in November, the Cabinet decided not to proceed with the proposed London Road walking and cycling scheme in Guildford. He commented on the governance around how the decision was made and noted the very brief consideration by the Cabinet of the referral from the Communities, Environment and Highways Select Committee.

Jonathan Hulley noted Your Fund Surrey's four-year anniversary and highlighted two recipients of the Small Community Projects Fund. Firstly, Lyne community near Chertsey had benefited from a new community pavilion on the village green. Secondly, White Lodge Centre near Saint Peter's Hospital delivered services and support to children and adults for a range of disabilities, funding helped deliver improvements to their pathways. He thanked the Council's Community Investment team for its work in allocating the funding.

Trefor Hogg stressed that vacant and abandoned retail properties damaged communities and local economies, there were many small businesses or community organisations that would want to rent such properties if the rent was affordable. He welcomed the Rental Auctions Regulations which came into law on 2 December 2024.

Buddhi Weerasinghe highlighted Spelthorne Litter Pickers, a group of over 1,000 residents who work to keep the community green and clean; they received The King's Award for Voluntary Service for 2024. He urged Members to honour their contributions and encourage others to join them in building a lasting, cleaner and greener earth for all.

Joanne Sexton noted that residents in 2021 raised concerns about the safety of Feltham Road. She had arranged a meeting with residents, officers and Surrey Police where the road's history of collision and serious injuries were acknowledged, it was agreed that action needed to be taken to protect residents. She commended the officers for their work in developing a scheme which would improve safety and the quality of the life of residents.

Catherine Powell read out a statement on behalf of a head teacher at a local school, whereby since Unit4/MySurrey's introduction Surrey schools faced issues and changes created additional work for them. She highlighted the slow or non-existent response from Surrey payroll when issues surfaced. Schools were forced to sign up to the system without consultation, she had requested compensation or removal of the Service Level agreement Charge until the system runs properly.

The Leader asked the Monitoring Officer to review Standing Order 9.1 of the Constitution regarding Member statements being put without the right of reply which was unfair when there are allegations or comments about Members. The Monitoring Officer urged Members to be mindful of their comments made about others, to abide by the Code of Conduct and Nolan Principles; Members could raise Points of Order.

A Member raised a Point of Order under Standing Order 9.1 noting that it clearly stated that Member statements must be on a matter that the Council has powers, the statements made by Members above were in line with that. The Member also noted that a review of the Standing Orders was needed around the Chair's ability to control the meeting.

## **88/24 ORIGINAL MOTIONS [Item 11]**

The Chair noted that under Standing Order 11.5, in consultation with Group Leaders he would reorder the motions and take the motion standing in the name of Jonathan Essex (11ii) last.

### **Item 11 (i)**

Under Standing Order 12.3 the Council agreed to debate this motion.

Under Standing Order 20.3 (a) Catherine Baart (Earlswood and Reigate South) moved a proposed alteration to the original motion standing in her own name, which had been published in the second supplementary agenda on 9 December 2024.

The updated proposed alteration to the motion was as follows (with additional words in bold/underlined and deletions crossed through):

### **This Council recognises that:**

- The UK is committed to reduce its carbon emissions to net zero by 2050, and by 68% from 1990 levels by 2030. The government's Committee on Climate Change is due to report on the UK's Carbon Budget on 26 February 2025.
- The Climate Change Committee has estimated that Local Authorities have powers or influence over roughly a third of emissions in their local areas.
- The Local Government Association have estimated that climate action can be three times more cost effective if led by local rather than national government.
- Surrey County Council has a target of achieving net zero across the county of Surrey by 2050, in line with the climate science as set out in the Surrey Climate Change Strategy.
- Significant additional financial resources are required to achieve these targets, in collaboration with local public, private and third sector partners.
- The Leader confirmed at the last full Council meeting that Surrey County Council has now formed strategic relationships with the University of Surrey, Royal Holloway and University of the Creative Arts.

**This Council resolves to:**

- I. ~~Commission~~ **Deliver** a report for the council's Cabinet that identifies the additional finance, powers and partnership arrangements needed to deliver our county-wide 2050 climate target; and
- II. Use this report to support a request to the Secretary of State that Surrey County Council and all local authorities are given statutory duties, powers and funding to enable them to achieve net zero in line with the UK's legal commitment on carbon emissions.

Under Standing Order 20.3, the proposed alteration to the original motion was put to the vote and Council agreed to the proposed alteration and it was therefore open for debate.

Catherine Baart made the following points:

- Noted that the Council's confidence in being able to meet its net zero targets was faltering, climate change threatened the Council's ambitions to shape places, keep people safe, and create conditions for wellbeing and prosperity.
- Noted that the Council was just on target for its 2030 and 2050 net zero goals thanks to officers' and Members' hard work.
- Noted that the Council had achieved simple tasks such as putting LEDs in streetlights, yet its solar energy plans faced connectivity and financial problems, and meaningful reductions in transport emissions had not been made.
- Highlighted the studies by the Local Government Association that councils have a direct impact on more than one third of its area's carbon emissions and an indirect impact on 80% of its area's carbon emissions.
- Noted that councils are conveners and enablers, independent experts are calling on the Government to empower councils to act on climate change.
- Referred to a government report that councils could deliver net zero at half the cost of a national approach and deliver three times the benefits of tackling climate change regarding growth, jobs, skills and health.
- Noted that councils received no core funding for their climate work, so the Council had to compete with other councils for small, siloed pots of money.
- Called on the Government to support the Council's climate work with resources and powers, and access to technical support and data.
- Noted that global average temperatures in 2024 would likely reach 1.5 degrees Celsius above pre-industrial levels, the Council must maintain its efforts and continue to lead locally.
- Suggested that the Council redeploys resources to tackle fuel poverty and transport, and to lobby the Government for support around solar energy.

The motion was formally seconded by Lance Spencer, who made the following comments:

- Noted his speech to Council in 2021 on the same subject, where the former Prime Minister at the UN Climate Change Conference in Glasgow (COP26) identified local government's crucial role in delivering net zero emissions.
- Noted that in 2021 it was calculated that there was a less than 5% chance of holding the global temperature below 2 degrees Celsius above pre-industrial levels and less than 1% chance of keeping below the 1.5 degrees Celsius agreed in the Paris Agreement.
- Noted that 2023 was the hottest year on record, and 2024 was on track to surpass it, November 2024 was the second hottest November on record.

- Highlighted the work by the Greener Futures team which helped keep Surrey on target.
- Noted that since 2019 the Council's carbon emissions had reduced by 38%, equivalent to 6,700 tonnes; saving the Council £4 million a year. Yet, that reduction was only 0.1% of Surrey's total carbon emissions.
- Noted that without Government support and the devolution of statutory powers, the Council would start slipping behind its net zero targets.
- Noted that at the UN Climate Change Conference in Baku (COP29), the Secretary of State for Energy and Climate Change highlighted the importance of councils in delivering the net zero targets.
- Wanted to be able to tell his grandson in the future that the Council did act decisively to reduce Surrey's carbon emissions.

One Member made the following comments:

- Supported the motion and noted that the Council had decided to bring forward the plan originally scheduled for 2026 to review the net zero targets; to consider the areas of risk, a report had already been commissioned.
- Regarding the Skidmore Review, noted that the Council continued to lobby for those statutory powers.
- Noted frustration in the small, siloed pots of money with short bid times, officers worked tirelessly and were successful in winning those.
- Endorsed the support noted for the Greener Futures team.
- Called for long-term planning and a step-change by the Government, with adequate funding.

The Chair asked Catherine Baart, as proposer of the motion to conclude the debate, she made the following comments:

- Thanked her seconder and welcomed the Cabinet Member for Environment's support.

The motion was put to the vote and was carried, with 69 Members voting For, 0 voting Against and 2 Abstentions.

Therefore, it was **RESOLVED** that:

This Council recognises that:

- The UK is committed to reduce its carbon emissions to net zero by 2050, and by 68% from 1990 levels by 2030. The government's Committee on Climate Change is due to report on the UK's Carbon Budget on 26 February 2025.
- The Climate Change Committee has estimated that Local Authorities have powers or influence over roughly a third of emissions in their local areas.
- The Local Government Association have estimated that climate action can be three times more cost effective if led by local rather than national government.
- Surrey County Council has a target of achieving net zero across the county of Surrey by 2050, in line with the climate science as set out in the Surrey Climate Change Strategy.
- Significant additional financial resources are required to achieve these targets, in collaboration with local public, private and third sector partners.
- The Leader confirmed at the last full Council meeting that Surrey County Council has now formed strategic relationships with the University of Surrey, Royal Holloway and University of the Creative Arts.

**This Council resolves to:**

- I. Deliver a report for the council's Cabinet that identifies the additional finance, powers and partnership arrangements needed to deliver our county-wide 2050 climate target; and
- II. Use this report to support a request to the Secretary of State that Surrey County Council and all local authorities are given statutory duties, powers and funding to enable them to achieve net zero in line with the UK's legal commitment on carbon emissions.

**Item 11 (iii)**

Under Standing Order 12.3 the Cabinet Member for Children, Families and Lifelong Learning, Clare Curran, moved a proposal.

The proposal was as follows:

That the motion below by Liz Townsend be referred to the Cabinet for the purpose of consideration.

**This Council recognises that:**

Children and young people have a legal right to special educational provision and support that meets their needs. However, currently too many children and young people are not getting the education and support they need, with long-term consequences for their educational outcomes and overall wellbeing, together with that of their families.

Many parents and carers of children and young people with additional needs often find the system to access education an arduous and expensive battle that brings families to breaking point.

Part of the process that they report causes much distress is the panel decision making process. This is the point when decisions are made about their child behind closed doors often by unknown professionals, and to which the individual case officer, who is involved with the families on a day-to-day basis, is not automatically invited.

**This Council acknowledges that:**

Many parents do not currently feel that the panel process is transparent or consistent. These panels are making significant decisions about the future of children and young people with additional needs, and it is important parents are part of the process.

Due to its closed nature, many parents and carers often feel that vital information is not adequately covered and, in some cases, omitted. Once a decision is made, the rationale provided to parents and carers for this is often reported as inadequate and this compounds a feeling of exclusion and mistrust.

**This Council notes:**

This process is not a statutory requirement and could be changed in line with The SEND code of Practice [SEND Code of Practice January 2015.pdf](#) ([publishing.service.gov.uk](http://publishing.service.gov.uk)) that sets out the requirements to involve families and young people in decision making.

**This Council resolves to call on the Cabinet Member for Children, Families and Lifelong Learning to commit to:**

- I. Provide the opportunity for parent/carers of children with additional needs to be involved in the panel decision process with a clearly defined role.
- II. Provide the opportunity for the child or young person with additional needs to be involved in the panel decision process with a clearly defined role.
- III. Ensure the relevant case officer is automatically invited to attend panel decision meetings.

Liz Townsend made the following points:

- Felt as though the debate was being stifled by the same culture that was failing Surrey's families.
- Noted that Members continued to receive harrowing accounts of parents' experiences of children with additional needs trying to access their legal right to education.
- Noted that she proposed one change to make a fairer system, putting the child and their families at the heart of decision-making.
- Queried why the Council chose not to include parents and families as attendees to the panel meetings compared to other councils - parents were their child's best advocates - and why families' case workers were not automatically invited.
- Noted that the SEND Code of Practice legally requires local authorities to involve families in decision-making processes, children's opinions matter as they know what makes them feel safe, supported and understood.
- Noted that the current system creates barriers and mistrust, the proposed change would empower families and children, and build a more respectful and supportive relationship with the Council, leading to better outcomes.

In speaking to her proposal, the Cabinet Member for Children, Families and Lifelong Learning:

- Recognised the concerns of the motion's proposer and others about the structure and the operation of the panels.
- Reiterated the ambition that sound, impartial and objective decisions were made for children and young people, based on the statutory criteria and on evidence and prioritising children's needs.
- Noted that the Council's role was to consider issues of policy and strategy, not to focus on a specialist area of the operational activity of one directorate.
- Recognised that the scope of the changes proposed was in line with the End-to-End Review and the work of the SEND Transformation Programme, however, the SEND services and operational arrangements must be conducted in accordance with the regulatory requirements.
- Noted that the Children and Families Act and the SEND Code of Practice, were prescriptive and specialist, and therefore advice was sought from qualified professionals.
- Noted that potential changes to operational arrangements should be discussed with stakeholders as the Council was committed to co-production.

Liz Townsend confirmed that she was against the referral of the motion to the Cabinet.

*Jeffrey Gray left the meeting at 12.24 pm.*



Under Standing Order 28.1, ten Members demanded a recorded vote, the proposal to refer the motion was put to the vote with 42 Members voting For, 28 voting Against and 0 Abstentions.

The following Members voted For it:

Maureen Attewell, Ayesha Azad, Steve Bax, Jordan Beech, Luke Bennett, Liz Bowes, Natalie Bramhall, Helyn Clack, Clare Curran, Paul Deach, Kevin Deanus, John Furey, Matt Furniss, Tim Hall, David Harmer, Edward Hawkins, Marisa Heath, Robert Hughes, Jonathan Hulley, Saj Hussain, Rebecca Jennings-Evans, Frank Kelly, Riasat Khan, Rachael Lake BEM, Victor Lewanski, David Lewis (Cobham), Scott Lewis, Andy Lynch, Ernest Mallett MBE, Cameron McIntosh, Sinead Mooney, Bernie Muir, Mark Nuti, John O'Reilly, Tim Oliver OBE, Becky Rush, Lesley Steeds, Richard Tear, Denise Turner-Stewart, Jeremy Webster, Buddhi Weerasinghe, Keith Witham.

The following Members voted Against it:

Catherine Baart, John Beckett, Dennis Booth, Harry Boparai, Stephen Cooksey, Nick Darby, Fiona Davidson, Jonathan Essex, Robert Evans OBE, Paul Follows, Angela Goodwin, Nick Harrison, Robert King, Eber Kington, Andy MacLeod, Michaela Martin, Jan Mason, Steven McCormick, George Potter, Catherine Powell, Penny Rivers, John Robini, Joanne Sexton, Lance Spencer, Chris Townsend, Liz Townsend, Hazel Watson, Fiona White.

There were no Abstentions.

Therefore, it was **RESOLVED** that:

The motion be referred to the Cabinet for the purpose of consideration.

#### **Item 11 (iv)**

Under Standing Order 12.3 the Council agreed to debate this motion.

Under Standing Order 12.1 Marisa Heath moved:

#### **This Council notes that:**

- Having felt the impact of COVID and the conflict in Ukraine leading to rising costs in energy prices and food, our local economy, particularly our small and rural businesses need support and the ability to focus on growth, not additional tax burdens and complexity.
- The recent budget has had an immediate impact on farmers and rural businesses at a time when stability is important and as we seek to provide more healthy, sustainable and, where possible, local, food and look after our environment.
- The NFU has evidenced that around 75% of commercial family farms will be affected by the new IHT policy which was announced in the budget rather than the government's initial claim that it would only be 27% of farms. This means many Surrey farms will be impacted.
- Several farms will not yet fully understand the implications of the changes as they will not have had their farms formally valued since the 1992 changes. Many feel that the current change are a tax on rural areas.

- Many farms do not earn enough money to pay the potential Inheritance Tax Bill without selling off some of their land or business, which in turn makes the farm business unviable and threatens the future of Surrey farming.
- The average farm size in 2023 was 88 hectares. This is the fourth smallest average farm size of all the English regions and the same as the English average of 88 hectares. 63% of farms were below 50 hectares. Due to relative land values, farms in the south-east could be more affected by changes to Inheritance Tax than those in other parts of the country. Based on average land-values (arable and pasture) the average 88ha south-east farm has a value of between £2.1m and £2.6m (excludes machinery/ plant equipment – for context, a combine harvester can cost as much as £0.5m).
- 31% farms are rented and the impact on farmers who do not own their farms has yet to be measured.
- Surrey County Council has been working with local farmers and sharing information and best practice as it is recognised that farmers play a crucial role in land management and nature recovery across Surrey.
- The inflationary impacts of the budget on key inputs such as labour costs will prevent farmers and rural businesses being able to add investment and drive growth. Alongside this, the Rural Prosperity Fund comes to an end in March 2025 and there is no replacement for it which restricts businesses investing in their long-term resilience, competitiveness and their environmental performance.

**This Council believes that:**

- Food security and sustainability is a key priority for both Surrey and the nation, and the added financial pressure of the budget does not support the prioritisation of these important objectives.
- Farmers should be supported to get through the changes of moving away from direct payments, driving forward environmental objectives and producing high quality British food and encouraged to invest long-term in their businesses.
- We should not risk losing Surrey’s high quality agricultural land used for food production to other uses which do not benefit the wider community.
- The tax would undermine investment and innovation in the sector at a time when we need Surrey farmers to invest in their businesses.
- In Surrey we have several rural businesses and farmers who are looking to both national and local Government for help to navigate changes such as the reduction in direct payments and it is important we respond to that and set out ways in which we will speak up for them.

**This Council resolves to:**

- I. Inform the Treasury that Surrey County Council disagrees with IHT proposal and calls for the policy on IHT to be scrapped.
- II. Call on the Treasury to provide a multi-year funding to support local rural businesses crucial to economic recovery, farming and sustainability.
- III. Ensure that Surrey County Council continues, and increases, support for farmers, local food production and rural businesses enabling sharing of best practice and resource.

Marisa Heath made the following points:

- Noted that the motion focused on protecting Surrey farmers and rural businesses, the Council had committed to support its farmers through its work on net zero, nature recovery and economic prosperity.

- Had spoken Surrey farmers, they had been impacted by the announcements under the recent budget and were questioning their future, Defra's figures suggested that two thirds of farms could face higher tax bills as a result.
- Notwithstanding Brexit and Covid-19, noted that farmers had been under pressure over many years, the number of intensive farms in the UK had risen by one quarter since 2011.
- Noted that 85% of animals farmed for meat come from intensive systems, family-owned farms were being lost at a high rate, at present Surrey was fortunate that it does not have the mega farms destroying its environment.
- Noted that whilst there were not yet specific numbers on how many Surrey farms would be affected, acting now was crucial and the Council should care about farmers regionally and nation-wide as they provided food security.
- Noted the sudden increase in applications for solar power on farms, several farmers who felt unsupported by the country were considering giving up farming and small businesses who rely on local farmers were worried about their future.
- Stressed that it was difficult for farmers to make a living due to unfair supply chains, they received less than 1% of the total profits of the food they produce.
- Noted that some farmers saw low scale farming as their duty and that should be nurtured, farmers help protect green spaces and stop urbanisation.
- Noted that whilst farmers could avoid the tax by transferring property at least seven years before death, the farmer could not receive any income, and a couple for example could use household tax allowances pushing them up to £3 million tax free, but Surrey land and equipment values were expensive.
- Suggested a more progressive approach for tax relief for those who provide public goods including environmental stewardship and nutritious food.
- Had met a family running Northfield Farm Supplies near Dorking, the business had been doing well until it was hit by increasing energy costs from Ukraine and the oil spillage on the A24, such businesses must be supported as a priority.
- Highlighted that there nothing to replace the Rural Prosperity Fund, driving investment in rural areas was vital for keeping the character of Surrey intact.
- Called for new funding to cover small and rural businesses across Surrey, British farming and a rural economy were crucial to the county.

The motion was formally seconded by Matt Furniss, who reserved the right to speak.

Paul Follows moved an amendment which had been published in the second supplementary agenda on 9 December 2024, which was formally seconded by Lance Spencer.

The amendment was as follows (with additional words in bold/underlined and deletions crossed through):

**This Council notes that:**

- Having felt the impact of **Brexit**, COVID and the conflict in Ukraine leading to rising costs in energy prices and food, our local economy, particularly our small and rural businesses need support and the ability to focus on **sustainable** growth, not additional tax burdens and complexity.
- **The departure from the European Union (Brexit) has led to an increased complexity of import/export rules and saw British farmers leave the EU Common Agricultural Policy. Leave campaigners and the last government**

**told farmers and the public at large that both factors would be negligible. This has proven to be incorrect.**

- **Land acquisition and banking for the purposes of tax-avoidance is possible and that some consideration of this aspect by central government is reasonable but should be handled sensitively and not to the detriment of genuine farmers.**
- **The potential for such tax-avoidance is sustained because the National Planning Policy Framework (NPPF) has limited prohibition of housebuilding on some grades of agricultural land.**
- The recent budget has had an immediate impact on farmers and rural businesses at a time when stability is important and as we seek to provide more healthy, sustainable and, where possible, local, food and look after our environment.
- The NFU has evidenced that around 75% of commercial family farms will be affected by the new IHT policy which was announced in the budget rather than the government's initial claim that it would only be 27% of farms. This means many Surrey farms will be impacted.
- Several farms will not yet fully understand the implications of the changes as they will not have had their farms formally valued since the 1992 changes. Many feel that the current change are a tax on rural areas.
- Many farms do not earn enough money to pay the potential Inheritance Tax Bill without selling off some of their land or business, which in turn makes the farm business unviable and threatens the future of Surrey farming.
- The average farm size in 2023 was 88 hectares. This is the fourth smallest average farm size of all the English regions and the same as the English average of 88 hectares. 63% of farms were below 50 hectares. Due to relative land values, farms in the south-east could be more affected by changes to Inheritance Tax than those in other parts of the country. Based on average land-values (arable and pasture) the average 88ha south-east farm has a value of between £2.1m and £2.6m (excludes machinery/ plant equipment – for context, a combine harvester can cost as much as £0.5m).
- 31% farms are rented and the impact on farmers who do not own their farms has yet to be measured.
- Surrey County Council has been working with local farmers and sharing information and best practice as it is recognised that farmers play a crucial role in land management and nature recovery across Surrey.
- The inflationary impacts of the budget on key inputs such as labour costs will prevent farmers and rural businesses being able to add investment and drive growth. Alongside this, the Rural Prosperity Fund comes to an end in March 2025 and there is no replacement for it which restricts businesses investing in their long-term resilience, competitiveness and their environmental performance.

**This Council believes that:**

- Food security and sustainability is a key priority for both Surrey and the nation, and the added financial pressure of the budget does not support the prioritisation of these important objectives.
- Farmers should be supported to get through the changes of moving away from direct payments, driving forward environmental objectives and producing high quality British food and encouraged to invest long-term in their businesses.
- We should not risk losing Surrey's high quality agricultural land used for food production to other uses which do not benefit the wider community.
- The tax would undermine investment and innovation in the sector at a time when we need Surrey farmers to invest in their businesses.

- In Surrey we have several rural businesses and farmers who are looking to both national and local Government for help to navigate changes such as the reduction in direct payments and it is important we respond to that and set out ways in which we will speak up for them.

**This Council resolves to:**

- I. Inform the Treasury that Surrey County Council disagrees with IHT proposal and calls for the policy on IHT to be ~~scrapped~~ **reviewed and a greater emphasis placed upon supporting genuine farmers and addressing tax-avoidance schemes.**
  - II. **Call on the Government to update the NPPF to strengthen the restrictions on development on agricultural land.**
- II.
- III. Call on the Treasury to provide a multi-year funding to support local rural businesses crucial to economic recovery, farming and sustainability.
  - IV. **Call on the Government to improve its working relationship with the EU on agricultural and trade policy areas.**
- III.
- V. Ensure that Surrey County Council continues, and increases, support for farmers, local food production and rural businesses enabling sharing of best practice and resource.

Paul Follows spoke to his amendment, making the following points:

- Noted that he could not support a motion about farming that does not talk about Brexit more holistically, leaving the Common Agricultural Policy (CAP) and the single market had made life harder and more complex for farmers.
- Noted that the Rural Prosperity Fund was less than the previous European Union (EU) funding despite promises that it would be equal.
- Noted the addition of the word 'sustainable' before growth, the Council had declared a Climate Emergency and should not support growth at any cost.
- Noted that it was not improper for the Government to seek to deal with tax avoidance, particularly in the current financial climate; believed that the discussion should have been about the thresholds where that tax is applied.
- Noted that agricultural land could be used to land bank which has implications on house building, and to commit tax avoidance, the previous government did not make changes to the National Planning Policy Framework (NPPF) to address that; the second resolution called for a review of that.
- Noted that the first resolution was amended to have a focus on tax avoidance and reiterate the Council's support for genuine farmers who produce food.
- Noted that the fourth resolution called on the Government to improve its working relationship with the EU on trade and the CAP was a huge issue for farmers.
- Emphasised that the amendment sought to collectively help farmers in Surrey and nationally by acknowledging the wider issues they faced which impacted their businesses and livelihoods, and to help with the wider issues of food and energy security.

The amendment was formally seconded by Lance Spencer, who made the following comments:

- Highlighted that Woking only had one farm, across Surrey there were fewer farms than most other shire counties.

- Noted his personal experience having grown up on a small family farm, the land value per acre had significantly increased over the generations; yet in a good year the profits would be less than the minimum wage and in a bad year the farm lost money.
- Noted that farming was unprofitable yet in some cases wealthy individuals purchase farms to avoid inheritance tax, that explain the high land value compared with minimal returns; genuine young farmers could not afford to purchase the land.
- Noted that the Government's proposed legislation sought to stop land banking but had not sufficiently considered genuine family farmers' situation.
- Noted that the unamended motion did not consider the need to stop the land being used primarily for inheritance tax planning purposes.
- Stressed the need to encourage farmers to hand their farms down through the generations, noting the bond between the farmers and their land, locally sourced food was beneficial to the environment and the local economy.

Marisa Heath did not accept the amendment and therefore the amendment was open for debate.

Two Members spoke on the amendment and made the following comments:

- Noted close family members that attended an agricultural university, many of their colleagues were now in the food supply chain and had worked on their family farm for no money but to keep the farm going.
- Noted that farmers work twenty-four hours a day throughout the year to look after their farm and livestock.
- Highlighted rural poverty and farmers being unable to pay their stockmen, many farms live on an overdraft and could not save to pay for the inheritance tax.
- Noted that farming is a calling, they work hard to leave that land to the next generation, they are caretakers of the land for the community.
- Hoped that the aspirations of the younger generation of farmers could be kept going so they keep on producing cheaper food than the rest of Europe.
- Noted that Brexit provided the UK with its individuality as the President of the European Commission recently signed a deal to import cheap food into the EU from South America which would not help their farmers.
- Noted that the amendment sought to distinguish between large landowners and family farms, it sought to distinguish between tax avoidance and the need to support family farmers, the average family farm was smaller than one thousand acres.
- Noted that solar farms were needed in the right place, not on Grade 1 agricultural land, that was a flaw in the NPPF to be addressed as indicated by the amendment.
- Noted the need to buy the heaviest items and those that degrade quickest close to the UK, undertook research whereby in the Brexit year (2019) 16% of fruit and 54% of vegetables consumed in the UK were grown here, that was the lowest level for over twenty years.
- Noted that the UK has the right climate to grow apples and pears but in 2019 it imported nearly 500,000 tonnes more than it exported, importing from as far afield as South Africa and New Zealand.
- Noted that Brexit and the trade rules affect climate change, agriculture must be bought as locally as possible and the UK must work within the common market.

*George Potter left the meeting at 12.47 pm.*

Marisa Heath noted the following comments in response to not accepting the amendment:

- Noted that she did not want the motion to be used politically to discuss the impact of leaving the EU.
- Highlighted that resolution four was not needed as the Government had committed to a common veterinary agreement with the EU, which would likely mean the adoption of equal standards and enabling ease of access.
- Noted that farming had been struggling for a long time and most of that was linked to the CAP and receiving less than what was inputted.
- Noted that the CAP was criticised for encouraging farming practices that were damaging to the environment and large landowners benefited, the protectionism damaged developing countries.
- Noted that the motion sought to protect farmers, rural businesses and food security.
- Advised the Government to think through its approach regarding tax avoidance.

The Chair asked Paul Follows, as proposer of the amendment to conclude the debate:

- Noted that the amendment sought to strengthen the motion to focus on food security and supporting genuine farmers, to review the inheritance thresholds and not allow those who deliberately abuse the land and planning policies to avoid taxation.
- Noted that the CAP has serious issues, there were many aspects of the EU that need reform; however since Brexit farmers who were operating based on having CAP money had lost out as they did not receive the promised equivalent subsidy from the government.
- Noted that the government did not provide the equivalent funding to that previously received from European rural development funding, whilst the net outflow of funding went from the UK to the EU, there was money spent in the regional and rural areas; farmers were at a deficit because of Brexit.
- Queried why the motion's proposer did not support the amendment calling for more to be done about tax avoidance and whilst mismanaged, the Government's policy was designed to raise revenue to fund public services.

The amendment was put to the vote with 17 Members voting For, 47 voting Against and 2 Abstentions.

Therefore the amendment was lost.

Returning to the debate on the substantive motion, two Members made the following comments:

- Noted that Surrey is renowned for its abundance of woodland and beautiful countryside, according to a report by the University of Surrey the farming and agricultural sector contributed over £500 million to the economy and accounted for 14% of the national farming income.
- Noted that Surrey's farms produced varied produce and livestock, 40% of Surrey Hills' land was agricultural and over 800 people were employed in land holdings.

- Stressed that Surrey's farmers were committed to safeguarding flora and fauna, and preserving traditional rural skills.
- Noted that farmers were proud of their stewardship to benefit the food chain and environment, and to pass on sustainable and viable businesses.
- Noted that many farms engage with children so they can appreciate farms and the countryside as future custodians, through local projects children were taught the vital link between farms and what they eat.
- Noted that a farming estate only needed to be valued at £1.3 million for their economic returns to be wiped out by inheritance tax under the new policy.
- Noted that farms were more exposed to the impacts of the inheritance tax measures due to Surrey's high land and property prices, the National Farmers' Union reports that farms under £1 million were too small to be viable and medium sized farms hit by the liability would not be protected by the ten-year payment window resulting in higher payments to returns.
- Noted that the measures threatened Surrey's farming families and community which had shaped the landscape, culture and outdoor opportunities for employment, leisure and wellbeing.
- Noted that market towns were formed through the agricultural trade and host regular farmers markets, providing healthy and sustainable food.
- Noted that the Council values the vital contribution that farming makes to Surrey's economy and identity; the motion recognises and thanks farmers.
- Noted that the motion must be better organised and accurate, based on facts, it fails to mention that one of the largest holders of farmland in Surrey with over 2,000 hectares is the Council.
- Noted that the motion refers to several farms and notes that 'many feel', that was not quantified.
- Noted that the motion stated that the average size of farms was 88 hectares, that was the figure for the South East region and not Surrey, the University of Surrey estimates the average farm size in Surrey to be 50 hectares mainly due to the high land cost; relative land values and the type of farming varied hugely across the region.
- Noted that a farmer who inherited a farm worth £1 million twenty-five years ago now had an asset worth £3 million equating to £2 million in profit if sold.
- Noted that a Surrey householder in the same situation would expect to pay 40% inheritance tax unless they legally passed it on seven years before death or set up a trust - which farmers could do - farmers could use red diesel in agricultural machinery which reduces the fuel cost by half.
- Queried what the support was by the Council to farmers as noted in the third resolution and whether the Cabinet had approved it, how much would it cost and was it in the budget.

Matt Furniss, the seconder of the motion, made no comments.

The Chair asked Marisa Heath, as proposer of the motion to conclude the debate, she made the following comments:

- Noted that she spoke to farmers daily, the reference to many equated to around hundreds of farmers, she joined the protest against the Government's new policy.
- Noted that the motion was not solely about Surrey, but about putting affordable food on residents' tables.
- Acknowledged that Surrey has higher land values which was a problem for farmers, the motion sought to protect farmers and to ensure that food costs do not increase for residents.



- Noted that she holds numerous meetings with farmers and visits their farms, officers liaise with them providing support on the issues they face.
- Noted that in the absence of funding to support them, called on the Government not to hurt them with the inheritance tax policy and to provide money to support rural businesses.

The motion was put to the vote and was carried, with 47 Members voting For, 5 voting Against and 16 Abstentions.

Therefore, it was **RESOLVED** that:

**This Council notes that:**

- Having felt the impact of COVID and the conflict in Ukraine leading to rising costs in energy prices and food, our local economy, particularly our small and rural businesses need support and the ability to focus on growth, not additional tax burdens and complexity.
- The recent budget has had an immediate impact on farmers and rural businesses at a time when stability is important and as we seek to provide more healthy, sustainable and, where possible, local, food and look after our environment.
- The NFU has evidenced that around 75% of commercial family farms will be affected by the new IHT policy which was announced in the budget rather than the government's initial claim that it would only be 27% of farms. This means many Surrey farms will be impacted.
- Several farms will not yet fully understand the implications of the changes as they will not have had their farms formally valued since the 1992 changes. Many feel that the current change are a tax on rural areas.
- Many farms do not earn enough money to pay the potential Inheritance Tax Bill without selling off some of their land or business, which in turn makes the farm business unviable and threatens the future of Surrey farming.
- The average farm size in 2023 was 88 hectares. This is the fourth smallest average farm size of all the English regions and the same as the English average of 88 hectares. 63% of farms were below 50 hectares. Due to relative land values, farms in the south-east could be more affected by changes to Inheritance Tax than those in other parts of the country. Based on average land-values (arable and pasture) the average 88ha south-east farm has a value of between £2.1m and £2.6m (excludes machinery/ plant equipment – for context, a combine harvester can cost as much as £0.5m).
- 31% farms are rented and the impact on farmers who do not own their farms has yet to be measured.
- Surrey County Council has been working with local farmers and sharing information and best practice as it is recognised that farmers play a crucial role in land management and nature recovery across Surrey.
- The inflationary impacts of the budget on key inputs such as labour costs will prevent farmers and rural businesses being able to add investment and drive growth. Alongside this, the Rural Prosperity Fund comes to an end in March 2025 and there is no replacement for it which restricts businesses investing in their long-term resilience, competitiveness and their environmental performance.

**This Council believes that:**

- Food security and sustainability is a key priority for both Surrey and the nation, and the added financial pressure of the budget does not support the prioritisation of these important objectives.

- Farmers should be supported to get through the changes of moving away from direct payments, driving forward environmental objectives and producing high quality British food and encouraged to invest long-term in their businesses.
- We should not risk losing Surrey's high quality agricultural land used for food production to other uses which do not benefit the wider community.
- The tax would undermine investment and innovation in the sector at a time when we need Surrey farmers to invest in their businesses.
- In Surrey we have several rural businesses and farmers who are looking to both national and local Government for help to navigate changes such as the reduction in direct payments and it is important we respond to that and set out ways in which we will speak up for them.

**This Council resolves to:**

- I. Inform the Treasury that Surrey County Council disagrees with IHT proposal and calls for the policy on IHT to be scrapped.
- II. Call on the Treasury to provide a multi-year funding to support local rural businesses crucial to economic recovery, farming and sustainability.
- III. Ensure that Surrey County Council continues, and increases, support for farmers, local food production and rural businesses enabling sharing of best practice and resource.

**Item 11 (ii)**

Under Standing Order 12.3 the Cabinet Member for Children, Families and Lifelong Learning, Clare Curran, moved a proposal.

The proposal was as follows:

That the motion below by Jonathan Essex be referred to the Children, Families, Lifelong Learning and Culture Select Committee for the purpose of consideration and making recommendations to Cabinet or Council for decision.

**This Council agrees that:**

- Surrey County Council used to support a network of 58 Sure Start Children Centres with some government support. These were replaced with 23 Family Centres in 2017 and these are now funded through 11 Family Centre and Family Resilience contracts that also include youth services up to 18 (and age 25 for those with SEN).
- This shift to the family centres model has been accompanied by a shift in council funding for children services. There is now less funding allocated to universal and community support, and signposting to families (often through group sessions) alongside increased funding for more targeted and intensive support to individual families, including through the new Intensive Family Support Service (IFSS).
- Recent academic research has highlighted that the Sure Start Children Centres model reduced childhood obesity and youth crime whilst increased early identification of SEN (and reduced SEN and EHCPs in secondary schools) and improved educational outcomes.
- The above shift in funding in children's services within a post-Covid context of continued austerity, together with service improvements in Surrey County Council, has contributed to a reduction in children being taken into care in Surrey. However, at the same time there has been an increase in the numbers of children requiring

additional support when they start school, and a surge in the number of children who have mental health needs.

**This Council resolves to:**

- I. Commission a review of recent research into the benefits of taking a broader preventative approach to children's services. This review should include recommendations to improve long-term outcomes for Surrey families, including through strengthening universal and community support to meet emerging needs earlier.
- II. Write to the new Secretary of State for the Ministry of Housing, Communities and Local Government, the Rt Hon Angela Rayner MP to call for additional funding for local authority Children's Services across the UK that is directed to prevention, to improve outcomes to meet the objective that no children or families are left behind.

Jonathan Essex made the following points:

- Noted that if the motion is referred, hoped that the Cabinet Member would call on the Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government to direct more funding to prevention in Children's Services.
- Noted that budget constraints had affected Children's Services work, reducing children being brought into care and reducing prevention and emerging needs support to more families.
- Noted that research highlighted that Sure Start children's centres provided earlier support to families, reduced child hospital admissions and obesity, improved child mental health and reduced criminal convictions, increased educational attainment, and increased SEND support for five year-olds led to less children needing an EHCP by secondary school age.
- Noted that savings exceeded costs and prevention worked, should the motion be referred he sought assurance that without delay a broader preventative approach to Children's Services would be explored that reaches deprived communities, particularly as child poverty had increased.
- Called for sufficient centres to be created within walking distance from areas of greatest social need and to collaborate with the voluntary and community sector.

*Matt Furniss left the meeting at 13.06 pm.*

In speaking to her proposal, the Cabinet Member for Children, Families and Lifelong Learning:

- Hoped that by referring it to the select committee, it would be reflected on, researched and resourced, and recommendations would be developed that would bring forward the Council's future policy around early help and intervention.
- Welcomed the Government's announcement concerning social care, the overhaul sought to rebalance in favour of early intervention and consider national findings regarding the Families First initiative.
- Noted that the Local Government Finance Policy Statement 2025 to 2026 hinted at changes in the funding frameworks for early help services, the Member's motion called on various Council strategies and work underway.
- Noted that the Member's ambitions touched on the work being done to encourage stronger communities working with the voluntary, community and

faith networks across Surrey, the work by the Health and Wellbeing Board around poverty and the towns and villages work by health colleagues.

Jonathan Essex confirmed that he was against the referral of the motion to the Children, Families, Lifelong Learning and Culture Select Committee.

Under Standing Order 28.1, ten Members demanded a recorded vote, the proposal to refer the motion was put to the vote with 42 Members voting For, 25 voting Against and 1 Abstention.

The following Members voted For it:

Maureen Attewell, Ayesha Azad, Steve Bax, Jordan Beech, Luke Bennett, Liz Bowes, Natalie Bramhall, Helyn Clack, Clare Curran, Paul Deach, Kevin Deanus, John Furey, Tim Hall, David Harmer, Nick Harrison, Edward Hawkins, Marisa Heath, Robert Hughes, Jonathan Hulley, Saj Hussain, Rebecca Jennings-Evans, Frank Kelly, Riasat Khan, Rachael Lake BEM, Victor Lewanski, David Lewis (Cobham), Scott Lewis, Andy Lynch, Ernest Mallett MBE, Cameron McIntosh, Sinead Mooney, Bernie Muir, Mark Nuti, John O'Reilly, Tim Oliver OBE, Becky Rush, Lesley Steeds, Richard Tear, Denise Turner-Stewart, Jeremy Webster, Buddhi Weerasinghe, Keith Witham.

The following Members voted Against it:

Catherine Baart, John Beckett, Dennis Booth, Harry Boparai, Stephen Cooksey, Nick Darby, Fiona Davidson, Jonathan Essex, Robert Evans OBE, Paul Follows, Angela Goodwin, Robert King, Eber Kington, Andy MacLeod, Jan Mason, Steven McCormick, Catherine Powell, Penny Rivers, John Robini, Joanne Sexton, Lance Spencer, Chris Townsend, Liz Townsend, Hazel Watson, Fiona White.

The following Members Abstained:

Michaela Martin.

Therefore, it was **RESOLVED** that:

The motion be referred to the Children, Families, Lifelong Learning and Culture Select Committee for the purpose of consideration and making recommendations to Cabinet or Council for decision.

*Jeremy Webster left the meeting at 13.13 pm.*

## **89/24 REPORT OF THE CABINET [Item 12]**

The Leader presented the report of the Cabinet meetings held on 29 October 2024 and 26 November 2024.

### **Recommendations on Policy Framework Documents:**

#### **26 November 2024:**

- A. Coordinated Admissions Scheme for September 2026

#### **RESOLVED:**

That Council approved the coordinated admissions scheme that will apply to all applicants and schools for 2026.

**Reports for Information/Discussion:**

**29 October 2024:**

- B. Your Fund Surrey Application - New Rowledge Village Hall Project, Farnham
- C. London Road Guildford Active Travel Scheme - Independent Technical Assessment of Section 1 for Consideration to Proceed

**26 November 2024:**

- D. Reports from Select Committees, Task Groups and Other Committees of the Council
- E. Bagshot Community Recycling Centre
- F. 2025/26 Draft Budget and Medium-Term Financial Strategy to 2029/30
- G. Equity in Education – No Learner Left Behind – Surrey's Lifetime of Learning Strategy
- H. Right Homes, Right Support: Older People's Residential and Nursing Care Delivery Strategy
- I. Quarterly Report on Decisions Taken Under Special Urgency Arrangements: 1 October 2024 - 2 December 2024

**RESOLVED:**

- 1. Noted that there had been no urgent decisions since the last Cabinet report to Council.
- 2. Adopted the report of the meetings of the Cabinet held on 29 October 2024 and 26 November 2024.

**90/24 MINUTES OF CABINET MEETINGS [Item 13]**

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

The Chair wished Members and their families a very Happy Christmas and a prosperous New Year filled with joy, peace, and good health!

[Meeting ended at: 13.17 pm]

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Chair

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## **Leader's Statement – County Council, 10 December 2024**

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Mr Chairman, Members, welcome to the final council meeting of 2024.

A tumultuous year for the country and in many ways for this council, with big changes, substantial challenges, but also huge progress.

Public service is never easy, nor will it be.

We set ourselves the highest of standards, because we truly care about the outcomes we're here to deliver for residents.

Caring for our most vulnerable, supporting those who need us most, helping people in their everyday lives..... making Surrey a better place.

Both Members and officers strive every single day to deliver that, in challenging circumstances, and as we enter the festive period and the year draws to a close, I'd like to recognise that hard work and dedication.

Mr Chairman, at November's Cabinet meeting the draft council budget for next year was approved.

We of course need to await the final details of the Local Government Finance Settlement expected on the 19<sup>th</sup> December, but we are on track to set a balanced budget, as we have done each and every year of this administration.

But that task gets more and more difficult as demand on services keeps rising, and costs increase faster than our income.

Over the past few years we have demonstrated strong and stable financial management, guiding the organisation through the most challenging times for local government.

But even the strongest local authorities like ours, are not immune to the national and global financial challenges.

All of our key services – Social Care, Children’s Services, Highways Maintenance – are facing huge increases in demand.

On top of that rising demand, the cost of actually delivering those services – wages, materials, other overheads – is increasing at a much faster rate than our income from government funding or council tax rises.

As with most budget setting processes at this stage of the financial year, we have a gap to close in order to set a balanced budget.

There are various ways in which we have identified we can do this, and all those options are being closely considered pending confirmation of the finance settlement by government in a couple of weeks.

But we *will* set a balanced budget, as we have done in every year of this administration.

But the financial headwinds for all councils in Surrey get stronger as the government sets out its agenda for the next few years. It is going to be even more essential that we remove cost from service delivery, as they press on with a review of the funding of local councils.



The primary criteria they intend to use for determination of appropriate funding, will draw heavily on the deprivation index, as well as the ability to raise money locally through council tax - the Labour party's equivalent of levelling up.

Whilst I accept that both of those metrics are relevant, they ignore the differential demands faced in ageing rural populations and the higher cost of delivering services, particularly here in the South East.

We will lobby this government as we did previous governments to accept that you cannot ignore the demographics and genuine needs of our local population and forcing us to increase year-on-year council tax paid by Surrey residents for redistribution to other parts of the country is simply unfair and inequitable.

While some positive noises have come from Ministers in their first budget in October by acknowledging the fundamental issues in Children's Care, Adult Social Care and SEND, it is concerning that the rhetoric seems not to be followed by investment, and I suspect their focus may be elsewhere.

Failing to properly address those creaking systems, with money as well as structural reform, would continue to fail the most vulnerable people in society.

We stand ready to help the government, and I hope they are as serious as we are, about tackling these challenges head on.

Neither central, nor local government, can do that alone.

But we will do what we can, and continue to look forwards, challenging ourselves to be the best we can be, responsible with public money and delivering really effective services that the people of Surrey rely on.

To do that sustainably in these challenging financial times, we must be strict with ourselves – is every penny we spend being invested well?

Is every decision we make truly delivering better outcomes for our residents?

Yes, some difficult decisions will have to be made, and we will stop doing things that perhaps don't meet that criteria.

However, our main focus will be driving improvement and transforming the way we do things so our service – our organisation – is fit for the future.

Embracing new opportunities, new technology, using our data better.

Working across partners to deliver better, more rounded support.

Better collaboration internally too – ensuring we are all focused on delivering our core missions and shared priorities, continuing to strive towards our ambition that no one in Surrey is left behind. One council, one vision.

Thanks to strong financial management and a determined approach, we are in good shape to deliver the transformation this council – and the wider local government sector – needs.

We will make bold decisions to transform how we operate so our services can continue to improve and remain sustainable into the future.

That journey of improvement has been paramount for this council under this administration.

We have never lost focus on that, and we never will.

At the end of November, I was delighted that we could announce that our Adult Social Care service has been given a 'good' rating by the Care Quality Commission.

The inspectors highlighted a number of strengths, including the passion and dedication of our staff and our work to keep people independent in their own homes.

I'd like to thank all our staff in Adult Social Care publicly for their hard work, making a positive difference to the lives of thousands of people in Surrey.

I'd also like to thank our partners and providers, as well as unpaid carers in Surrey, who are all pivotal in our aim of supporting people to lead independent and fulfilling lives.

Mr Chairman, we won't stop here – we want to keep improving and raising the bar for our residents.

We face significant demand across the county with more than 24,000 people receiving some form of support from Adult Social Care.

As we all know, we have significant pockets of deprivation in Surrey – and the CQC have highlighted that we're doing some really innovative and creative work to meet the differing needs of our population and help people keep their independence.

We know there are areas where we need to learn and develop and we are committed to doing that, and we are already actively working to address all feedback from the CQC through our comprehensive improvement plans.

Our new Executive Director of Adult Social Services recently started with us, so with her focus and commitment we are well-placed to build on this assessment.

Another area where we've made real progress is in our mission to deliver a sustainable economy here in Surrey.

We are focused on providing support in areas where it can have the biggest impact - whether that's high-growth businesses, investing in our key sectors, supporting our disadvantaged residents or providing opportunities to students.

In April, the government transferred responsibilities for business support to the County Council from Local Enterprise Partnerships.

For the first time, we have a universal comprehensive service covering the whole of Surrey, and since launching that very month, we have provided free expert advice on the levers of growth to more than 1,000 businesses of varying sizes via the Business Surrey gateway.

Work to expand this continues:

- Working with government and the business sector to help drive better use of innovation and technology.
- Delivering new opportunities with partners like our leading further education sector including the newly launched 'Future Studios' at Royal Holloway, which provides a cutting-edge space to nurture Surrey's growing creative industries.
- The Festival of Skills which took place in October and provided more than 2,000 students with the chance to connect with dozens of employers, universities, colleges and training providers.
- Surrey's Connect 2 Work programme, working with business to develop an employment support programme that enables disadvantaged groups to have an active role in the local labour market.

This is what can happen when we are given the right tools and powers to really make a difference to our county.

Mr Chairman, it won't have passed by Members that the government is due to publish a White Paper next week outlining its ambitions around devolution and potential reorganisation of local government.

It is clear that those ambitions could be advantageous for Surrey, and we will of course engage with Ministers and Civil Servants about any plans that could help deliver benefits for the people of Surrey.

I believe there is general consensus, in government, across our council partners and residents, that the current structure of local government – here and elsewhere in the country – is not the most effective.

Different tiers of local government, different scales and responsibilities, can be confusing for residents and result in too much bureaucracy, inefficiency, and barriers to progress.

I have long advocated for a real examination and review of how local government is structured – to make it more efficient and more effective for residents.

It is not an easy thing to deliver, and there is not always an obvious or simple solution. That's why previous governments have perhaps not addressed it boldly or seriously.

But it does appear that this government IS serious about reorganisation and genuine devolution from the centre.

Whilst of course we need to wait to see the detail, I am sure that all Members will want to engage constructively with government on this, and also with our District and

Borough and Parish Council colleagues, with a central focus to deliver better outcomes for Surrey and its residents. I think everybody here, and everybody involved in local government across the UK, would be an advocate of further devolution – from Westminster and Whitehall to local regions and communities.

We are told that the proposals in the White Paper will be bold with a particular emphasis on the creation of Mayoral Combined Authorities alongside greater devolution of powers from Westminster. But as local government is just one part of an eco system we also need to see at the same time reform of public service, including amongst other things more democratic accountability of the health system.

Members, we should relish this opportunity to deliver something meaningful, for the future of Surrey – together.

Councils, communities and residents themselves know what they need and want.

We know – together – how best to deliver it.

We have – together – the skills and the motivation to deliver it.

With true devolution we can have – together – the power to deliver it.

Mr Chairman, on a slightly lighter note, as this year draws to a close, we can look back with pride on many of the things we have achieved, but also look back with lessons to learn from and improve.

But our main focus must be looking to the future – with the potential for bold strides forward for Surrey. We want to be and indeed must seek to be, in control of our own destiny.

We can deliver that brighter future, but we must roll up our sleeves and work for it and grasp the opportunities in front of us.

I'm confident the next year will be a good one.

I wish you all a merry Christmas, and a peaceful new year.

Thank you.

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**MINUTES OF THE EXTRAORDINARY MEETING OF THE COUNTY COUNCIL  
HELD AT WOODHATCH PLACE, 11 COCKSHOT HILL, REIGATE, SURREY, RH2  
8EF, ON 8 JANUARY 2025 COMMENCING AT 10.00 AM, THE COUNCIL BEING  
CONSTITUTED AS FOLLOWS:**

Saj Hussain (Chair)  
Tim Hall (Vice-Chair)

Maureen Attewell	Eber Kington
Ayesha Azad	Rachael Lake BEM
Catherine Baart	Victor Lewanski
Steve Bax	David Lewis (Cobham)
John Beckett	* David Lewis (Camberley West)
Jordan Beech	Scott Lewis
Luke Bennett	r Andy Lynch
Amanda Boote	Andy MacLeod
Dennis Booth	Ernest Mallett MBE
Harry Boparai	r Michaela Martin
* Liz Bowes	Jan Mason
Natalie Bramhall	Steven McCormick
Helyn Clack	Cameron McIntosh
Stephen Cooksey	Julia McShane
Clare Curran	Sinead Mooney
Nick Darby	Carla Morson
Fiona Davidson	Bernie Muir
Paul Deach	Mark Nuti
Kevin Deanus	John O'Reilly
Jonathan Essex	Tim Oliver OBE
Robert Evans OBE	* Rebecca Paul
* Chris Farr	George Potter
Paul Follows	Catherine Powell
Will Forster	Penny Rivers
John Furey	John Robini
Matt Furniss	* Becky Rush
Angela Goodwin	* Joanne Sexton
Jeffrey Gray	Lance Spencer
David Harmer	* Lesley Steeds
Nick Harrison	* Mark Sugden
Edward Hawkins	Richard Tear
* Marisa Heath	Ashley Tilling
Trefor Hogg	Chris Townsend
Robert Hughes	Liz Townsend
Jonathan Hulley	Denise Turner-Stewart
Rebecca Jennings-Evans	Hazel Watson
Frank Kelly	Jeremy Webster
Riasat Khan	Buddhi Weerasinghe
Robert King	Fiona White
	Keith Witham

\*absent

r = Remote Attendance

### **1/25 APOLOGIES FOR ABSENCE [Item 1]**

Apologies for absence were received from Liz Bowes, Chris Farr, Marisa Heath, David Lewis (Camberley West), Andy Lynch (remote), Michaela Martin (remote), Rebecca Paul, Becky Rush, Joanne Sexton, Lesley Steeds, Mark Sugden.

### **2/25 DECLARATIONS OF INTEREST [Item 2]**

There were none.

### **3/25 ENGLISH DEVOLUTION WHITE PAPER [Item 3]**

The Monitoring Officer set out the legal position in respect of the Council's role. She noted that the responsibility to respond to the letter from the Minister of State for Local Government and English Devolution dated 16 December 2024 and the White Paper, was the Leader and the Cabinet's as set out in the Local Government 2000, the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and Part 3 of the Council's Constitution. Regarding the May 2025 county elections, she clarified that the Secretary of State had the powers to postpone or change the year of the election, the Council does not have those powers.

The Leader noted that he tabled the report to the Council to enable Members to express their views. The Government sought to have universal coverage of Strategic Authorities and would legislate accordingly. The main issue concerned what was in residents' best interests, a greater understanding was needed of the benefits that mayoral devolution might bring. Devolution would enable policies to be tailored to local situations and decisions to be made by those who know the area best, communities would have a greater say. The White Paper outlined that the most powers would be granted to mayors and a long-term investment fund would be available. Mayoral Strategic Authorities would happen so it was crucial to engage early with the Government. Residents would be consulted on how Surrey's twelve local authorities should be reorganised and he would request that the Government writes off the debt faced by some of Surrey's district and borough councils.

The Leader noted that at yesterday's meeting with the leaders of Surrey's district and borough councils, there was agreement that unitarisation would happen and they agreed to set up a cross-party steering group to work on the interim submission that all two-tier councils need to make to the Government by March 2025. The Minister indicated in his letter that he would lay secondary legislation to postpone local elections and securing a place on the Government's Devolution Priority Programme would provide clarity. The response to the White Paper was an Executive function, the Extraordinary Cabinet meeting would reflect on the points made before making a decision. More could be secured for residents through cross-party and stakeholder engagement, to shape a solution rather than a solution being imposed on Surrey.

Members made the following comments:

- Noted that the leaders of Surrey's district and borough councils met with the Leader yesterday and issued a joint statement agreeing that local government reform was necessary and accepted that a form of unitary council combination would make sense.
- However the haste and lack of a plan was concerning, the Government was not asking two-tier councils to cancel elections. Everything the Leader was suggesting could happen whilst holding the May 2025 county elections.

- Queried what the benefits were of acting hastily, defined intervention on debt and Adult Social Care were needed.
- Called for change to the structure of local government and its funding, the demand for children's and adults' social care must be addressed, unmet needs were not being resolved, more social housing was needed.
- Highlighted that many councils in England had unserviceable debt such as Woking Borough Council, the White Paper did not address that.
- Had undertaken a detailed analysis of Surrey - which was sent to the Cabinet - and the White Paper fell short of creating a successful long-term solution, it was unclear how the Government would 'rewire the relationship between town and parish councils and principal Local Authorities' as set out in the White Paper.
- Noted that the Council report did not weigh up the advantages and disadvantages, and set out the unilateral decision to be part of the Devolution Priority Programme.
- Noted that clarity had not been provided on whether byelections could be held should the May 2025 county elections be postponed; queried how that would be addressed if Members wished to step down.
- Had written to the Leader to ask the Government for a less aggressive timescale, allowing for May 2025 elections and having unitary council elections in 2027/28.
- Welcomed the letter and believed that the Council should grasp the opportunity to obtain greater powers for Surrey.
- Stressed that local government reorganisation was needed to make decision-making more joined up and efficient, the current structures were outdated. In the digital era there was no need for twelve councils in Surrey, reducing overheads and costs were needed rather than cutting services to residents.
- Noted that Surrey needed to catch up with the other authorities that had reorganised, delaying devolution could lead to uncertainty, staffing and contracts needed to be considered.
- Noted that the request to postpone elections would enable the Council to work with Surrey's district and borough councils, other organisations and residents.
- Noted that the decision being taken by the Cabinet and interim submission to be made in March, were in the Council's current term so it had the democratic legitimacy to do so.
- Noted that delaying the elections was part of the standard process in delivering local government reorganisation.
- Noted surprise by the emotive language being used when the Government had made it clear that councils were not being forced to act, for several years Surrey Conservatives had pushed for a unitary council but had not consulted and now the Leader sought time to consult with Surrey's district and borough councils.
- Emphasised that voting in the May 2025 county elections would be on a variety of issues, residents want to vote on the Council's performance and failures. Holding elections would give the next administration the mandate to act.
- Noted that the Leader was responding to the Government's request, Surrey must engage now so as not to have a sub-optimal solution being imposed.
- Noted that postponing the elections made sense, the current Members had collective experience of how Strategic Authorities run.
- Noted that elections cost around £2.5 million and if those proceed in May the term of office would be short and followed by elections to the shadow unitary authority, the pre-election period would affect the Council's work.
- Supported unitaries if those improve democracy and localise services, however the proposal without any indication of the number of unitaries risked centralising services.
- Noted that the Council must negotiate with the Government regarding Woking Borough Council's debt, boundary choices should be focused on sensible geography.

- Noted that the rush should not be towards two unitaries as the optimum 500,000 population size was based on more urban areas, Surrey should start with three unitaries planned with Surrey's district and borough councils.
- Noted that the mayoral proposals must consider a wider area as transport links and health services crossed the border, strategic economic planning was sub-regional, consultation with neighbours was needed.
- Stressed that a proper public consultation was needed, the May 2025 county elections should take place and the Council should submit its plans in the autumn co-signed with Surrey's district and borough councils. The process must not be rushed and must be co-owned by residents.
- Noted that the Government's local government reform was not devolution but the concentration of powers in mayors, localism was not favoured. Twenty Labour councillors had resigned in Broxtowe Borough Council against the Government's imposed centralism.
- Was surprised by Surrey's reaction to the Government's imposition, the Leader and the Government hastily pursued devolution without having the electoral mandate to do so, Members were not able to scrutinise the decision. Strong leaders should fight for what is right, residents must be consulted now and able to exercise their democratic right by voting in the May 2025 county elections.
- Had lost count of the number of times residents had asked which council was responsible for what service, it was confusing and hard to navigate.
- Emphasised that the Government sought to have empowered and simplified structures across England, to ensure all could benefit and to ensure the efficient running of public services. Devolution would provide: clarity to residents and meet their needs, economies of scale, new powers and funding.
- Stressed the desire for Surrey to be at the front of the queue, to accelerate towards an optimum local government structure.
- Noted that the Liberal Democrats wanted to empower local government through devolution, however there was no consensus for the Council to deliver its vision unilaterally, having not engaged with partners. Residents had the right to hold those in power to account, postponing the elections was undemocratic as there was no certainty if and when devolution would happen.
- Feared that the Council would negotiate poorly in its rush to be first, three unitaries were not being pushed and so one large unitary could be the outcome and more residents could be shackled with Woking Borough Council's debt.
- Noted concern that devolution could distract from addressing key issues.
- Noted that the authority would lose £50 million in the Fair Funding Review, change was essential. The Government's devolution criteria was fixed and the Council's goal was to ensure that devolution offers residents with more local decision-making with less bureaucracy, delivering better value for money.
- Noted that those using the matter for electioneering were doing a disservice to residents, devolution came with a nationally defined process.
- Noted the Redcliffe-Maud Report in the 1960s for local government reform, the matter had been discussed over one decade ago at the Council, the matter was included in Labour's 2017 manifesto, and was set out in 2019 by the previous government and a plan in 2021 outlined three unitaries.
- Devolution was not a new idea being hastily imposed, a modern democracy was in residents' best interests. The White Paper outlines that devolution was vital to provide the change that residents deserve and that could only be achieved if the public knows what local leaders are empowered to do and are accountable.
- Noted that the current mix of election timetables in Surrey was confusing.
- Noted that the devolution being offered was simply a return to a fraction of local government's powers from the 1980s.

- Noted that what devolution means in practice had not been outlined, the White Paper was clear that cancelling the 2025 county elections was unnecessary; clarified that the pre-election period does not stop work from being done.
- Members did not have the mandate beyond their four-year term from residents for the decisions on devolution that need to be taken.
- Welcomed more powers to town and parish councils, however the sizes of the populations they served varied and how services would work at that level needed to be worked out.
- Emphasised the urgent need for the Council to do more on the environment and health inequalities as outlined in the White Paper. Stronger and more strategic approaches across a larger area and more powers were needed.
- Noted that the current approach to planning was piecemeal and resources were inadequate to deal with developers. Some pockets in Surrey had significant health inequalities, long waits for treatment and shorter life expectancies.
- Noted the reality that the Council and Surrey's district and borough councils would not survive, to be replaced by a new structure and framework.
- Noted that if the costly 2025 county elections would go ahead it would be a zombie council in place for only a year when elections would take place for the new shadow unitary authority. The Council had a duty to get on and work out what would be best for residents in terms of the number of unitaries.
- Noted that true devolution was about placing responsibility at the local level, for example the former devolved town councils had an accountable town mayor.
- Noted that the White Paper focused on centralisation as the Strategic Authority would replace the current two-tier system with another.
- Noted that time was needed for consultation with neighbouring counties for a regional south eastern Strategic Authority.
- Noted that the Leader's letter did not address the flaws in the White Paper and did not reference the Council having listened to the views of residents.
- Noted that as was the situation in 1972 when the government issued an edict, it was the case that the current Government has issued an edict.
- Noted that the Council would maintain its authority for a year and struggle with dealing with challenges such as staff retention, to be replaced by a shadow unitary authority whereby a large number of staff would move over to that.
- Noted that unitarisation and local government reorganisation had been looked at for the past few decades, noted that there was no agreement on the matter due to differing geography and politics in Surrey; the Minister would end up deciding.
- Welcomed that the Leader had organised the meeting despite not needing to.
- Welcomed the Government's commitment to transferring power to the people, which would unlock growth to Surrey and the South East. The functions and powers were fragmented in the current system which was frustrating, slowing decision-making and making the commissioning of services more costly and staff recruitment was a challenge.
- Opposed a single unitary and favoured three unitaries, noting the differences in geography and economic output between different boroughs, due to the funding formulas some deprived areas would miss out if unitarisation is gotten wrong.
- Welcomed the courage shown by the new Government in transferring powers to communities but disagreed with the need to postpone elections.
- Highlighted the legal precedent for delaying elections in Surrey, the 2020 elections were delayed because of the Covid-19 pandemic; the Council had a mandate to do what was right for residents.
- Stressed that Surrey would be left behind if it did not cooperate with the Government's political will to bring about the changes swiftly, therefore the Council sought to be part of the Devolution Priority Programme.

- Asked the Group Leaders to work with the Leader through the cross-party steering group to co-design a plan that works for residents, and to design the decentralisation of power to town and parish councils.
- Supported unitaries, there were nearly 600 councillors in Surrey which was only a few less than the number of Members of Parliament nation-wide.
- Noted concern in postponing the elections as Members were voted in for four years; worried about mayors being the right solution.
- Had issued a regular newsletter to residents which included a section stating which council did what.
- Urged the Government to drive forward its devolution agenda and to not leave Surrey in paralysis. It was ludicrous to spend money on a costly election, that money could be used in the budget to fund vital services.
- Noted that the Police and Crime Commissioner for Surrey (PCC) elections were postponed by a year due to the Covid-19 pandemic.
- Noted that in the 1930s Epsom and Ewell became a borough council, it voted against joining London; residents were given a voice which they were now being denied.
- Noted that it did not matter which council was responsible for what but how well they delivered services. Surrey should not have a political mayor, the Government was blackmailing councils to become unitaries by offering them additional funding, why not give that money to councils to assist them now.
- Noted that each time there was local government reorganisation there was always an extension to the existing authority to be replaced. Some of the arguments posed by opposition Members lacked substance and were spurious.
- Noted that Surrey had already experienced some devolution having been granted the responsibility for economic development.
- Noted that regarding yesterday's meeting, the Leader failed to mention that all the leaders of Surrey's district and borough councils agreed that the May 2025 county elections should take place and rejected the Council Leader's proposals; queried whether the offer of collaboration was genuine.
- Noted that the Leader had the right level of experience and integrity to provide the needed strategic leadership that was vital during times of upheaval.
- Noted that the Council had two choices: postpone and let the current Members with experience progress the next stage or hold elections where new Members would quickly come up with a plan, with elections for the new authority to be held the following year. Having one set of elections would be clearer.
- Noted that officers needed to be taken into consideration in the time of turmoil.
- Welcomed the consensus in the need for local government reorganisation as if done properly it would help address the crises faced nationally and by Surrey such as: debt, inadequate funding, planning, social care, Special Educational Needs and Disabilities (SEND).
- Called for a more reasonable timescale, such a restructure required public support and there was scepticism particularly in postponing the elections, called for cooperation between the Council and Surrey's district and borough councils.
- Noted the frequent complaints made by parish councillors that they were ignored and underfunded despite being the closest link to residents, however the coverage of town and parish councils across Surrey was uneven.
- Supported the Government's desire for the 'strengthening expectations on engagement and community voice' as set out in the White Paper and supported the need for a more holistic approach to house building and infrastructure, unitaries would assist with the creation of a regional housing strategy.
- Noted that moving to a unitary authority would not necessarily solve the problem about where to go with an issue, the move would be to a higher level authority potentially with a mayor, time was needed to discuss the number of unitaries.

- Referring to being a councillor on the only debt-free borough council in Surrey, asked how he could explain to residents that they would take on the liabilities from other district and borough councils, Government help was needed.
- Noted concern about the democratic deficit of having one unitary in the north with half the population nearest to London and having no town and parish councils.
- Noted that residents put their trust in their elected Member concerning strategic matters, Surrey had never had a fair deal on finances from central government.
- Noted that the figures on county election costs commented on in the meeting were double of that noted in a recent news article by the Leader.
- Noted that despite unitaries having been discussed for a long time in Surrey, discussions with Surrey's district and borough councils and the town and parish councils had only started recently; what devolution would look like was unclear.
- Noted that the postponement of the May 2025 county elections was a choice.
- Hoped that future elections would not be cancelled simply due to their expense, democracy was invaluable.
- Queried whether it could be guaranteed that the May 2025 county elections would be delayed for one year, if not then it was a cancellation and not a postponement and that denied residents the right to vote.
- Referred to the former South East England Regional Assembly (SEERA) which did deliver and was collaborative, then noted the move to South East Councils (SEC) which had joint meetings and joint contracts saved costs. There were twelve economic development functions across the county by each council and that was not good value for money.
- Was surprised that the debate had not focused more on the positives of devolution such as efficiencies, noted the need to stop being political and collaborate to achieve positive outcomes for residents.
- Noted concern in the speed of having to move towards reorganisation, central government formulates policy but does not know what it takes to deliver that.
- Highlighted the large transformation programme in the Children, Families and Lifelong Learning directorate, that was moving slowly, there was a SEND process review which had been underway for eighteen months and residents had not reported benefits; change took time.
- Stressed that the pace of reorganisation would disrupt the Council's work underway, it had a responsibility to improve the lives of residents including those most deprived and children with Additional Needs.
- Noted that local government reorganisation was the most significant change facing the Council and Surrey's district and borough councils, was disappointed that the previous Conservative government did not progress devolution.
- Believed that a single unitary authority would be too large to serve residents efficiently, two authorities would be optimal.
- Noted that Manchester had reaped huge benefits from unitarisation, it had a new integrated transport system called the Bee Network, through its elected mayor and streamlined structure it made such progress possible.
- Believed that Surrey could deliver such cohesive decision-making, local government in Surrey was outdated and that frustrated residents.
- Thanked the Leader for his dedication to residents and work to smoothly and intelligently undertake the reorganisation process.

The Leader thanked Members for the courteous way that they debated the important decision. He noted that the letter to the Minister would be in his capacity as the elected Leader. He was not surprised that the opposition had focused on the county elections, he noted that the focus must be on engaging with residents and key stakeholders. Regarding the proposed letter, he referred to the paragraph which referenced the usual size of Mayoral Strategic Authorities and need to also engage with neighbouring

authorities on forming such a model. He would amend his proposed letter to add into the second sentence of the first paragraph of the second page that the Council will request the Government to write off those debts. Referred to the Minister's letter whereby he intends to invite unitary proposals in January 2025 from all councils in two-tier areas, interim plans would be sought by March 2025, if elections do not take place a full submission was required in May 2025.

The Leader noted the limited period for resident consultation if the county elections take place in May 2025, the pre-election period would start in late March preventing engagement, a full submission would be required in the autumn. The first meeting of the cross-party steering group would take place on Friday, feedback from key stakeholders was vital. If the Council is not part of the Devolution Priority Programme, the May 2025 county elections would take place, district and borough council elections would take place in 2026, followed by shadow unitary authority elections. There would be uncertainty for staff and a lack of clarity for residents. Surrey's councils would not be net beneficiaries of the Government's proposals for redistributing funding. He did not like the Government's timetable but emphasised the need to engage and act now.

#### **Recommendation A:**

Under Standing Order 28.1, ten Members demanded a recorded vote, the recommendation was put to the vote with 42 Members voting For, 22 voting Against and 6 Abstentions.

The following Members voted For it:

Maureen Attewell, Ayesha Azad, Catherine Baart, Steve Bax, Jordan Beech, Luke Bennett, Natalie Bramhall, Helyn Clack, Clare Curran, Paul Deach, Kevin Deanus, Robert Evans OBE, John Furey, Matt Furniss, Tim Hall, David Harmer, Edward Hawkins, Trefor Hogg, Robert Hughes, Jonathan Hulley, Saj Hussain, Rebecca Jennings-Evans, Frank Kelly, Riasat Khan, Robert King, Rachael Lake BEM, Victor Lewanski, David Lewis (Cobham), Ernest Mallett MBE, Jan Mason, Cameron McIntosh, Sinead Mooney, Bernie Muir, Mark Nuti, John O'Reilly, Tim Oliver OBE, Richard Tear, Denise Turner-Stewart, Hazel Watson, Jeremy Webster, Buddhi Weerasinghe, Keith Witham.

The following Members voted Against it:

John Beckett, Amanda Boote, Dennis Booth, Harry Boparai, Stephen Cooksey, Jonathan Essex, Paul Follows, Will Forster, Angela Goodwin, Jeffrey Gray, Nick Harrison, Eber Kington, Andy MacLeod, Julia McShane, Carla Morson, George Potter, Penny Rivers, John Robini, Lance Spencer, Ashley Tilling, Liz Townsend, Fiona White.

The following Members Abstained:

Nick Darby, Fiona Davidson, Scott Lewis, Steven McCormick, Catherine Powell, Chris Townsend.

Therefore the recommendation was carried, it was **RESOLVED** that:

- A. Noted that the Leader will respond to the government expressing this council's interest in pursuing a joint programme of devolution and local government reorganisation (as set out in the draft letter in Annex 2), noting that acceptance onto this programme may lead to the postponement of the 2025 county elections.



**Recommendation B:**

The recommendation was put to the vote and was carried, it was **RESOLVED** that:

- B. Noted that the decision to respond to the letter from the Minister of State for Local Government and English Devolution, dated the 16 December 2024, is an Executive function.

[Meeting ended at: 12.05 pm]

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Chair

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## OFFICER REPORT TO COUNCIL

### 2025/26 FINAL BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2029/30

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

The Local Government financial climate is extremely challenging. The national picture for public services is one of constrained financial resources. A number of local authorities, across the Country, are struggling to balance available funding with significantly increasing demand and cost pressures.

A strong focus on financial accountability has enabled the Council to improve its financial resilience and provides a stable financial foundation enabling the Council to be ambitious and to continue to drive improvements in our services. Despite this, the Council is experiencing the pressures felt across the country and the financial environment in which we operate requires us to make challenging decisions about the services we provide in order to ensure our financial resilience.

The Provisional Local Government Finance Settlement (LGFS) was released on the 18 December 2024, with a final settlement due in February 2025. Whilst there was additional investment announced for local authorities, specifically in relation to social care funding, 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. The Council continues to see exponential increases in demand for services, particularly within Adults and Children's Social Care and Home to School Travel Assistance, resulting in the need for further efficiencies within services and an increase in Council Tax to ensure the budget can be balanced.

The Budget announcements on the 30 October included a rise in both the National Living Wage and in Employer's National Insurance Contributions. This will increase the Council's own wage bill, as well as that of many of our suppliers, which will potentially feed through into increased costs. The direct impact on the Council's wage bill is factored into the budget proposals, along with an estimate of the compensation grant the Council will receive for the impact of National Insurance Contribution increases. There is currently an estimated shortfall in this funding of c£2m, increasing the pressures in the budget. The compensation funding was not confirmed in the Provisional LGFS and will not be confirmed until the Final Settlement in February 2025, increasing the budget planning risks.

The Provisional LGFS shows the Council's Core Spending Power, as calculated by the Government, to be a 4.9% increase (in cash terms). Of this 4.9% increase in Surrey's core spending power, the majority (over 90%) relates to an assumption of full utilisation of the council tax and adult social care precept levels, rather than additional funding from Government. The net outcome of the provisional LGFS indicates a net change to government grants for Surrey County Council of £2.9m compared to 2024/25, which does not go far enough in addressing the financial challenge local authorities continue to face.

The settlement was also a window into the future fair funding review to be undertaken by the Government. In the settlement, £600m of the newly identified £1.3bn for local government was distributed to areas with higher deprivation and with smaller level of council tax base. Surrey Councils, including the County, did not receive any of this funding under this distribution methodology.

It is vital that we continue to ensure that the County Council is in a resilient financial position, so that there is no risk of failing to deliver crucial services, either in the short or medium term. Significant efficiencies of £66.4m have been identified in the budget proposals to reduce the forecast pressure on the budget.

The final budget for 2025/26 proposes total funding of £1,264.1m; an increase of £55.7m from 2024/25. In order to achieve a balanced budget, it includes the following recommendations to full Council on Council Tax and the Adult 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 £1.69 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 with cost of living pressures.

Over recent years the Council's capital ambition and delivery has grown significantly. However, the economic environment has changed over recent years and high interest rates and significant increases in prices are making delivery of capital schemes more expensive. In order to sustain our financial resilience, a thorough review of the capital programme has been undertaken to ensure the affordability and sustainability of our capital programme in the medium term.

The Capital Programme for 2025/26 – 2029/30 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.

The Council needs to focus attention on 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. 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.

The Government has confirmed its commitment to reviewing Local Government funding distribution (also referred to as the Review of Relative Needs and Resources or the Fair Funding Review). On the basis that the Government has committed to multi-year settlements and launched a spending review to conclude in 2025, Funding Reform has been modelled to take effect from 2026/27. Confirmation over the timing of the reform is crucial to planning, not least because of the anticipated reduction in overall funding. Currently, transitional arrangements are assumed to phase and mitigate the impact of the reduction expected from the funding reform. Fair Funding Reform almost certainly will have a very significant impact on the Council's future funding position as it is likely to include an expectation that the council maximises its reliance on Council Tax for funding services.

Transformation and service delivery plans are being developed now to identify opportunities to improve the medium-term financial outlook, developing a 'One-Council' approach to transformation with several cross-council programmes designed to optimise the way we work.

#### **BACKGROUND:**

1. The production of the 2025/26 budget has been developed through an integrated approach across Corporate Strategy & Policy, Design & 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.
2. The budget decisions and attached 2025/26 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.

#### **RECOMMENDATIONS:**

Following the Cabinet Meeting on 28 January 2025, the recommendations to Council on 4 February 2025 are:

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

1. The Deputy Chief Executive & Executive Director of Resources' (Section 151 Officer) conclusion that estimates included in the Final Budget Report and Medium-Term Financial Strategy are sufficiently robust in setting the budget for 2025/26; and

2. That it is the view of the Deputy Chief Executive & Executive Director of Resources (Section 151 Officer), that the level of reserves is adequate to meet the Council's needs for 2025/26. These reserves include the following amounts, (totalling £121.4m) set aside specifically to provide financial resilience:

- the General Fund (£50.5m).
- Earmarked Reserves available to support unforeseen events and protect financial resilience (£70.9m)

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

3. The net revenue budget requirement be set at **£1,264.1 million** (net cost of services after service specific government grants) for 2025/26 (Annex B), subject to confirmation of the Final Local Government Financial Settlement.
4. The total Council Tax Funding Requirement be set at **£972.3 million** for 2025/26. 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).
5. 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%).
6. Sets the Surrey County Council precept for Band D Council Tax at £1,846.36, which represents a 4.99% uplift. This is a rise of £1.69 a week from the 2024/25 precept of £1,758.60. This includes £286.61 for the Adult Social Care precept, which has increased by £35.17. A full list of bands is as follows:

Valuation band	Core precept	ASC precept	Overall precept
A	£1,039.83	£191.07	£1,230.90
B	£1,213.13	£222.92	£1,436.05
C	£1,386.44	£254.76	£1,641.20
D	£1,559.74	£286.61	£1,846.35
E	£1,906.35	£350.30	£2,256.65
F	£2,252.96	£413.99	£2,666.95
G	£2,599.57	£477.68	£3,077.25
H	£3,119.48	£573.22	£3,692.70

7. Delegate powers to the Leader and Deputy Chief Executive & Executive Director of Resources (Section 151 Officer) to finalise budget proposals, updated to take into account new information in the Final Local Government Finance Settlement;
8. The Total Schools Budget of £738.7 million to meet the Council's statutory requirement on schools funding (as set out in Section 9 of the

2025/26 Final Budget and Medium-Term Financial Strategy to 2029/30).

9. The overall indicative Budget Envelopes for Directorates and individual services for the 2025/26 budget (Annex B) and that the Corporate Leadership Team be required to meet the revenue budget for the delivery of Council services.
10. That the Corporate Leadership Team be required to deliver the revenue saving plans as set out in Annex A.
11. The re-set of the Earmarked Reserves, as set out in Annex D.
12. The total £1,398.8 million proposed five-year Capital Programme (comprising £1,016.8 million of budget and £382.0 million pipeline) and approves the £406.3 million Capital Budget in 2025/26 (Annex C).
13. 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 2025/26 Final Budget Report and Medium-Term Financial Strategy to 2029/30).

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

14. The Capital, Investment and Treasury Management Strategy 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 (Annex F).
15. The policy for making a prudent level of revenue provision for the repayment of debt - the Minimum Revenue Provision (MRP) Policy (Annex G).

#### **SECTION 151 OFFICER COMMENTARY & SECTION 25 REPORT**

3. 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.
4. The budget report has been drafted on the basis of this legislation, and critically the 2025/26 budget is balanced. Furthermore, it has no reliance on the use of one-off funding i.e. reserves, to fund on-going activity and has a full scheduled savings plan proposed for 2025/26 to achieve this position.
5. The enclosed report sets out a balanced budget for 2025/26. 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 and ongoing financial sustainability.

6. Under section 25 of the Local Government Act 2003 there is a statutory duty on the Section 151 Officer to report, at the time the budget is considered and the Council Tax set, an opinion on:
  - the robustness of the estimates made for the purposes of the [budget] calculations; and
  - the adequacy of the proposed financial reserves.
7. The budget has gone through extensive iterations, with collaboration and challenge between Cabinet and the Corporate Leadership Team in the development of inflation and demand pressures as well as proposals for efficiencies. These have then been scrutinised through wide engagement with Select Committees.
8. The Council overall continues to be in a healthy financial position, especially considering the current financial challenges and outlook for the local government sector. Although there is a projected overspend in 2024/25 of £18.6m (at the month 8 position), this will be offset by the £20m budget held centrally, resulting in a contribution to reserves, provided this position is maintained by the outturn.
9. Equally this budget looks to further strengthen the financial sustainability of the authority by underpinning the £20m budget as a planned contribution to reserves to bolster financial resilience as well as the potential to fund future investment, be that on transformation, prevention or priorities.
10. This will be done with an emphasis on the delivery of the planned savings in year, and the realisation and identification that further investment will be needed to transform services to deliver efficiencies and continue to ensure a balanced budget in future years. The detail on the transformation activity and its associated funding is presented in more depth in the report and goes towards ensuring transparency around our reserves and the activity they fund.
11. The level of savings delivery, at £66.4m, is a key risk. This will be a focus within the leadership group in 2025/26, based on savings delivery plans, and will ensure oversight and delivery of the agreed plans. Critically, where this is not possible or there are variances to plan, there will be proactive early mitigation to ensure overall budgetary control, to complement the already tight financial management of budgets across the Council.
12. Although pressures of over £122m have been built into the budget, there are still risks present within these. The demand for social care in particular is ever present with the growing and ageing demographic but also the complexity of care for our vulnerable adults and children. When matched



with the sufficiency of places to meet this need, it drives market forces and the cost of placements/packages.

13. The assumptions around these pressures on demand and inflation have been built into the base budget and will continue to be reviewed to ensure assumptions remain robust and financial impacts can be reported and where necessary management action taken.
14. In terms of inflation an assumption of 3% has been used for pay and 2% for non pay related costs, however where specific evidence exists e.g. contract specific inflation, these have been taken into account. The pay award for 2025/26 will mirror the national pay award. Whilst CPI remains above the Bank of England target of 2% this represents potential future pressure and risk above those assumptions.
15. A specific risk within the budget is the impact of the employers' national insurance increases from April 2025. Whilst we have prudently assumed £6.4m in funding will be received from Government, this is still £2m short of the estimated direct cost of £8.4m. At the time of writing, it is not known what the final funding position will be from Government.
16. In addition, there will be pressure on the Council's supply chain to absorb the increase in employers' national insurance within their current cost and fees. This is the position that is being adopted heading into 2025/26.
17. It is forecast for interest rates to lower during 2025/26, however the current economic conditions and the Council's debt portfolio, whereby we are holding short term debt until rates lower, has seen higher than forecast borrowing costs. Ultimately the Council will want to secure longer term debt to match the investment made in assets and infrastructure, but current prevailing interest rates result in the holding of short term debt as the most prudent course despite the higher than expected short term rates.
18. The local government provisional settlement only provides certainty for 2025/26, but it was a stark indicator of what is likely to come in the way of any fair funding review. The funding guarantee, worth £9.1m to the council in 2024/25, was removed and no additional funding was received out of the £600m recovery grant allocation, with the distribution methodology aligning this to areas with higher deprivation and lower ability to raise funds from council tax.
19. Although not a risk in 2025/26, as effectively the budget gap has been closed by the Cabinet's proposal to raise council tax (as is expected by HM Treasury), a review of local government funding does present a significant risk. Moving forward we have assumed a reduction in government funding as a result of any fair funding review but with

transition funding lowering the immediate impact. Overall it is estimated in the MTFS that government funding will reduce by over £80m.

20. As part of the budget setting process, the levels of balances and reserves has been reviewed and determined ensuring that the level is justifiable in the context of local circumstances and risk profile. The Section 151 officer has reviewed the level in order to ensure a prudent level of balances that is commensurate with the risks that the Council faces and the context within which the authority operates.

21. Section 5.27 of the 2025/26 Final Budget and Medium-Term Financial Strategy to 2029/30 sets out Reserves and Risk Mitigation Strategy, including the level of key reserves and contingencies, **totalling £121.4m** (or 10% of the 2025/26 net revenue budget):

- General Fund (£50.5m).
- Earmarked Reserves available to support unforeseen events and provide financial resilience (£70.9m)

It should be noted that based on the assumption of the £20m contribution to reserve that the overall level and % of reserves held against risk rises to £98.9m and 12% by the end of the financial year. Should there be service spending pressures during 2025/26 which are not mitigated fully, then the contribution to reserves will be adjusted accordingly.

22. 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;
- 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. As such, the budget proposes a planned contribution to reserves of £20m to enable further funding of one-off and transformational activity and/or continue to improve overall financial resilience;
- Reserves should ideally not drop below 10% of the net budget. It is proposed to implement a 2% buffer over the 10% threshold that establishes 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, 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 budgeted contribution to reserves.
23. Significant amount of funding has been set aside to deal with anticipated or potential risks/financial shocks to the system and it is critical that the Council maintains these reserves as set out in the strategy and principles above.
24. A significant amount of one-off funding has also been set aside for investment, as detailed out within transformation, future liabilities and contractual commitments. One of the most significant risks, to which the Council holds a counter reserve balance, is around the High Needs Block of the DSG. Although the Council is in a safety valve agreement, the high needs deficit continues to rise and is forecast to stand at around £167.5m at the end of 2025/26. Despite significant recovery work, the ambitious budget reductions in the initial safety valve programme are under growing pressure as costs and demand have grown faster than envisaged. The Council is in discussions with the DfE about an extension to the Safety Valve agreement.
25. Unlike the majority of other councils in safety valve arrangements, the Council holds a significant offsetting reserve balance of £144m to provide resilience. This, taken with other reserve balances, will ensure that should the statutory override not be continued beyond March 2026 then the Council, from an accounting perspective, has sufficient reserves to offset the deficit.
26. Whilst at the time of writing the potential for Local Government Reorganisation and Devolution, following the white paper in December, is a live issue, this should not distract from the Council in delivering a balanced budget in 2025/26. The Corporate Leadership Team will ensure that focus is on maintaining service delivery and the delivery of the saving plans. There is sufficient resource put aside to react to whatever decision is made by the Government ahead of and during 2025/26.
27. It is the opinion of the Section 151 Officer that the budget proposals set out in the report for setting the 2025/26 budget have been developed through a process of review and challenge and that the level of reserves is sufficient. The financial standing of the Council is sound and continues to improve in the context of those key risks and that the proposed budget is robust and achievable.

<b>LEGAL IMPLICATIONS – MONITORING OFFICER:</b>
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28. The Assistant Chief Executive and Executive Director of Resources is the officer designated by the Council as having the statutory responsibility set out in Chief Finance Officer (CFO) under section 151 of the Local

Government Act 1972. The CFO is responsible for the proper administration of the Council's financial affairs.

29. In order to fulfil these statutory duties and legislative requirements the CFO will:

- Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them.
- Determine the accounting records to be kept by the Council.
- Ensure there is an appropriate framework of budgetary management and control.
- Monitor performance against the Council's budget and advise upon the corporate financial position.

30. The setting of the budget is a function reserved to the Full Council, but the Cabinet is required to make recommendations it wishes to make to Full Council on the various calculations the authority is required to make. Once the budget is agreed by Full Council, the Cabinet cannot make any decisions which conflict with that budget, although variations and in year changes may be made in accordance with the Council's Financial Regulations. Similarly, any decision made by the Cabinet must be made in accordance with the policies, plans and strategies agreed by Council.

31. In each financial year the Council must make its budget calculation in accordance with sections 42A and 42B of the Local Government Finance Act 1992 ( LGFA). In particular, it must calculate the total of:

- The expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year
- Such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year 2025/26
- The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure
- Such financial reserves as are sufficient to meet any estimated revenue deficit for previous financial years which has not already been provided for.

Those calculations are then used to determine the council tax requirement for the year.

32. The Council must issue any precept or precepts in accordance with section 40 of the LGFA. The section prescribes what must be included in the issue of the precept. It must be issued before 1 March in the financial year preceding the year for which it is issued but is not invalid merely because it is issued on or after that date.

33. Under the LGFA section 52ZB the council is required when setting council tax, to determine whether or not the increase is 'excessive'. The draft principles for 2025/6 published by the Secretary of State in December 2024 state that for the Council any increase of 3% or more (excluding the 'social care precept') would be defined by the Secretary of State as 'excessive'. In addition, social care authorities are permitted to levy a 'social care precept' of 2% or less. The recommendations in this report would not lead to an increase in council tax which is defined as 'excessive' or trigger the referendum principles where any increase by the Council of 5% or more.
34. Under section 25 of the Local Government Act 2003, the CFO is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Cabinet is required to determine and submit to Full Council and are contained within this report. The CFO is also required to report on the level of reserves.
35. In deciding its Capital Programme for the year, the Council must have regard to the 'Prudential Code' established by the Local Government Act 2003. This is addressed in the report.
36. The budget allocates funding to services on the basis that a number of changes to Council services which are under consideration may be made. The budget does not itself authorise any changes to services and does not assume that changes will be made. Any changes to services will need to be the subject of appropriate consideration by the Cabinet Member or the Cabinet following, where appropriate, consultation and a full report setting out options for change, the impact of the proposed changes on service users, including in particular the impact on different equality groups. Where a decision is made not to implement any changes then budgetary adjustments may need to be made but the Council is confident that whilst savings over the budget are assumed, each can be implemented in a number of ways, thus no particular changes are assumed.
37. Section 106 of the LGFA restricts any member of the Council from voting on the budget or council tax requirement if they owe any amount of council tax to any local authority which has been outstanding for more than two months. If this applies to a member and they attend a meeting at which the council tax requirement is to be set, they must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.

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**Lead/Contact Officers:**

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**Sources/background papers:**

- [Provisional Local Government Finance Settlement 18 December 2024](#)
- [Final Budget 2025/26 and Medium Term Financial Strategy to 2029/30 \(Cabinet 28 January 2025\)](#)
- [Organisation Strategy 2021 - 2026](#), Report to Council - 8 December 2020
- [A Community Vision for Surrey in 2030](#), Report to Council - 9 October 2018

**Annexes:**

- 2025/26 Final Budget and Medium-Term Financial Strategy to 2029/30
  - Annex A – Pressures and Efficiencies 2025/26 – 2029/30
  - Annex B – Detailed Revenue Budget 2025/26
  - Annex C – Capital Budget 2025/26 - 2029/30
  - Annex D – Projected Earmarked Reserves and Balances
  - Annex E – Council Tax Requirement
  - Annex F – Capital, Investment and Treasury Management Strategy 2025/26; and Annex G – Minimum Revenue Provision (MRP) Policy 2025/26
  - Annex H – Consultation Summary for 2025/26 Budget
  - Annex I – Equalities Impact Assessment for 2025/26 Budget
  - Annex J – Financial Management Code of Practice Assessment
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2025/26 Final  
Budget &  
Medium-Term  
Financial  
Strategy to  
2029/30

# 1. EXECUTIVE SUMMARY

- 1.1 This Council continues to focus on delivering the Community Vision for Surrey 2030 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 mission that no one is left behind remain the central areas of focus as we deliver high-quality and sustainable services for all.



- 1.3 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.
- 1.4 The purpose of the Budget and Medium-Term Financial Strategy is to set out how the Council will use its funding and resources to deliver its priority objectives and core services. These sit at the core of the budget process, driving our approach to the allocation of resources and developing investment plans.
- 1.5 The period covered in this report represents a challenging time for local authority finances, with inherent uncertainty in the planning process and significant pressures identified in relation to both cost increases in the short term and ongoing forecast increases in demand for key services. Public Sector borrowing has been put under substantial pressure by events over recent years, including government spending to combat Covid-19, high 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 we deliver high quality to residents.

## Developing the Budget and Medium-Term Financial Strategy

- 1.6 The 2025/26 Budget Report and Medium-Term Financial Strategy to 2029/30 delivers a balanced budget for 2025/26 alongside the challenge of ensuring sustainable and resilient medium-term financial plans in a challenging national economic environment.
- 1.7 As in previous years, the production of the 2025/26 budget is an integrated approach across Corporate Strategy & Policy, Design & Transformation and Finance. Basing proposals around 'Core Planning Assumptions,' which set out likely changes to the external context in which we deliver our services, ensures that revenue budgets, capital investment and transformation plans are aligned with each Directorate's service plans and the Corporate Priorities of the organisation.
- 1.8 The Council's financial position is anticipated to remain challenging over the medium term. While many of the demands we are experiencing are not unique to this Council, we cannot rely on Government, or partners, to solve the issue for us. We need to reduce our costs and take difficult decisions in order to ensure our ongoing financial resilience.



- 1.9 The Council will continue to maintain a strong focus on financial accountability across the organisation to ensure we can both protect and continue to drive improvements in our vital services and ensure No One Left Behind.

## **The Financial Outlook**

- 1.10 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 which, coupled with slow national economic growth, has had a damaging effect on the UK economy. Local Government funding remains highly uncertain and insufficient to combat increasing demand for vital services, with many local authorities highlighting difficulties in balancing the increasing cost of providing services against undefined and limited funding streams.
- 1.11 The new Government has launched a multi-year Spending Review which will conclude in Spring 2025. The Spending Review will set departmental spending plans for a minimum of three years. Whilst the Government have shown a commitment to multi-year settlements for Local Government going forward, the Local Government Finance Settlement for 2025/26 remains a single year event, with multi-year settlements aligned to the multi-year Spending Review thereafter. This represents the sixth consecutive single year settlement.
- 1.12 The Provisional Local Government Funding Settlement (LGFS) was released on 18<sup>th</sup> December 2024, following on from the Government's Budget on 30 October 2024 and a policy statement issued by the Minister of State for Local Government and English Devolution on 28 November 2024. Both of these prior announcements provided some indications of what the settlement would include, including additional grant funding for local authorities, which the November Policy Statement indicated would be targeted at areas with higher deprivation and those less able to raise income through council tax increases. There were elements unconfirmed and a lack of detail on actual allocations to make funding estimates uncertain until the official announcement.
- 1.13 The LGFS shows the Council's Core Spending Power, as calculated by the Government, to be a 4.9% increase (in cash terms). Of this 4.9% increase, 90% relates to an assumption of full utilisation of the council tax and adult social care precept levels, rather than additional funding from Government. The net outcome of the provisional LGFS indicates a net change to government grant assumptions of £2.9m, this is discussed in further detail in Section 5 below. The final settlement is due in February 2025.
- 1.14 The Budget announcements on the 30 October included a rise in both the National Living Wage and in Employer's National Insurance Contributions. This will increase the Council's own wage bill, as well as that of many of our suppliers, which will feed through into increased costs. The direct impact on the Council's wage bill is factored into the budget proposals, along with an estimate of the compensation grant the Council will receive for the impact of National Insurance Contribution increases. This compensation funding was not confirmed in the Provisional LGFS and will not be confirmed until the Final Settlement in February 2025, increasing the budget planning risks.
- 1.15 The overall outlook for 2025/26 is a challenging one. Whilst there is an anticipated small increase in grant funding, 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. The Council continues to see exponential increases in demand for services, particularly within Adults and Children's Social Care and Home to School Travel Assistance, resulting in a need for further efficiencies within services and an increase Council Tax to ensure the budget can be balanced.
- 1.16 The final budget for 2025/26 proposes total funding of £1,264.1m; an increase of £55.7m from 2024/25. In order to achieve a balanced position, the budget includes the following recommendations to full Council on Council Tax and the Adult Social Care Precept;
- 2.99% increase in core Council Tax
  - 2% increase in the Adult Social Care Precept

The increase in the total bill for a Band D property will equate to £1.69 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.

- 1.17 The budget gap is expected to continue to grow over the medium term, based on current projections, to the order of £172m. The Council recognises that tackling this gap will require a medium-term focus and a fundamentally different approach.

## **Engagement**

- 1.18 The Council has undertaken consultation and engagement with residents and other stakeholders, such as partner organisations and Members, to provide the Council with insights to inform budget setting for 2025/26 and into the Medium-Term.
- 1.19 The approach taken during 2024 was divided into two phases:
- The first phase took place in the summer of 2024. 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, at that time, of £17.4m for 2025/26. 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.
- 1.20 Over 2,200 stakeholders gave their views across both phases. The key insights are set out in Section 10.
- 1.21 Members were also engaged extensively through the budget development process. This included formal and informal briefings of Select Committees, all Member briefings and briefings offered 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.
  - Seeking confidence on how pressures on high demand services will be managed and mitigated.
- More detail on the consultation and engagement activity that has informed this budget is included in Annex H.

## **Key Elements of this Report and Next Steps**

- 1.22 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 2025/26 (Section 5);
  - The five-year Capital Programme, setting out the Council's ambitious plans to invest in Surrey's infrastructure, economy and create a greener future (Section 6);
  - 2024/25 Financial Performance – revenue and capital (Section 7);
  - The Medium-Term financial outlook to 2029/30 (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.
- 1.23 The final 2025/26 Budget and Medium-Term Financial Strategy to 2029/30 will be presented to Council for approval on the 4 February 2025.

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



- 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 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 help us create the conditions for Surrey to thrive. Our Organisation Strategy (2023-28) sets out four priority objectives which reflect where we can have the greatest impact on tackling inequality and improving outcomes for people living and working in the county.



- 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, high performing 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. Investment in prevention and early support is key to achieving those ambitions.
- 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 The four design principles that guide how our organisation operates, and the four commitments about how our people will work are detailed in full in our [Strategic Framework – The Surrey Way](#). 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 In recent years our transformation programmes have shifted focus to a more cross-cutting approach that is rooted in the outcomes we were seeking for Surrey’s residents and businesses and to enable a financially sustainable footing over the medium-term. To achieve this, we have developed a one-council approach to transformation with several cross-council programmes designed to optimise the way we work. These programmes focus on:

- Customer engagement and improvements to customer experiences and outcomes
- Organisation redesign to review ‘the way we do things’ across the whole council
- Data and digital to leverage emerging and innovative technology
- Place and communities support to improve outcomes for residents
- Developing the performance and culture that underpins the organisation

3.2 In addition, we have several major Directorate-led change programmes that are focussed on driving service excellence and making improvements to statutory and preventative services. These are driven and delivered alongside our cross-cutting work, emphasising the need and commitment 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, we aim to reduce demand in our critical services and support the sustainability of the Council.

3.3 The transformation programme investment is set out below, with a planned investment of £38.7m over the next three years, £24.6m in 2025/26. The investment comes from the transformation base budget of £6.5m, plus the temporary allocation of £5m of budget from Central Income and Expenditure and the approved use of reserves for Adults Wellbeing & Health Partnerships Transformation, Customer Transformation, the Data Team and a £2.5m contribution to the Additional Needs & Disabilities Recovery Programme in 2025/26.

3.4 This investment delivers £108m of the identified efficiencies across the MTFs as set out below:

**Table 1 – Transformation Programme Investment & Efficiencies**

	Overall Investment				Efficiencies					
	25/26	26/27	27/28	Total	25/26	26/27	27/28	28/29	29/30	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Core Transformation Programme</b>										
Customer Transformation	3.6	3.1	0.2	<b>6.9</b>	(0.1)	(0.4)	0.0	0.0	0.0	<b>(0.5)</b>
Organisation Redesign	1.3	1.1		<b>2.4</b>	(8.9)	(3.0)	(0.2)	(0.0)	(0.0)	<b>(12.1)</b>
Adults Wellbeing Health Partnerships	3.8	0.5		<b>4.3</b>	(18.5)	(16.1)	(18.2)	(17.3)	(12.6)	<b>(82.7)</b>
Additional Needs and Disabilities Safety Valve	2.5	2.5	2.5	<b>7.5</b>						<b>0.0</b>
Data and Digital Transformation	2.7	2.1	1.1	<b>5.9</b>						<b>0.0</b>
High Performing Council Transformation	0.5			<b>0.5</b>						<b>0.0</b>
	<b>14.4</b>	<b>9.3</b>	<b>3.8</b>	<b>27.5</b>	<b>(27.5)</b>	<b>(19.5)</b>	<b>(18.4)</b>	<b>(17.4)</b>	<b>(12.6)</b>	<b>(95.3)</b>
<b>Service Improvement Programme</b>										
Additional Needs and Disabilities Recovery Plan	5.0			<b>5.0</b>						<b>0.0</b>
Children's Social Care	1.3			<b>1.3</b>	(3.6)	(6.9)	(1.5)	(0.7)	(0.1)	<b>(12.8)</b>
Design and Internal Consultancy	1.0			<b>1.0</b>						<b>0.0</b>
Data Team	1.0			<b>1.0</b>						<b>0.0</b>
Other smaller service improvement areas	1.9	0.5	0.5	<b>2.9</b>						<b>0.0</b>
	<b>10.2</b>	<b>0.5</b>	<b>0.5</b>	<b>11.2</b>	<b>(3.6)</b>	<b>(6.9)</b>	<b>(1.5)</b>	<b>(0.7)</b>	<b>(0.1)</b>	<b>(12.8)</b>
<b>Total Transformation</b>	<b>24.6</b>	<b>9.8</b>	<b>4.3</b>	<b>38.7</b>	<b>(31.1)</b>	<b>(26.4)</b>	<b>(19.9)</b>	<b>(18.1)</b>	<b>(12.7)</b>	<b>(108.1)</b>

3.5 In addition to the identified efficiencies, the transformation programme drives cost containment, most notably within the Additional Needs and Disabilities Programme, which drives the cost containment included in the Council’s Safety Valve agreement:

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Safety Valve Cost Containment	£19m	£25m	£25m	£25m	£20m	<b>£114m</b>

- 3.6 Programmes such as Data and Digital and Customer enable efficiencies listed above against other programmes, such as organisational re-design. This demonstrates that our initiatives cannot be considered as individual, isolated programmes, but instead they are viewed as a portfolio of change programme that are connected and dependent on one another to enable us to successfully meet our strategic goals. Work is anticipated to generate further efficiencies, and therefore investment needs, over and above those currently included in later years of the MTFS.
- 3.7 Alongside driving financial benefits, the transformation programme is essential to achieving our strategic ambitions and objectives, as set out in The Surrey Way. Change activity delivers a large amount of non-financial benefits and improved outcomes for residents and the most vulnerable members of our communities. These benefits, and a desire to continue delivering improved outcomes, are critical for the Council to meet the social, financial and environmental challenges it faces over the next five years.
- 3.8 Due to the financial pressure we are facing, we will continue to review both the level of investment and the returns on that investment, with a view to identifying further efficiencies to support our financial sustainability.

## 4. SERVICE STRATEGIES

### ADULTS, WELLBEING & HEALTH PARTNERSHIPS

#### Context

- 4.1 Adults, Wellbeing & Health Partnerships (AWHP) is made up of three main services:
- **Adult Social Care (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. Surrey’s ASC service works with over 24,000 residents and funds care packages for almost 13,000 residents.
  - **Public Health (PH)** – commissions preventative services targeted at reducing health inequalities including 0-19 services, sexual health services, substance misuse service, NHS health checks and healthy lifestyle services. PH also works to protect residents from communicable diseases and environmental hazards, as well as providing public health intelligence to inform local health planning.
  - **Communities & Prevention services (C&P)** – provides a range of community functions to help join up services and prevent demand for SCC and partner services across towns and villages, supports and helps to coordinate Surrey’s voluntary sector infrastructure and administers the Your Fund Surrey capital fund and Your Councillor Community Fund (revenue).
- 4.2 AWHP operates in an incredibly challenging environment with the current rate of rising demand for services and inflationary pressures exceeding available funding, significant legislative changes and uncertainty about future government policy, including future plans for the ASC charging reforms which have been postponed indefinitely by the new government.
- 4.3 In the context of these challenges AWHP is taking forward an ambitious programme to reduce the care package spending trajectory, by transforming and improving the customer journey through improved reablement services, expansion of technology enabled care services and supporting more people to stay at home, effective market shaping and commissioning of services, and enabling thriving communities across Surrey’s towns and villages. In June 2024, Cabinet approved up to £8m of investment in this programme over 2024/25 to 2026/27.

#### Current 2024/25 budget position

- 4.4 At the end of November an overspend of £3.6m was forecast against AWHP’s 2024/25 budget. This was due to a forecast £3.9m overspend on care package spend and a £2.0m overspend on staffing & other expenditure budgets, partially mitigated by a forecast £1.6m underspend on wider support services, £0.5m additional ASC funding and a £0.2m underspend against the budget set for Public Health and Communities. AWHP continue to seek to identify mitigations to reduce the overspend.



- 4.5 The annual cost of all active care package commitments at the end of November 2024 was £8.3m higher than the 2024/25 budget. The full year effect of efficiencies planned in the rest of 2024/25 and included in the 2025/26 budget seek to significantly manage down this pressure, but a risk remains that pressures above what is currently planned for carry over into 2025/26. Workforce pressures in 2024/25 also have an ongoing impact, with £4.2m of staffing pressures included in 2025/26, in addition to pay inflation.

### **Financial pressures**

- 4.6 The 2025/26 revenue budget for AWHP includes £53.0m of growth to cover pressures, with pressures of £215.9m included across the MTFS period to 2029/30. The largest pressures relate to increase demand for ASC care packages (£26.8m in 2025/26, £128.8m across the MTFS), care package and contract inflation (£23.0m in 2025/26, £82.0m across the MTFS) and workforce pressures including pay inflation and the estimated cost of increased National Insurance contributions (£8.0m in 2025/26, £16.2m across the MTFS).
- 4.7 Expenditure pressures are partially mitigated by inflation on ASC assessed fees & charges (£2.7m in 2025/26, £11.1m across the MTFS), £3m of budgeted increased income from Surrey's Better Care Fund for ASC in 2025/26, which is a high-level estimate based on prior years pending government announcements, and £0.4m of other funding increases.

### **Financial efficiencies**

- 4.8 AWHP's 2025/26 revenue budget includes £33.0m of efficiencies, with £99.8m planned across the MTFS period to 2029/30. The majority of AWHP's planned efficiencies are reliant in part, or in full, on the successful delivery of AWHP's transformation and improvement programme (£18.5m in 2025/26 and £82.7m across the MTFS). This includes strengths-based practice and demand management efficiencies to bring the care package trajectory to a more affordable level, market shaping & commissioning activities to implement a new technology enabled care strategy and delivery of the Right Homes Right Support ASC accommodation programme and restructuring and refocus of AWHP's community functions.
- 4.9 AWHP plans for £14.6m of efficiencies in 2025/26, £17.0m across the MTFS, the delivery of which sits outside of the directorate's transformation and improvement programme. These include efficiencies planned to mitigate ASC price inflation (£7.8m in 2025/26), increase income from the NHS for ASC funded clients under Section 117 Aftercare or Continuing Health Care regulations (£3.9m across the MTFS), improved purchasing of older people nursing/residential packages (£1.9m across the MTFS), £1.6m related to planned changes to ASC charging policies and improved debt collection, £1.4m of efficiencies across the MTFS that relate to Public Health and Communities Services and £0.4m of leadership efficiencies.

### **Capital programme**

- 4.10 There are three main areas of capital expenditure planned:
- The Right Homes Right Support programme to develop affordable extra care housing for older people, supported independent living and short breaks services for people with learning disabilities, autism and mental health conditions, and specialist nursing and residential care service for older people. £60.2m is included in the capital proposals across these workstreams, with £29.9m spent in prior years.
  - Your Fund Surrey - a capital fund for large and small community projects. £10.0m is included in the capital programme for 2025/26.
  - Community equipment – £1.5m per year across the MTFS.

### **Horizon scanning**

- 4.11 Sustained and significant demand, inflation and workforce pressures, considerable uncertainty about future funding for ASC and PH services and ongoing legislative changes and reforms all make the future operating environment for AWHP incredibly challenging.
- 4.12 The directorate is focused on delivering its ambitious transformation programme, which is vital to future financial sustainability, as well as continuing to take all opportunities to operate more efficiently.

## CHILDREN, FAMILIES AND LIFELONG LEARNING

### Context

4.13 The Children, Families and Lifelong Learning Directorate (CFLL) covers all children's social care, corporate parenting and education budgets and provides budgets for all state funded schools across Surrey. Much of CFLL relates to the provision of statutory services, including care packages, corporate parent responsibilities, supporting families and the provision of services for children with additional needs and disabilities both in the home and in school. Core services are funded through Council resources via the general fund, whilst funding for children in school is through the Dedicated Schools Grant (DSG).

### Current 2024/25 budget position

4.14 The budget position at the end of November 2024 is a forecast overspend of £8.8m. The largest area of pressure relates to the cost of home to school travel assistance (£7.0m), which links to the significant growth in the number of children with additional needs and disabilities in specialist provision and the statutory transport requirements for those children. Increased costs of social care placements account for the majority of the remaining pressures.

### Financial pressures

4.15 Like many authorities across the country, the provision of support for children with additional needs continues to be one of the biggest challenges and pressure for the Council. Much of the cost is met through the high needs block of the dedicated schools grant (DSG), whilst the staffing pressures relating to assessments, management and associated transport costs cause pressures in the general fund.

4.16 In addition, the costs of social care placements continue to be a budget pressure across the MTFS period. Although the number of children in our care has fallen, the cost of very specialist placements continues to rise, in a highly competitive commercial market.

### Financial Efficiencies

4.17 The Directorate is reviewing all areas for potential efficiencies, with particular focus on:

- Detailed review of Home to School Travel Assistance, where stricter adherence to our policy of not funding transport for young people outside of the statutory entitlement has been introduced alongside regular reviews of single use taxis and passenger assistants.
- Prevention has been a particular focus across all areas of CFLL with additional funding and support introduced to ensure that the need for children and families to have a statutory social work intervention can be prevented wherever safe to do so.
- Ensuring, where possible, children can return to their families has been a focus of the reunification project which supports the return of children successfully to home, so they are no longer in our care.
- Building and investing in Surrey owned and managed provision for both children's homes and supported accommodation allows us to have more control over the market and ensure children are placed closer to their family and community.
- A full review of all management structures and spans of control is taking place to ensure the most efficient and cost-effective structure across the Directorate.
- A review of all non-statutory services has been undertaken and a review of the Directorate's business administration function is under way.

### Capital budgets

4.18 CFLL has a direct Capital budget of £2.4m, however it has significant interest in several projects delivered through Land and Property, specifically focussed on building new SEN school provision and provision for young people in Children's Homes and supported living.

### Horizon scanning

4.19 Work is continuing to identify efficiencies within the service as well as looking at early intervention opportunities to reduce longer term costs. The costs relating to children with additional needs and

disabilities continue to be a pressure, as in the rest of the Country, and ensuring best use of our resources in supporting these children in their communities continues to be a priority.

## PLACE

### Context

4.20 The Place Directorate is a future-focused Directorate which aims to shape places, improve the social, economic, built and natural environments, and support delivery of environmental, sustainability and climate change targets. Place provides many “universal services and spaces” which many or all residents can access - including highways, waste management, Public Rights of Way and the Surrey County Council countryside estate. 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;
- Access to the countryside, including Public Rights of Way;
- Planning & Development;
- Supporting the County’s and Council’s response to environmental improvement and climate change including climate resilience, flooding and water quality, carbon reduction, biodiversity and nature recovery
- Provision and maintenance of the Council’s land & property estate; and
- Supporting economic growth.

4.21 Over the period of the Medium-Term Financial Strategy, Place’s key priorities are to:

- **Financial Sustainability:** Strengthen financial stability by leveraging funding opportunities, exploring commercial ventures, fostering partnerships, and innovating service delivery to maximise value for money.
- **Transport Investments:** Prioritise funding for enhanced bus services, half-price travel schemes, digital demand-response transport, and EV network expansion to align with climate goals and resident needs.
- **Highways Improvements:** Ensure efficient allocation of resources to improve the quality of works, foster innovation, and enhance operational effectiveness with highways contract providers.
- **Economic Growth:** Allocate resources strategically to support businesses, develop skills, and create employment opportunities as part of the economic strategy.
- **Waste Management Efficiency:** Fund initiatives aimed at reducing domestic waste and increasing recycling rates to improve environmental performance.
- **Climate and Nature Goals:** Invest in carbon reduction, climate resilience, and nature recovery targets through strategies like the Surrey Transport Plan, Surrey ADEPT, the Climate Change Delivery Plan and the Local Nature Recovery Strategy.
- **Capital Programme Delivery:** Secure and allocate funding for key projects, including highways maintenance, infrastructure improvements, and Land & Property developments, while building a pipeline for future schemes.
- **External Funding Maximisation:** Continue to identify and secure grants, developer contributions, and other income streams to support revenue and capital activities.
- **Targeted Investment in Communities:** Direct funding to areas with the greatest need, ensuring alignment with Council priorities and the No One Left Behind agenda.
- **Placemaking and Partnerships:** Align investments to deliver the Surrey Place Ambition and support partnerships with anchor institutions for shared outcomes in local government initiatives.



## Current 2024/25 budget position

- 4.22 Place's current annual revenue budget is £187.4m. 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 managing the Council's land and property estates.
- 4.23 A significant proportion of the Directorate's budget is linked to contracts, and Place therefore recognises the need to work in close partnership with providers and markets to explore opportunities for efficiencies.
- 4.24 At month 8 Place forecasts an overspend of £8.1m mainly due to:
- pressures within Land and Property (£4.3m) due to facilities management, one off back dated energy costs, one off dual running operation of office buildings and reduced rental income,
  - pressures within Highways and Transport (£2.6m) due to additional verge maintenance works. Further pressures associated with parking and traffic enforcement, and transport costs including concessionary fares, are mitigated within the wider service budget, and
  - pressures within Environment (£1m) including increased waste management costs, primarily due to market costs of managing dry mixed recyclables and other changes in contract costs, and costs associated with managing ash dieback.

## Financial pressures

- 4.25 The Place 2025/26 draft revenue budget includes pressures of £17.5m, £38.5m across the whole MTFS period to 2029/30, including:
- Inflation: significant spend within Place is delivered through medium- and long-term contracts including bus services, highway maintenance, facilities management and waste management. Most contracts include provision for an annual inflationary uplift, e.g. to recognise that materials and labour costs are increasing. The draft budget assumes non-staffing inflation at 2% (£2.3m) for 2025/26. Pay inflation is also included at 3% (£1.5m) for 2025/26. Changes to National Insurance contributions result in a cost of £1.1m which is expected to be funded through additional Government Grant.
  - Waste pressures of £3.5m, after taking account of changes in grant funding, include increased net costs of managing dry mixed recyclables, changes to contract costs (offset by efficiencies) and costs associated with and funded through the Extended Producer Responsibility (EPR) grant (see below).
  - Highways & Transport pressures include improvements to verge maintenance, weed control and other visual improvements (£5m), changes to the timing of bus and digital demand responsive transport services and grant funding (£2.1m net pressure), increased parking contract costs linked to inflation (£0.5m), a one-off sum to address a backlog of highway tree works (£0.5m), and an expected pressure following national changes to reimbursement of bus operators for concessionary travel (£0.6m).
  - The MTFS reflects changes in line with Government waste reforms, including the EPR grant and associated costs. EPR aims to transfer the cost of managing packaging waste from the taxpayers to packaging producers, with incentives on those producers to reduce unnecessary and more difficult to recycle waste. As part of these changes the Council will be compensated for the cost of managing packaging waste through an EPR grant, and it has been provisionally notified it will receive grant of £9.3m in 2025/26. This will be used to offset the cost of managing packaging, as well as supporting the maintenance and development of future infrastructure required to manage recycling effectively and efficiently, and the procurement of new contractual arrangements. EPR grant is expected to reduce over time, as producers make improvements and reduce the amount of packaging. EPR is part of wider national waste reforms including changes aimed at simplifying and standardising recycling, and the expansion of the Emissions Trading Scheme to include the waste sector, which will introduce charges for the fossil-based emissions arising from incineration and energy from waste treatments. While

further details are awaited, however this is currently expected to result in higher costs for the Council from 2028/29.

### Financial Efficiencies

4.26 The Place 2025/26 revenue budget includes efficiencies totalling £10.6m, £16.5m across the MTFS period to 2029/30, including:

- Waste efficiencies including retender of residual waste, dry mixed recycling and other contracts (£4m), which together with wider inflation reductions during 2024/25 (£1m) offset linked changes in contract costs above.
- Other proposed efficiencies include undertaking some highways repairs from existing capital budgets (£5.3m), a review of greener futures activity (£0.5m), and smaller efficiencies including maximising income and staffing changes.
- These are offset by unachieved prior year Agile programme efficiencies (£1.3m).

### Capital budgets

4.27 Place 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. Place's draft 5-year capital programme and pipeline totals £1.4bn across the MTFS period. Key programmes and schemes include:

- Structural maintenance of roads, bridges and other highway assets
- Highways and transport improvement schemes and programmes such as the A320 improvements, Farnham infrastructure programme, supporting the introduction of low emission buses, and the Surrey Infrastructure Plan
- Provision for waste management infrastructure including a materials recovery facility and maintenance & improvements to other waste sites.
- The Council's carbon reduction plan through investment in electric vehicles, EV charging networks and decarbonising SCC's real estate.
- 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

4.28 In future years further opportunities are anticipated in a few areas.

- 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 over the MTFS period and beyond.
- The revised National Planning Policy Framework (NPPF) and ongoing consultations are heralding a return to Spatial Planning, likely to be over a county level geography, as a minimum. Taking the form of a Spatial Development Strategy (SDS), this will guide investments and development securing positive social, environmental and economic outcomes.
- The Government have recently published the white paper on Local Government Reorganisation, and although we don't know yet how the detail of this may impact Surrey as a County, there are clear opportunities that could ensue which will have an impact on the Place agenda, not least by simplifying local government and devolving more powers locally.

## COMMUNITY PROTECTION & EMERGENCIES

### Context

4.29 The Community Protection & Emergencies Directorate (CP&E) 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 His

Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HIMCFRS), CP&E 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.

- 4.30 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. Surrey Fire & Rescue Service also aim to work collaboratively with other emergency services, District and Borough Councils and closer working with businesses to support the Surrey economy.
- 4.31 Other services within the Community Protection & Emergencies Directorate are Trading Standards, Safer Communities and Emergency Management.

### **Current 2024/25 budget position**

- 4.32 CP&E currently has an annual revenue budget of £43.9m. At month 8 ,forecast expenditure is in line with budget, with pressures including fleet costs and abortive prior year spend (for which recovery is under investigation) being offset by efficiencies generated through shared support costs of Joint Fire Control.

### **Financial Pressures**

- 4.33 The CP&E 2025/26 revenue budget includes growth for pressures of £2.3m, with pressures of £7m included across the MTFS period to 2029/30; including:
- Expected growth through pay inflation, primarily anticipated growth from nationally agreed firefighter's pay awards, totalling £1.4m next year.
  - National Insurance increases, expected to be funded through Government funding, £1m.
  - Other adjustments total a net reduction of £0.1m, with non-pay inflation and communications systems costs being offset by cessation of time-limited growth introduced in previous years.

### **Financial Efficiencies**

- 4.34 The CP&E revenue budget includes efficiencies of £0.8m in 2025/26, rising to £1.3m over the MTFS, including staffing reviews and efficiencies across the wider Group, sharing Joint Fire Control support costs with partners and an allowance to reflect the interval between staff leaving and new joiners starting.

### **Capital budgets**

- 4.35 CP&E currently has a Capital Programme of £23m across the 5-year MTFS period which includes replacement of fire appliances, other vehicles and equipment.

### **Horizon scanning**

- 4.36 Efficiency measures subject to further development include developing a shared use offer for future training and fleet maintenance facilities.

## **RESOURCES**

### **Context**

- 4.37 The Resources Directorate sits at the heart of the Council, predominantly responsible for enabling services across the Council, 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.
- 4.38 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 to achieve as the primary objective of 'One Council', 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 the customer perspective and issues, rather than Resources own organisational structure and arrangements.

4.39 The Directorate has a key role in managing the overall financial resources of the Council, managing risk and ensuring a correct path to decision making through procurement rules and regulations, governance and audit and ensuring a strategic integrated planning process is followed.

4.40 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 and governance to enable the organisation to deliver high quality services and good outcomes for residents.
- Continually challenging ourselves and others to improve and innovate for the benefit of our residents.
- The Directorate also provides a diverse range of high quality, high profile and wide reaching/impact services for our residents, whilst also being at the forefront of shaping and delivering the Council's priority ambitions of making Surrey a great place to live, work, and learn, ensuring no one is left behind.
- The directorate works in close partnership with other Council directorates, services, and external partners to ensure successful service delivery of its work plans and programmes.

### **Current 2024/25 budget position**

4.41 The budget position at the end of period 8 is balanced, £1.3m of underspends relating to holding vacant posts are offsetting forecast overspends. Where these variances will continue into 2025/26 they are built into the budget.

### **Financial Pressures**

4.42 The 2025/26 revenue budget for the Directorate includes growth to cover pressures of £6.3m. The majority of these are inflationary pressures of £3.2m. Uplifts in Microsoft licences and continued support of MySurrey adds further pressures of £0.6m.

4.43 The main non-inflationary budget pressure relates to the Fleet Team and funding National Insurance policy changes, which represents a budget pressure of £2.1m in 2025/26.

### **Financial Efficiencies**

4.44 The directorate has identified £4.3m of efficiencies in 2025/26:

- the majority of these relate to Organisational Redesign and Customer Transformation (£2.6m) to be delivered through staffing reductions and council wide reductions in IT licences due to staffing changes;
- maximising income through rate and volume increases should deliver £0.5m;
- the re-procurement of the wide area network and Woodhatch bus service will deliver savings of £0.4m;
- mobile phone reductions will deliver £0.25m;
- plans to reconfigure the welfare offer provided by the Crisis Fund are also included (£0.2m);
- Cultural Services efficiencies include uplifts in charges for services and staffing reductions as well as non-staffing operational efficiencies, such as subscriptions (£0.2m);
- Various smaller efficiencies across services (£0.1m), including cross cutting Coroner's staffing reductions.

## Capital budgets

- 4.45 The Directorate has significant capital investment and delivery plans relating to the Council's IT&D services over the MTFS period (£17.1m). These investment plans support staff to carry out their responsibilities.
- 4.46 The capital 2025-30 pipeline and budget contains £13.3m of investment to enable the libraries transformation programme. This is a five-year programme of work to modernise library settings across Surrey to;
- Enable libraries to meet the changing needs of communities;
  - Support wider strategic priorities; and
  - Ensure library assets are fit and sustainable for the future.
- 4.47 The capital pipeline and budget also includes £1.2m to develop the mortuary and £2m to invest in Registration buildings.

## Horizon scanning

- 4.48 The Directorate contains the Design & Transformation service, which drives further financial efficiencies across the organisation through the ambitious and forward-looking transformation programme, Organisation Redesign and Customer programmes and therefore will make a significant contribution to achieving the financial sustainability required, so that the Council can deliver priorities, resulting in better outcomes for Surrey residents.

# 5. FINANCIAL STRATEGY AND BUDGET FOR 2025/26

- 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.

Hallmark	Self-Assessment
<b>The budget has a Medium-Term focus which supports the Strategic Plan</b>	<ul style="list-style-type: none"> <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 MTFS continues to forecast budget gaps in future years, due to projected budget pressures being in excess of anticipated funding increases and identified efficiencies. The continuation of medium-term planning and transparency over the scale of the challenge enables the Council to look across multiple years and continue to focus attention of the identification of efficiencies in the medium term.</li> <li>• The budget process has been coordinated across Directorate Leadership Teams, Corporate Strategy &amp; Policy, Transformation and Finance. The Council continues to try to strengthen this integrated approach and links between these core activities to ensure that the budget is focussed on delivering corporate priorities, is linked to the core planning assumptions and Directorate business plans.</li> <li>• The Council continues to look for cross-cutting opportunities to drive efficiencies to ensure that dedicated focus, resource, and adequate time is given to solving the medium-term budget gap and well as a focus on balancing the budget for 2025/26. Transformation programmes such as Organisational Redesign, Data &amp; Digital and Customer Transformation continues this focus.</li> </ul>
<b>Resources are focused on our vision and our</b>	<ul style="list-style-type: none"> <li>• The Strategic and Integrated Planning Group aims to ensure integration with the Organisation Strategy, the transformation programme and corporate and Directorate priorities.</li> </ul>



<p><b>priority outcomes</b></p>	<ul style="list-style-type: none"> <li>• The budget has been subject to numerous iterations through Cabinet and CLT over the last twelve 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>• Earmarked Reserves and the General Fund are reviewed to ensure they remain 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>• Reserves are assessed in the context of the risk environment in which we operate but also with reference to levels recommended by external auditors, 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> <li>• The Budget Report annually sets out agreed principles for the management of reserves, setting a minimum level compared to the total net revenue budget, as well as agreeing the use of reserves for one-off or time-limited purposes.</li> <li>• The integrated approach to budget setting with transformation and with a focus on opportunities required over the medium-term ensures that we are acting now to secure a sustainable budget over the next five years.</li> <li>• Business cases for investment are built around corporate priorities; focussing on benefits realisation and deliverability across transformation, invest to save and capital.</li> </ul>
<p><b>The budget is transparent and well scrutinised</b></p>	<ul style="list-style-type: none"> <li>• The Council's Select Committees are involved early in the budget process to set out the approach, covering the Core Planning Assumptions, funding projections and baseline financial planning assumptions.</li> <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 draft budget proposals. Formal scrutiny of the Draft Budget was carried out in December 2024.</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> <li>• Two All Member briefings have been delivered to ensure wider engagement and opportunities for input by all Councillors.</li> </ul>
<p><b>The budget is integrated with the Capital Programme</b></p>	<ul style="list-style-type: none"> <li>• The Capital Programme (see Section 6) is developed alongside the revenue budget and is overseen by the Capital Programme Panel to ensure it demonstrates delivery of corporate and service priorities and sets out the impact and linkages with the revenue budget.</li> <li>• Dedicated capital sessions have been held with CLT and Cabinet to assess the deliverability, affordability and proportionality of capital investment. Senior Leaders and Cabinet Members have been involved in the prioritisation of capital projects taking into account parameters such as alignment to corporate priorities and impact on the revenue budget.</li> </ul>

	<ul style="list-style-type: none"> <li>• The full borrowing costs of 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>	<p>Two approaches to consultation have been taken (see Section 10):</p> <ul style="list-style-type: none"> <li>• An engagement exercise asking stakeholders what their 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>• When the Cabinet considered the Draft Budget in November 2024, a further consultation exercise was launched, to provide residents and organisations with information on key proposals within the Draft Budget and seek their views on the financial efficiencies that the Council is pursuing.</li> </ul>

## Budget Principles

5.2 For successive years, the MTFS 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 2025/26 budget. The principles are:

- Developing and continuing to strengthen the 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 or 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; and

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

- Developing and iterating five-year plans, across the Council, integrated with transformation and capital investment;
- 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;
- Assurance that all efficiencies, pressures and growth are owned by Executive Directors and efficiencies are cascaded to all management layers to ensure delivery, including for 2025/26 the enhanced expectation that detailed delivery plans are in place for all;
- Pay and contract inflation is to be managed within Directorate budget envelopes;
- Fees and charges are reviewed and benchmarked;
- A corporate transformation fund is held centrally;
- A corporate redundancy provision is held centrally; and
- There is a budgeted contribution to reserves to enable funding of one-off and transformational activity and to continue to improve overall financial resilience.

## Revenue Budget Headlines

5.3 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 revenue budget has been developed during a period of significant uncertainty; with a change in Government leadership, policy changes, uncertainty over funding, the continued impact of increased

cost-of-living, economic uncertainty and forecast increased demand for services in 2025/26. Understanding this context is integral in helping inform and shape how we plan and respond as an organisation to possible future scenarios.

- 5.4 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.
- 5.5 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 2024/25:
- An increased budget of £55.7m
  - Total pressures of £122.1m, comprising
    - Staffing pressures of £21.7m (including £8.4m relating to increases in National Insurance contributions)
    - Contract & Price inflation of £37.2m
    - Demand and other pressures of £63.2m, including capital financing costs of £10.4m; and
  - Efficiencies of £66.4m
- 5.6 In setting the budget for 2025/26, pay, contract and price inflation has been calculated by Directorates, informed by corporate assumptions. Pay inflation at 3% has been calculated by 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 2025/26 will be decided by the People, Performance and Development Committee after formal consultation. Any further pressure or reduction from the 3% 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 2% for 2025/26, with variations for specific contracts and market variations where appropriate. Inflation has been included in Directorate envelopes.
- 5.7 The revenue budget envelopes for Directorates, Central Income and Expenditure and Funding are summarised in the table below. Overall, net expenditure has grown by £55.7m (4.6%):
- Pressures and Efficiencies are set out in further detail in **Annex A**
  - A breakdown of the 2025/26 budget by Directorates and Services in **Annex B**.

**Table 2: Summary Budget Position for 2025/26**

Directorate	Restated	Demand &					Total	Budget
	2024/25	Pay	Contract &	Other	Efficiencies	Movement		
	Budget	Pressures	Price Inflation	Pressures	& Funding			
	£m	£m	£m	£m	£m	£m	£m	£m
Adult, Wellbeing & Health Partnerships	506.0	4.7	20.3	27.9	-33.0	20.0	526.0	
Children, Families & Lifelong Learning	294.9	6.7	5.6	19.4	-12.6	19.1	314.0	
Place	190.5	2.6	2.8	12.1	-10.6	6.9	197.4	
Community Protection & Emergencies	44.1	2.4	0.2	-0.3	-0.8	1.5	45.6	
Resources	78.5	5.3	-0.1	1.1	-4.3	2.0	80.5	
<b>Total Directorate Budgets</b>	<b>1,114.0</b>	<b>21.7</b>	<b>28.9</b>	<b>60.2</b>	<b>-61.4</b>	<b>49.4</b>	<b>1,163.4</b>	
Central Income & Expenditure	94.4	0.0	8.3	3.0	-5.0	6.3	100.7	
<b>Total Net Expenditure</b>	<b>1,208.4</b>	<b>21.7</b>	<b>37.2</b>	<b>63.2</b>	<b>-66.4</b>	<b>55.7</b>	<b>1,264.1</b>	
Business Rates (including related grants)	-154.6				1.8	1.8	-152.8	
Grants	-135.2				-2.9	-2.9	-138.1	
General Council Tax	-784.1				-37.3	-37.3	-821.4	
Adults Social Care Precept	-130.8				-20.1	-20.1	-150.9	
Collection Fund (Surplus) / Deficit	-3.7				2.8	2.8	-0.9	
<b>Total Funding</b>	<b>-1,208.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-55.7</b>	<b>-55.7</b>	<b>-1,264.1</b>	



## National Funding Context

### Autumn Budget & Local Government Finance Settlement

- 5.8 On 30 October 2024, the Chancellor of the Exchequer, delivered her first Budget Statement before the House of Commons, setting out the Government's fiscal rules and policy decisions on taxation and spend. The statement included an indication that council tax referendum principles would continue and that there would be more funding forthcoming for Social Care. In addition, it was confirmed that the Employers National Insurance threshold would reduce and the rate would increase to 15% as well as increases to the National Living Wage (NLW).
- 5.9 The Policy Statement issued on 28 November suggested Council Tax referendum levels would continue and there would be a new Children's Social Care grant in addition to the increase in the existing Social Care grant, but at the same time some grants would significantly reduce. It was made clear, that the government would target the additional funding on the most-deprived local authorities, as well as on those authorities with social care responsibilities and that adjustments would be made to reflect a council's ability to raise income through council tax increases.
- 5.10 The Provisional Local Government Finance Settlement (LGFS) followed on the 18 December and provided more details for 2025/26. Government figures indicate an average increase in Core Spending Power (CSP) nationally of 6% (cash terms) in 2025/26, 3.5% (real terms). A significant proportion of this increase comes from the presumption that all councils will levy the maximum increase in council tax permitted.
- 5.11 Announcements included £1.3 billion of additional funding for local authorities, including at least £880 million for social care. Surrey County Council saw increased funding through the increase in the Social Care Grant and through the new Children's Social Care Prevention Grant. However, the Funding Guarantee and Services Grant, worth £9.1m and £0.8m respectively to the Council in 2024/25, were significantly reduced. As such, the net overall change to grant funding since the draft budget for the Council was only £2.9m.
- 5.12 The Budget announcements on the 30 October included a rise in Employers National Insurance Contributions. This will increase the Council's own wage bill, as well as that of many of our suppliers, which will likely feed through into increased costs. The direct impact on the Council's wage bill is factored into the budget proposals, along with an estimate of the compensation grant the Council will receive for the impact of National Insurance Contribution increases. This compensation funding was not confirmed in the Provisional LGFS and will not be confirmed until the Final Settlement in February 2025. There remains a risk that funding is not sufficient to offset the increase in the Council's wage bill experienced through this change.

### Final Funding for 2025/26

- 5.13 Total funding for 2025/26 for Surrey County Council is set out in the sections below.

### Council Tax Funding £977.7m (Council Tax £972.3m plus collection fund surplus £5.5m)

- 5.14 The Policy Statement, released at the end of November 2024, confirmed that core council tax referendum principles would continue for 2025/26. 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.
- 5.15 In setting the budget, the Council has built in a 2.99% increase in core council tax and a 2% increase in the Adult Social Care precept, resulting in a proposed increase in council tax of 4.99% in 2025/26. This equates to an increase of £1.69 per Band D Property per week (£87.75 per year, £52.58 core and £35.17 social care precept).
- 5.16 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, growth equates to 1.2% increase to the tax base.
- 5.17 **Full details of the Council Tax Requirement and breakdown of the taxbase by District and Borough can be found in Annex E.**

5.18 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, based on information received from the Borough and District Councils, as collection authorities.

**Table 3: Council Tax Requirement**

<b>Council tax</b>	<b>2024/25</b>	<b>change</b>	<b>2025/26</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Core council tax	784.1	37.3	821.4
ASC precept	130.8	20.1	150.9
Council tax requirement	914.9	57.4	972.3
Collection fund surplus(+)/deficit(-)*	6.2	(0.7)	5.5
<b>Council tax budget</b>	<b>921.1</b>	<b>56.6</b>	<b>977.7</b>

\* As a precepting authority, Surrey County Council are required to use the forecasts adopted by the billing authorities for collection fund surplus/deficits. These are received too late in the budget setting process to enable robust analysis or testing of assumptions and volatility in future collection fund figures is exacerbated by economic uncertainty and increased cost of living which could impact collection rates. The Council therefore takes a prudent approach, making a transfer to reserves where forecasts are unusual, as there is a high possibility of a correction next financial year. The 2025/26 collection fund surplus is net of a £8m transfer to reserves.

### **Business Rates Funding £148.2m (Business rates £152.8m less collection fund deficit £4.6m)**

5.19 As part of the Autumn Budget and the Provisional Local Government Finance Settlement, the Government confirmed that local authorities will be compensated for a continued freeze in the small business rates multiplier and will see an increase in the total of baseline funding levels (BFLs), as if both had increased by CPI. This has been modelled into our assumptions for business rates funding.

5.20 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 £4.6m).

**Table 4: Business Rates**

<b>Business Rates</b>	<b>2024/25</b>	<b>change</b>	<b>2025/26</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Business Rates income	118.1	2.5	120.6
Business Rates grants and reliefs	36.5	(4.3)	32.2
Collection fund surplus(+)/deficit(-)	(2.6)	(2.0)	(4.6)
<b>Business Rates budget</b>	<b>152.1</b>	<b>(3.9)</b>	<b>148.2</b>

### **Grant Funding £138.1m**

5.21 All grant assumptions have been updated to reflect the information provided through the provisional Local Government Finance Settlement.

5.22 In total general **grants have increased by £2.9m** from 2024/25. The increase is broadly driven by:

- Increase in Social Care Grant, £10.7m
- Children's Social Care grant, £2.1m
- Increase in Public Health Grant (to be confirmed), £0.7m

offset by:

- Removal of the Funding Guarantee (£9.1m)
- Removal of Services Grant (£0.8m)
- Reduction in other smaller grants, for example New Homes Bonus (£0.7m)

5.23 The **total £138.1m general grant funding in the budget** includes the following main elements:

- Social Care Grant - £80.4m
- Public Health Grant - £42.6m (to be confirmed)
- PFI credit funding for Streetlighting - £6.0m
- Dedicated Schools Grant Funding for Council services £5.5m
- Children’s Social Care grant £2.1m
- Other Smaller grants (including the New Homes Bonus) £1.5m

## Overall Funding

5.24 The funding picture set out above, results in overall funding as follows; with funding for 2025/26 £55.7m higher in total than 2024/25:

**Table 5: Funding assumptions:**

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m	£m
Council tax	921.1	977.7	996.4	1,024.4	1,053.1	1,082.7
Business Rates	152.1	148.2	158.0	160.5	159.4	138.4
Grants	135.2	138.1	116.7	86.9	61.5	54.3
<b>Total Funding</b>	<b>1,208.4</b>	<b>1,264.1</b>	<b>1,271.1</b>	<b>1,271.8</b>	<b>1,274.0</b>	<b>1,275.3</b>

5.25 For a number of years, the most significant anticipated influence on the Council’s funding has been the long-awaited implementation of fundamental Government funding reform. Government has confirmed its commitment to implementing a revised assessment of needs and resources and the current planning assumption is that these will be implemented from 2026/27 and that reform would see the Council’s Government grant funding drop significantly over the medium-term. Current assumptions also include an expectation of transition arrangements to smooth the impact of any significant funding variations, resulting in a largely flat funding forecast across the Medium-Term planning period. Section 8 sets out the main factors influencing medium-term funding projections.

## Reserves & Risk Mitigation Strategy

5.26 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.

5.27 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.

5.28 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.

5.29 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;
- Reserve contributions should be reviewed annually to ensure contributions are equal to planned use over the medium-term;

- Budgets such as the Transformation Fund (£6.5m) and Capital Feasibility Fund (£5m) should be seen as contributions to reserves, with any use drawn-down from the reserve when needed;
- 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. As such, the budget proposes a planned contribution to reserves of £20m to enable further funding of one-off and transformational activity and/or continue to improve overall financial resilience;
- Reserves should ideally not drop below 10% of the net budget. It is proposed to implement a 2% buffer over the 10% threshold that establishes 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, 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 budgeted contribution to reserves.

5.30 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.

5.31 **General Fund** - The Council has traditionally maintained a low General Fund balance (c2% of the net revenue 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. The level of General Fund balance is low by comparison to other authorities. We have held an ambition to increase it over time and as at 31 March 2024, the General Fund Balance stood at £49.1m (4.1% of the 24/25 net revenue budget).

5.32 For 2025/26, a thorough review and repositioning of all earmarked reserves has been undertaken. A number of historic reserves are proposed to be re-purposed for future commitments and to align Cabinet approvals for the use of reserves for specific items of expenditure. A summary of the earmarked reserves and a forecast of the reserves and balances as at 31 March 2025, can be found in Annex D.

5.33 Following the review of earmarked reserves, the balances available to provide financial resilience against unforeseen events stands at £70.9m. Taken alongside the forecast General Fund position, this results in £121.4m, or 10% of the 2025/26 net revenue budget, of cover to mitigate against future risk and uncertainties.

5.34 On the basis of the above, and the planned contribution to reserves of £20m in 2025/26, the Section 151 Officer considers the 2025/26 Budget to be robust.

## Staffing Position

5.35 As part of the Council's transformation plans, there is a continued commitment to reduce the Council's overall staffing cost. These budget proposals include efficiencies of £13.7m over the medium-term planning period, linked to an estimated reduction in FTE (full time equivalent) of 207.

5.36 In addition, there is a further FTE reduction target of £3.5m within Central Income and Expenditure to be delivered in-year through the Organisational Re-design Programme. This efficiency will be allocated out to Directorates based on further analysis driven through the programme. It is estimated that this will increase the figure above by approximately 80 FTE, bringing the total to 287 FTE.

## Fees & Charges

5.37 A commercial review of all services generating fees and charges income has been undertaken during 2024/25. As a result, Fees and Charges income in 2024/25 is forecast to be c£57m with an increase

to c£59m in 2025/26, largely due to inflationary price increases and expected increases in demand for some services. The main areas of income generation from this source are:

- £9.2m in Children, Families, Learning and Community mainly for Surrey Outdoor Learning and Development and Surrey Online School,
- £8.6m in Customer & Communities including the Registration and Nationalisation Service, Surrey Arts and the Library Services,
- £19.6m in Place including parking income, highways and transport development planning
- £21.3m in Resources relating mainly to Twelve15 (schools catering and services).

5.38 When setting 2025/26 fees and charges, most services will apply an assumed inflation rate of 2%. However, each service is expected to recover the full cost of provision, which may affect the rates set. Where it has been found that services are not recovering the full cost of provision, an action plan has been agreed to achieve recovery in future years.

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

5.39 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.'

5.40 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 2024/25 financial year against the guidance and concluded that:

- the Council can demonstrate overall compliance with the standards;
- as a result of the focus on financial management capabilities as part of the Finance Improvement Programme, the Council has improved its budget accountability arrangements, and further improvements continue to be made; and
- evidence could be strengthened for a small number of indicators, including long term sustainability and medium term scenario planning;

5.41 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.

## **6 CAPITAL PROGRAMME 2025/26 TO 2029/30**

### **Overview & Approach**

6.1 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.

6.2 Our aspirations remain high and the Capital Programme for 2025/26 – 2029/30 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.

6.3 Despite these continued ambitions, the economic environment has changed over recent years. Recent high construction inflation has driven up the cost of scheme delivery and successive interest rate rises have increased the cost of financing borrowing. While it is widely anticipated that interest rate rises have peaked, there remains uncertainty on the path of interest rates.

6.4 In order to sustain our financial resilience, we have undertaken prioritisation of the capital programme, re-setting our capital expenditure approach and significantly reducing the borrowing requirement, to ensure the affordability, sustainability and proportionality of our capital programme in the medium term.



- 6.5 The Capital Programme planning process began in April 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.
- 6.6 The Council continues to operate a capital pipeline, in addition to the capital programme. Pipeline schemes act as a placeholder for schemes in early stages 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.
- 6.7 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 borrowing requirement from pipeline schemes. This dampening of our ambitions is required to ensure the ongoing deliverability and affordability of the remaining, significant capital investment.
- 6.8 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. 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.
- 6.9 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.

### Capital Programme 2025/26 – 2029/30

- 6.10 The Capital Programme 2025/26 – 2029/30 of £1,398.8m is set out in more detail in **Annex C**. This consists of £1,016.8m in the capital programme and a further £382.0m in the capital pipeline.

### Capital Budget

- 6.11 A total of **£1,016.8m of schemes are included in the proposed approved capital budget over the MTFS (excluding pipeline)**. 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 6 below shows a breakdown of budget schemes by the three SCGs and Commercial over the MTFS period:

**Table 6: MTFS Capital Budget by Strategic Capital Group (excluding pipeline):**

Strategic Capital Group	MTFS Budget (£m)
Infrastructure	487.5
Property	510.1
IT	14.8
Commercial	4.4
<b>Total Budget</b>	<b>1,016.8</b>

- 6.12 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 70% of the total estimated budget:
- £238m - Highway Maintenance – improvements to roads and footways across the County
  - £111m - SEND Strategy – increasing sufficiency of provision for special education needs and disability in schools across Surrey
  - £106m - Schools Basic Need – increasing school places and building schools across the County
  - £61m - Recurring Capital Maintenance: Corporate (non-schools) estate – County wide maintenance of service buildings, community facilities and offices

- £44m - Recurring Capital Maintenance: Schools – County wide schools maintenance programme
- £41m - Bridge/Structures Maintenance – improvements and safety maintenance of specialist infrastructure
- £40m – Alternative Provision Strategy – investment in Pupil Referral Unit places and improvements for improved pupil support.
- £26m - A320 North of Woking and Junction 11 of M25 – Homes England grant funded road and junction improvements
- £25m – Surrey Flood Alleviation, wider schemes
- £20m – corporate parenting – children homes / care leavers

### 2025/26 Capital Budget (excluding pipeline)

6.13 £344m is included in the capital budget for 2025/26, as set out in the table, below.

**Table 7: 2025/26 Capital Budget by Strategic Capital Group:**

Strategic Capital Group	2025/26 Budget (£m)
Infrastructure	166.6
Property	170.3
IT	32.9
Commercial	4.2
<b>Total Budget</b>	<b>344.0</b>

6.14 Successful delivery of the 2025/26 budget is a key part of ensuring the Capital Programme overall remains on course. The focus of the 2025/26 budget will be on the schemes that comprise the majority of forecast spend. The top 10 schemes account for 63% of the 2025/26 budget:

- £66m - Highway Maintenance – improvements to roads and footways across the County.
- £35m - SEND Strategy – increasing sufficiency of provision for special education needs and disability in schools across Surrey
- £21m - A320 North of Woking and Junction 11 of M25 – Homes England grant funded road and junction improvements
- £18m Recurring Capital Maintenance: Schools – County wide schools maintenance programme
- £17m - Recurring Capital Maintenance Corporate (non-schools) estate – County wide maintenance of service buildings, community facilities and offices
- £16m - Schools Basic Need – increasing school places and building schools across the County
- £12m – Supported Independent Living (Learning Disabilities Phase 1)
- £11m – Local Highways Schemes
- £11m – Alternative Provision Strategy – investment in Pupil Referral Unit places and improvements for improved pupil support
- £8m – Bridge/Structures Maintenance – improvements and safety maintenance of specialist infrastructure.

### Pipeline Schemes

6.15 **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 a set of proposals to support key strategic priorities and safeguard the future for Surrey residents. The table below shows a breakdown of pipeline schemes by the SCGs over the MTFS:

**Table 8: MTFS Capital Pipeline by Strategic Capital Group:**

Strategic Capital Group	MTFS Pipeline (£m)
Infrastructure	303
Property	67

IT	2
Your Fund Surrey	10
<b>Total Pipeline</b>	<b>382</b>

- 6.16 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. 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.
- 6.17 The pipeline is key to the Council achieving its long-term objectives. Converting the pipeline into robust business cases that can be scrutinised for funding, deliverability and benefits through the existing governance framework is a priority for SCGs and CPP. The setup of PMOs in Property and Infrastructure is a direct response to increase pipeline conversion and deliver priorities.
- 6.18 The top 10 pipeline schemes based on estimated spend over the MTFS period are shown below:
- £139m - Farnham Infrastructure Programme A31 Hickleys Corner
  - £21m – Surrey Infrastructure Plan (Placemaking Schemes)
  - £21m – Materials Recovery Facility – construction of MRF in Surrey to deal with dry mixed recyclable material arising from kerbside collections
  - £18m – Reigate Priory School
  - £16m – Farnham Infrastructure Programme (Town Centre)
  - £15m – Surrey Infrastructure Plan (Local Cycling and Walking Infrastructure Plans)
  - £14m – Slyfield Community Recycling Centre
  - £13m – Surrey Infrastructure Plan, category two
  - £12m – Supported Independent Living (Learning Disabilities batch 2)
  - £11m – Surrey Infrastructure Plan, contribution to A320 HIF

### Environmental Sustainability

- 6.19 The capital programme contains £188m for schemes that contribute to reducing carbon emissions, tackle climate change and enable a greener future for residents. A further £165m is included in the capital pipeline, bringing the total to c.£353m.

## 7 FINANCIAL PERFORMANCE 2024/25

- 7.1 The Month 8 Financial report is presented to Cabinet on 28th January 2025. Headline performance is set out below.
- 7.2 **Revenue:** As at November 2024 (Month 8), Directorates are projecting a full year overspend of £18.6m. The Directorate positions continue to be challenging, recognising the impact significant demand pressures and price increases have on the cost of delivering vital services, particularly in relation to adult social care, children's placements and Home to School Travel Assistance. In addition, the Council is forecasting overspends in Land and Property relating to the re-procurement of the facilities management contract and one-off costs relating to utilities and office running costs.
- 7.3 The Council remains committed to budget accountability and therefore Directorates are expected to put in place mitigating actions in the remainder of this financial year to offset the forecast overspend position.
- 7.4 It is imperative that the forecast level of overspend reduces before the financial year end, 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.
- 7.5 **Capital:** The 2024/25 Capital Budget was approved by Council on 6th February 2024 at £404.9m. The Capital Programme Panel, working alongside Strategic Capital Groups, undertook a detailed review of the programme to validate and ensure deliverability. The re-phased capital programme stands at £321.4m at the end of November.



- 7.6 The forecast at M8 is for full year spend of £325m, representing a £3.6m variance against the re-set capital budget, 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 2024/25 Month 8 (November) Financial Report to Cabinet on 28th January 2025.
- 7.8 Many of the factors impacting the 2024/25 expected outturn position for both revenue and capital will continue into 2025/26 and the medium term. Budget estimates for 2025/26 provide for the ongoing impact of Directorate variances from the current financial year, where they are expected to continue. Demand pressure trajectories have been modelled into 2025/26 in relation to those services experiencing pressures over and above the budget assumptions in 2024/25, specifically within adult social care and children's services. This provides confidence that the underlying budget, overall, should be realistic and deliverable. These increased pressures in-year significantly escalate the efficiency requirement in 2025/26.

## 8 MEDIUM TERM FINANCIAL OUTLOOK TO 2029/30

### 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 2029/30, the Council will need to close a gap of c.£172m. This is driven by:
- Growth pressures: including demand and inflation: c£370m;
  - Increased borrowing costs of the capital programme: £35m;
- Partly offset by:
- An overall increase in funding: c£67m;
  - Less efficiencies identified to date: c£167m.
- 8.2 The council needs to focus attention on the medium-term. 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 9: MTFS Gap to 2029/30**

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Brought forward budget	1,208.4	1,264.1	1,298.9	1,341.2	1,391.5	
Directorate Pressures	111.7	63.4	61.5	67.4	66.2	<b>370.2</b>
Increased borrowing costs of Draft Capital Programme	10.4	9.2	6.3	5.8	3.4	<b>35.1</b>
Identified Efficiencies	(66.4)	(37.8)	(25.5)	(23.0)	(14.0)	<b>(166.6)</b>
<b>Total Budget Requirement</b>	<b>1,264.1</b>	<b>1,298.9</b>	<b>1,341.2</b>	<b>1,391.5</b>	<b>1,447.1</b>	<b>238.7</b>
Change in net budget requirement	55.7	34.8	42.3	50.2	55.7	238.7

<b>Opening funding</b>	<b>1,208.4</b>	<b>1,264.1</b>	<b>1,271.1</b>	<b>1,271.8</b>	<b>1,274.0</b>	
Funding (reduction) / increase	55.7	7.0	0.7	2.3	1.3	66.9
<b>Funding for Year</b>	<b>1,264.1</b>	<b>1,271.1</b>	<b>1,271.8</b>	<b>1,274.0</b>	<b>1,275.3</b>	
<b>Overall Reductions still to find</b>	<b>0.0</b>	<b>27.9</b>	<b>69.5</b>	<b>117.4</b>	<b>171.8</b>	
Year on Year - Reductions still to find	0.0	27.9	41.6	47.9	54.4	171.8

### Council Tax, Business Rates & Local Government Funding Reform

- 8.3 A neutral scenario for Council Tax has been modelled assuming a Band D rate increase of 2.99% and an Adult Social Care Precept increase of 2% for 2025/26 and Band D rate increase of 1.99% over the remaining planning period. From 2026/27, the tax base has been modelled at 0.80% growth on an ongoing basis.
- 8.4 No assumption is currently made on the level of Adult Social Care precept from 2026/27.
- 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 makes 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.

- 8.6 On the basis that the Government has committed to multi-year settlements and launched a spending review to conclude in 2025, Funding Reform has been modelled to take effect from 2026/27. Confirmation over the timing of the reform is crucial to planning, not least because of the anticipated reduction in overall funding. Currently, transitional arrangements are assumed to phase and mitigate the impact of the reduction expected from resource equalisation. Fair Funding Reform could have a very significant impact on the Council's future funding position and is likely to increase the Council's reliance on Council Tax.
- 8.7 The Government has pledged to reform the business rates system, initially appearing to be aimed at levelling the playing field between the high street and online retailers. With limited detail on the potential impact on local authorities, the current planning assumptions remain in line with previous assumptions on funding reform. That is, once funding reform is implemented the Council anticipates an initial increase to Business Rate retention, offset by a significant decrease to grant income. 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.

### Grant income

- 8.8 Post reform, it is likely the majority of grant income will be rolled into baseline funding. The scale and pace of this will form part of the reform principles and any transitional arrangements put in place to smooth the anticipated impact over the MTFs period.

## 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 CFLT Directorate. Table 10 outlines the proposed Total Schools Budget for 2025/26 of £1,392m including a planned overspend of £31m on the High Needs Block, £9m "safety valve" contribution from DfE and approximately £5.1m sixth form grant for school sixth forms (yet to be confirmed). From this, an estimated £653m is paid directly by DfE to academies and colleges, leaving a net schools budget of £739m which is included within the Council's overall budget.

**Table 10 - Analysis of Total Schools Budget for 2025/26**

	Schools' & nurseries delegated budgets	Centrally managed budgets	Total
	£m	£m	£m
Gross DSG allocated to Surrey in 2025/26	1,125.4	221.1	<b>1,346.5</b>
Sixth form grant	5.1		<b>5.1</b>
Anticipated DfE safety valve contribution		9.0	<b>9.0</b>
Planned overspend		31.0	<b>31.0</b>
Total Schools Budget incl funding allocated directly to academies	1,130.5	<b>261.1</b>	<b>1,391.6</b>
less paid directly by DfE to academies and colleges (est)	(652.9)		<b>(652.9)</b>
<b>Net Schools Budget</b>	<b>477.6</b>	<b>261.1</b>	<b>738.7</b>

- 9.3 For this purpose, centrally managed budgets 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 (apart from place funding for 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 2025/26 total DSG includes an estimated increase of £64m, most of which is for the full year impact of the extension of funded early education and childcare to children aged 9 months to three years of working parents, and for the further extension of funded early education and childcare for this age group from 15 hours a week to 30 hours from September 2025.
- 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 2025/26 school funding formula on 17 December 2024. The funding rates for schools for 2025/26 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 2024/25 schools received additional grants towards increased teacher pay and pension costs, most of which have been merged into Dedicated Schools Grant in 2025/26. Schools also received recovery premium and school led tutoring grant for the summer term only, alongside 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 2025/26.

### **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.
- 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 currently 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 council has received £82m of the £100m committed.
- 9.13 The Safety Valve return submitted by the Council in November 2024, identified that despite meeting all the expected cost containment measures identified in the Safety Valve submission, the Council is no longer on track to meet the original planned end date due to the significant increases in demand.

Recovery work in completing outstanding Education Health and Care Plan (EHCP) backlogs and transition reviews in the early part of 2024/25 have highlighted that the ambitious budget reductions in the initial safety valve programme are under growing pressure for delivery this year. Additional state funded places through the DfE Free Schools programme have been delayed in becoming available whilst costs and demand have grown at a faster rate than in the original assumptions and higher than the Dedicated Schools Grant. In common with many other Safety Valve authorities Surrey has requested an increased timeline to meet the target position.

- 9.14 The 2025/26 HNB budget includes another £9m of DfE contribution as well as a 1% (c£9m) transfer from the schools DSG block to the High Needs Block (subject to formal agreement by the Secretary of State).
- 9.15 The Council has a General Fund reserve to off-set the high needs block deficit. This stands at £144m and is to be used to balance the HNB deficit at the end of the Safety Valve Agreement.

## 10 CONSULTATION AND ENGAGEMENT

- 10.1 The Council has undertaken consultation and engagement with a wide range of stakeholders to inform the shape of this final budget. Due to the current financial context, a prudent approach was taken. By using internal survey tools, costs for these exercises were limited to the creation of accessible formats of consultation and engagement materials. However, this means the results illustrate the preferences of those who chose to take part and consequently, are not fully representative of the population of Surrey.
- 10.2 While this section of the report summarises the insights gathered from consultation and engagement on the draft budget, council services regularly consult and engage with residents and other stakeholders throughout the year and on an ongoing basis to inform their service decisions.
- 10.3 The approach this year was divided into two phases:
- The first phase took place in the summer of 2024. The objectives of this phase were to gather insight on what the most important priority outcomes were for stakeholders, how the budget should be allocated, approaches to balancing the budget, and conditions for supporting a council tax increase. Data was gathered from nearly 1,600 stakeholders using different methods:
    - An open survey on the Surrey Says platform (28 August – 30 September 2024) with 1,495 respondents.
    - Community events and reference groups, engaging nearly 90 residents.
    - Promotion via social media, the Surrey Matters newsletter, and local council members.
  - The second phase was a consultation on the Council's draft budget after this was considered by the Cabinet at its meeting on 26 November 2024 (26 November – 31 December 2024). The purpose of this exercise was to provide residents and other stakeholders with information on the key proposals, and to seek their views on the financial efficiencies that the Council is pursuing. There were 718 respondents to this phase, of which 689 were residents.
- 10.4 Across both phases, over 2,200 stakeholders have shared their views including residents, partner organisations from the Voluntary, Community and Social Enterprise (VCSE) sector, businesses and elected Members.
- 10.5 The key insights generated across both phases were:
- Respondents' top three priorities:
    - Better roads and pavements (79%)
    - Providing care for adults and children who need us most (76%)
    - Making our communities safer (74%)
  - Respondents wanted to prioritise spending to:
    - the majority of residents (54%), in contrast to services that benefit those with the greatest needs

- all areas of Surrey (64%), in contrast to local areas with the highest number of people with poor health
- meet the needs of residents today (50%), in contrast to meeting the long-term future needs of residents
- Respondents supported increasing:
  - Working with partners to provide services (80%)
  - Equipping staff to work with partners and communities (70%)
  - Providing local communities with the tools to support themselves more (63%)
- Respondents supported increases to Council Tax:
  - To protect services for the most vulnerable (67%)
  - After exhausting streamlining opportunities (66%)
- 45% of respondents recognised legitimate circumstances for an increase to Council Tax, with 38% opposing a rise
- Respondents supported the proposals to close the budget gap (49%) in contrast to opposing them (23%). Other respondents were neutral (23%) or didn't know (5%)
- Respondents to the open text questions wanted to see:
  - More money for essentials like adult social care and support for vulnerable groups, such as people who have learning disabilities
  - Better support for children and particularly those with special educational needs
  - More spending on maintaining highways
  - Better protection for the countryside and biodiversity
  - More support for the voluntary sector

10.6 Further detail on the outcomes of the consultation and engagement process that was undertaken with all stakeholders can be found in Annex H.

## 11 EQUALITY, DIVERSITY & INCLUSION

- 11.1 A high-level equality analysis on the revenue efficiencies proposals has been undertaken and is set out in Annex I. Full Equality Impact Assessments (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.
- 11.2 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 (such as Age or Disability) 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.
- 11.3 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.
- 11.4 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.

- Children and young people, including those with special educational needs and disabilities (SEND), and their families.
- Surrey County Council Officers, particularly women, working in support services and those from lower-income or socio-economically disadvantaged households.

11.5 The budget overall will also have significant positive impacts, particularly where it focuses on expansion of some services, or changes to service that focus on prevention and early intervention. Despite the challenging financial climate facing the council, we will continue prioritising investment decisions that are targeted at supporting the most vulnerable of Surrey's residents, so no-one is left behind.

11.6 For any potential negative impacts, a summary of mitigating activity is provided in Annex I. These include measures focusing on ensuring engagement and consultation with service users and staff that will likely be impacted, as well as activity that prioritises early-intervention/ prevention approaches. We will also engage partner organisations when working to implement any efficiencies or planned activity where their support and insight in delivery will be useful.



	2025/26	2026/27	2027/28	2028/29	2029/30	
	£m	£m	£m	£m	£m	£m
a) Brought forward budget	1,208.4	1,264.1	1,298.9	1,341.2	1,391.4	

### Pressures

Directorate	Pressures					
	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£m	£m	£m	£m	£m	£m
Adults, Wellbeing & Health Partnerships	53.0	39.9	39.1	40.7	43.2	215.9
Children, Families & Lifelong Learning	31.7	14.0	13.6	14.5	14.7	88.5
Place	17.5	1.4	5.7	9.1	4.8	38.5
Community Protection & Emergencies	2.3	1.1	1.2	1.2	1.3	7.0
Resources	6.3	1.9	1.8	1.9	2.0	13.8
Central Income & Expenditure	11.3	14.3	6.4	5.9	3.5	41.4
<b>b) Total Pressures</b>	<b>122.1</b>	<b>72.6</b>	<b>67.8</b>	<b>73.2</b>	<b>69.5</b>	<b>405.2</b>

### Efficiencies

Directorate	Efficiencies					
	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£m	£m	£m	£m	£m	£m
Adults, Wellbeing & Health Partnerships	(33.0)	(18.0)	(18.6)	(17.5)	(12.6)	(99.8)
Children, Families & Lifelong Learning	(12.6)	(13.0)	(6.1)	(5.1)	(1.3)	(38.1)
Place	(10.6)	(4.8)	(0.7)	(0.4)	(0.1)	(16.5)
Community Protection & Emergencies	(0.8)	(0.5)	0.0	0.0	0.0	(1.3)
Resources	(4.3)	(1.5)	(0.1)	0.0	0.0	(5.9)
Central Income & Expenditure	(5.0)	0.0	0.0	0.0	0.0	(5.0)
<b>c) Total Efficiencies</b>	<b>(66.4)</b>	<b>(37.8)</b>	<b>(25.5)</b>	<b>(23.0)</b>	<b>(14.0)</b>	<b>(166.6)</b>

<b>Indicative Budget Requirement (a + b - c)</b>	<b>1,264.1</b>	<b>1,298.9</b>	<b>1,341.2</b>	<b>1,391.4</b>	<b>1,447.0</b>	<b>238.5</b>
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<b>d) Indicative funding increase / (reduction)</b>	<b>55.7</b>	<b>7.0</b>	<b>0.7</b>	<b>2.3</b>	<b>1.3</b>	<b>66.9</b>
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<b>Remaining Gap (b - c - d)</b>	<b>0.0</b>	<b>27.9</b>	<b>41.6</b>	<b>47.9</b>	<b>54.3</b>	<b>171.7</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					
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £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 Pressures are costed based on 6.8% NLW uplift in 2025/26, 4% in 2026/27 and 3% per year thereafter. CPI is budgeted at 2% per year across the MTFS period. The cost of higher employer NI contributions is not included as there is insufficient funding to meet these costs. Assumptions are made about the proportion of packages for each market sector that will receive uplifts based on the inflation principles proposed for each sector. The gross inflationary pressures shown here are before any planned efficiencies to mitigate inflationary pressures.	22.375	15.904	13.177	13.411	13.813	<b>78.679</b>
ASC assessed fees & charges inflation	Estimated inflationary increases in income received from residents who are financially assessed under the Care Act to contribute towards the cost of their care packages. This is driven by factors such as changes to pension and benefit rates.	(2.675)	(2.026)	(2.075)	(2.126)	(2.178)	<b>(11.081)</b>
Public Health contract inflation	Estimated contract inflation on PH commissioned contracts (approximately 2% per year)	0.645	0.655	0.668	0.681	0.695	<b>3.344</b>
Care package carry forward pressure from 2024/25 - current trajectory	The estimated extent that care package net expenditure commitments will be above the 2024/25 budget by year end and therefore carry over as a pressure into 2025/26 based on the current care package expenditure trajectory prior to actions planned to mitigate the current trajectory which are included in efficiencies	16.121					<b>16.121</b>
Care package demand in future years - current trajectory	The estimated increased expenditure on care packages in future years due to increases to the number of people receiving care funded by SCC and increases to the cost of care packages excluding inflation based on the current care package expenditure trajectory prior to actions planned to mitigate the current trajectory which are included in efficiencies	10.663	22.942	24.818	26.087	28.184	<b>112.695</b>
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.	0.313	0.375	0.438	0.500	0.563	<b>2.188</b>
Pay inflation across the AWHP directorate excluding increased employer National Insurance contributions	Estimated cost of pay inflation modelled at 3% 2025/26, and 2% 2026/27 - 2029/30	2.840	1.999	2.042	2.086	2.130	<b>11.097</b>
Increased employer National Insurance contributions	The impact of increased employer National Insurance contributions from April 2025 for AWHP staff	1.906					<b>1.906</b>
Other staffing budget changes across the AWHP directorate	Reduction in the vacancy factor built into the ASC budget reflecting increased recruitment to roles to delivery core statutory duties. Reflecting underachievement against the £1m workforce reconfiguration target set for 2024/25 due to workforce requirements to deliver statutory functions. Pay progression and non-pay inflation for staffing budgets	3.225					<b>3.225</b>
Communities functions	A proportion of the total investment in the communities function is based on one off funding arrangements for community based work and roles that ends in March 2025. This pressure reflects the end of that funding prior to planned actions to achieve efficiencies	0.988	0.039	0.041	0.043	0.044	<b>1.156</b>
Increase to Better Care Fund income for Adult Social Care	High level estimate of potential increased BCF income for ASC based on the trend in recent years prior to confirmation of BCF funding levels in 2025/26 by the Department of Health & Social Care	(3.000)					<b>(3.000)</b>
Changes to ASC grants	Assumes that Social Care in Prisons and ASC's share of Local Reform & Community Voices grant funding that was received in 2023/24 but was not included in the 2024/25 budget continues in 2025/26. All other grant funding assumed to continue at 2024/25 levels	(0.393)					<b>(0.393)</b>
<b>Total Pressures</b>		<b>53.008</b>	<b>39.889</b>	<b>39.108</b>	<b>40.681</b>	<b>43.250</b>	<b>215.936</b>



**Efficiencies**

Efficiency	Description	Efficiency					Total £m	RAG Rating
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m		
Demand management to mitigate 2024/25 carry forward pressure	Planned actions through consistent strengths based practice across all client groups to avoid full year care package commitments increasing by £6m in the period August 2024 - March 2025, which is the estimated increased for the current trajectory, and reduce the end of July 2024 full year commitments by £2.6m over and above mitigating the current increasing trajectory	(8.595)					(8.595)	
Demand management future years - 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. This includes opportunities identified in the diagnostic conducted by Newton Europe.	(3.179)	(8.687)	(10.506)	(9.570)	(7.695)	(39.638)	
Demand management future years - Physical & Sensory Disabilities		(0.335)	(0.894)	(1.195)	(1.205)	(1.084)	(4.713)	
Demand management future years - Learning Disabilities & Autism		(0.437)	(1.091)	(1.399)	(1.604)	(1.775)	(6.308)	
Demand management future years - Mental Health		(0.404)	(1.168)	(1.080)	(0.757)	(0.768)	(4.177)	
Learning Disabilities & Autism setting based reviews	Reviews of residential care homes and supported living care settings where ASC is funding support for people with a Learning Disability and / or Autism to ensure care packages are in line with people's latest eligible support needs and utilise Technology Enabled Care services to reduce care package costs where appropriate	(2.199)	(1.848)	(2.041)	(2.343)		(8.431)	
Learning Disabilities & Autism 65+ care package reviews	Reviews of care packages for people with a Learning Disability and / or Autism who are aged 65 or over to ensure care packages are aligned with people's needs in older age	(0.260)	(0.750)	(0.981)	(0.820)	(0.329)	(3.139)	
Learning Disability & Autism shared home based care allocation reviews	Review Learning Disability & Autism home based care packages with shared allocations across more than one person and reduce shared allocations where appropriate in line with actual usage and need	(0.360)	(0.240)				(0.600)	
Mental Health supporting independence reviews	Strength based reviews of Mental Health care packages to identify where people can be appropriately supported to increase their independence and reduce the cost of funded care packages	(0.250)					(0.250)	
Older People and Physical & Sensory Disability care package strength based reviews	Strength based reviews of Older People and Physical & Sensory Disability care packages across locality teams to ensure care packages are aligned to people's latest eligible needs	(0.569)					(0.569)	
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.	(0.600)	(0.300)	(0.300)			(1.200)	
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.	(0.168)	(0.084)	(0.084)			(0.336)	
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 by delivering new Learning Disability supported independent living accommodation through the Council's Right Homes Right Support programme.	(0.501)	(0.220)	(0.104)	(0.290)	(0.377)	(1.492)	
Affordable housing for people with Learning Disability and / or Autism	Work with District & Borough Councils to secure nominations in affordable housing for people with a Learning Disability and / or Autism with lower level needs who SCC funds to increase their independence and reduce their need for funded care packages	(0.062)	(0.125)	(0.187)	(0.250)	0.000	(0.624)	

Efficiency	Description	Efficiency					
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/39 £m	Total £m
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 through delivery of the Council's Right Homes Right Support programme.	0.000	(0.026)	(0.256)	(0.506)	(0.530)	<b>(1.318)</b>
Learning Disability & Autism Short Breaks price efficiencies	Reconfigure LD&A Short Breaks services including new settings being delivered through the Council's Right Homes Right Support programme to reduce the overall unit cost of these services	(0.050)	(0.200)	(0.070)	0.000	0.000	<b>(0.320)</b>
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.	(0.757)	(0.641)	(0.364)	(0.137)	0.000	<b>(1.899)</b>
Mitigation of price inflation	Reduction on the gross budgeted price inflation on ASC care packages and contracts through mitigating actions which include working closely with the provider sector on models of care and costs of service delivery.	(7.803)	0.000	0.000	0.000	0.000	<b>(7.803)</b>
Secure Section 117 Aftercare funding for out of county care packages	Securing income contributions from local NHS commissioners for people placed out of county under Section 117 Aftercare, where shared funding agreements for care package costs are not already in place.	(2.000)	0.000	0.000	0.000	0.000	<b>(2.000)</b>
Secure increased Section 117 Aftercare funding from Surrey ICBs	Secure funding from Integrated Care Board partners under the terms of the joint Section 117 Aftercare policy for people subject to Section 117 Aftercare who ASC currently funds 100% of their care packages	(1.400)	0.000	0.000	0.000	0.000	<b>(1.400)</b>
Continuing Health Care for out of county cases	Secure Continuing Health Care for people who have a primary health need and who have been placed in support arrangements out of county	(0.450)	0.000	0.000	0.000	0.000	<b>(0.450)</b>
Assessed charges income debt	Reduce the £2m budget for assessed charges bad debt and write offs and manage within the reduced budget	(0.250)	0.000	0.000	0.000	0.000	<b>(0.250)</b>
Changes to SCC's ASC assessed charging policies	Two changes are proposed. Firstly, to review and reassess where appropriate all clients with SCC funded packages who currently do not pay a contribution towards their care package cost and then build this more routinely into the annual review process. Secondly, to introduce charging tariff income for people receiving care in the community who have assets between the lower and upper capital thresholds. This second change would require a public consultation. For MTFS purposes it is assumed that this consultation takes place in Q2/3 2025/26 with implementation in Q3/4 2025/26.	(0.687)	(0.675)	0.000	0.000	0.000	<b>(1.362)</b>
Senior leadership reorganisation	Reorganisation of Adult Social Care senior leadership posts	(0.434)	0.000	0.000	0.000	0.000	<b>(0.434)</b>
Workforce review	Review of AWHP workforce to identify and implement opportunities for efficiencies	(0.500)	(0.500)	0.000	0.000	0.000	<b>(1.000)</b>
Public Health staffing efficiencies	Maximise recharges of staff costs to external grants and manage vacancies within the available budget envelope	(0.100)	0.000	0.000	0.000	0.000	<b>(0.100)</b>
Public Health inflation mitigation / reduction in services	Not awarding inflationary increases where not contractually obliged and/or negotiating service reduction on non-statutory services	(0.194)	0.000	0.000	0.000	0.000	<b>(0.194)</b>
Communities functions re-configuration	Reconfiguration of the different sub functions currently within the Public Health and Communities service, with activity targeted at direct prevention work and demand for ASC and Children's services.	(0.500)	(0.528)	(0.041)	(0.043)	(0.044)	<b>(1.156)</b>
<b>Total Efficiencies</b>		<b>(33.044)</b>	<b>(17.977)</b>	<b>(18.609)</b>	<b>(17.524)</b>	<b>(12.602)</b>	<b>(99.756)</b>

**CHILDREN, FAMILIES AND LIFELONG LEARNING**

**Pressures**

Pressure	Description	Net Pressure					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Pay inflation	Increase in staffing costs as per the corporately agreed pay award. Currently estimated at 3% in 25/26, 2% thereafter.	4.200	3.000	3.000	3.100	3.100	<b>16.400</b>
Pay Inflation - NI Impact	Increase in the NI Employer contribution from April 2025	2.500	0.000	0.100	0.000	0.100	<b>2.700</b>
Recruitment and retention	Additional costs of ASYE scheme, apprenticeships	0.200					<b>0.200</b>
Early Help and family support	Implementation of the intensive family support service as an ongoing service, funded with one off funding in 2023/24/ 24/25	0.200					<b>0.200</b>
EHCP timeliness	The long term ongoing costs of being able to meet the timeliness of EHCP referrals		1.000				<b>1.000</b>
Children Looked After (CLA) Placements - Demand	Trajectory modelling of anticipated demand increases in relation to cost of exceptional individual package needs rather than additional number of placements	1.700	2.100	2.600	2.600	2.600	<b>11.600</b>
Children Looked After (CLA) Placements - Demand	Additional Base Cost of External Placement Costs in 2024/25	2.100					<b>2.100</b>
Childrens Homes	Costs of Borrowing associated with Children's Homes capital investment	0.140	0.120	0.215	0.469	0.167	<b>1.111</b>
Children Looked After (CLA) Placements - Inflation	Trajectory modelling of anticipated inflationary increases (+5% on current costs 25/26)	2.600	2.500	2.600	2.800	2.800	<b>13.300</b>
Home to School Travel Assistance - Demand	Trajectory modelling of anticipated demand increases	10.300	2.400	2.800	3.200	3.600	<b>22.300</b>
Home to School Travel Assistance - Inflation	Trajectory modelling of anticipated inflationary increases	2.000	1.500	1.300	1.300	1.300	<b>7.400</b>
Contract inflation	Assumed contract inflation costs	1.000	1.000	1.000	1.000	1.000	<b>5.000</b>
Bought forward unachieved stretch targets	Bought forward unachieved stretch targets less the additional funding allocation made in 2024/25	3.000					<b>3.000</b>
Bought forward unachievable twin track savings	24/25 share of the twin track contract savings	0.400					<b>0.400</b>
Recruitment and retention costs	Costs of introducing recruitment and retention bonuses and employment of overseas workforce to stabilise workforce	1.400	0.400				<b>1.800</b>
<b>Total Pressures</b>		<b>31.740</b>	<b>14.020</b>	<b>13.615</b>	<b>14.469</b>	<b>14.667</b>	<b>88.511</b>

**Efficiencies**

Efficiency	Description	Efficiency					Total £m	RAG Rating
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m		
Staffing re-organisation	Restructure of management structure, spans and layers and staffing reorganisation	(2.300)	(0.600)				(2.900)	
Home to School Travel Assistance	Full year effect of prior year efficiencies focused on route optimisation and reduction of solo vehicle use	(1.500)	(2.500)	(2.600)	(2.700)		(9.300)	
Children Looked After (CLA) Placements - Reunification	Dedicated team supporting social work practices to help children return home	(0.700)	(0.800)	(0.800)	(0.800)	(0.800)	(3.900)	
Children Looked After (CLA) Placements - Early help and family support	Ability to reduce escalations of need for children and avoid entry to care	(0.300)	(0.400)				(0.700)	
Children Looked After (CLA) Placements - Adolescence	Collaborative working across teams targeted at avoidance of entry to care for teenagers.	(1.600)	(1.700)	(1.200)	(0.200)		(4.700)	
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.	(0.300)	(0.200)	(0.300)	(0.500)	(0.100)	(1.400)	
Children Looked After (CLA) Placements - In House fostering	Looking a new models to maximise in house utilisation of carer capacity	(0.400)	(0.500)	(0.400)	(0.300)	0.200	(1.400)	
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.	(0.200)	(0.100)				(0.300)	
Children Looked After (CLA) Placements - Inflation management	Review and challenge of inflationary uplifts, scrutinising cost bases of providers and their increase in cost base	(0.500)	(0.500)	(0.500)	(0.600)	(0.600)	(2.700)	
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	(0.200)	(0.100)				(0.300)	
Workforce strategies developing a permanent workforce	Reduce demand on agency and reduce agency pressures	(1.000)					(1.000)	
Early Help and family support	Targeted early help work with families to reduce demands on statutory case work	(1.000)	(1.100)				(2.100)	
Twin Track - Fees and charges	Work being driven by the Commercial Transformation Programme, to review Fees and Charges.	(0.600)	(0.300)	(0.300)			(1.200)	
Admin review	Review of all staff Admin costs in CFLL and Business support. This work is ongoing and is yet to be fully quantified.	(1.000)	(0.400)				(1.400)	
Fostering service review	increasing the number of in house foster carer, improved support to reduce the number of leavers and a refreshed targeted marketing strategy will also contribute to an improved enquiry to approval conversion rate.		(1.500)				(1.500)	
Surrey Adult Learning Review	Review of current contracts and maximisation of central provisions	(0.300)					(0.300)	
Short Breaks Review	To identify and benchmark against the available provision compared with other Local Authorities		(0.800)				(0.800)	
Supported Accomadation for Young Parents	Maximise the potential of the current block contract to support SCC care experienced young people.	(0.170)					(0.170)	
Cross Directorate	Reduction on all non staffing budget across Dirs	(0.068)					(0.068)	
Joint Placement costs	To establish a process to maximise the contribution for joint funding agreements through more rigour with Health services.	(0.500)	(1.500)				(2.000)	
<b>Total Efficiencies</b>		<b>(12.638)</b>	<b>(13.000)</b>	<b>(6.100)</b>	<b>(5.100)</b>	<b>(1.300)</b>	<b>(38.138)</b>	

## PLACE

## Pressures

Pressure	Description	Net Pressure					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
All - Pay Inflation	Expected inflationary increase in salary costs. Corporate assumption 3% 25/26, then 2%.	1.462	0.993	1.011	1.030	1.050	5.546
All - Non-Pay Inflation	Assumes 2% for contract inflation	2.328	2.791	2.855	2.920	2.987	13.880
All - National Insurance Contribution increases	Increased rate and reduced threshold	1.104	0.033	0.034	0.035	0.036	1.243
H&T - Additional Verge Maintenance and Area Cleanup gangs	Improvements in grass-cutting, weed control, and other visual improvements including signs.	5.000	(5.000)				0.000
H&T - Bus service funding (reversal of one-off prior year efficiency)	Reversal of one-off prior year efficiency - bus grant funding expected to be used in 2024/25 to fund bus improvements will now be used across several financial years. Adjusted to reflect use of BSIP grant for new Phase 3	5.782	2.669	1.024			9.475
H&T - concessionary fares	Impact of new national concessionary fares calculator and increasing demand	0.595					0.595
H&T - Parking	Parking contract inflation (including government increase in living wage)	0.500					0.500
H&T - Trees backlog	One-off increase in budget to help address an estimated £1m backlog of tree maintenance.	0.500	(0.500)				0.000
H&T - Bus network review and Additional Digital Demand Responsive Transport	Estimated financial impact of retendering expiring local bus contracts, the expansion of Digital Demand Responsive Transport (DDRT) reflecting the adjusted timing of phase 3, and the half price travel scheme.	(3.657)	0.206	0.800	0.652	0.654	(1.345)
H&T - Active Travel	Maintaining new highway infrastructure to heightened design standards		0.100				0.100
Environment - Waste - contract costs	Waste contract extension changes and pressures which arose at the end of 2023/24 (e.g. business rates) which are largely offset by linked efficiencies.	4.268					4.268
Environment - Waste - Dry Mixed Recyclable prices	Global market prices increased in 2023/24 and are expected to remain high.	2.000					2.000
Environment - Countryside - ash dieback	For a limited time £0.2m was added to the 2023/24 budget to deal with ash dieback impact on countryside trees, e.g. where they effect public rights of way.		(0.200)				(0.200)
Environment - Waste Development Costs	One off development costs associated with Materials Recovery Facility (£1.9m), Slyfield recycling centre (£1.1m) and Doman Road transfer station (£0.6m), funded from Extended Producer Responsibility (EPR) grant.	3.600	(3.600)				0.000
Environment - Waste reprocurement Costs	Contract reprocurement costs, funded from EPR grant.	0.900	0.400	(0.300)	(0.700)	(0.300)	0.000
Environment -Waste - Contribution to Capital Maintenance	Funded from EPR grant.	2.000	(2.000)				0.000
Environment - Doman Road	Temporary operational pressure during construction of new Doman Road transfer station, funded from EPR grant.			0.570	0.015	(0.585)	0.000
Environment -Waste Emissions Trading Scheme (ETS )	Estimated costs of the expansion of the ETS to household waste.				7.055		7.055
Environment - Waste - Bulky Waste Disposal Costs		0.100					0.100
Environment - Future requirements associated with EPR			4.200	(1.270)	(2.931)		(0.000)
Environment - Waste - EPR Grant	Grant funding offsets the above costs and the cost of managing packaging waste, and is expected to reduce over time.	(9.330)	1.000	1.000	1.000	1.000	(5.330)
All - Unachieved contract efficiencies	To date contract management reviews have not delivered cash savings. 2023/24 & 24/25 efficiency targets (£0.2m + £0.1m) therefore not met.	0.300					0.300
L&P - Business Rate Reform	Rate Increases		0.336				0.336
<b>Total Pressures</b>		<b>17.451</b>	<b>1.428</b>	<b>5.724</b>	<b>9.076</b>	<b>4.842</b>	<b>38.521</b>

**Efficiencies**

Efficiency	Description	Efficiency					Total £m	RAG Rating
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m		
Environment - Waste - Residual waste reprourement	New contract has saved £4m per year. £0.6m part year impact assumed in 24/25, balance in 25/26.	(3.400)					(3.400)	Green
Environment - Remove D&B recycling support payments	Government have announced revenue funding for District and Borough food waste collections from 1 April 2026, allowing the County Council to consider removal of recycling support payments.		(1.200)				(1.200)	Red
Environment - Waste - Dry Mixed Recyclables	Estimate of saving expected from the reprourement of DMR, contract goes live October '24.	(0.100)					(0.100)	Yellow
Environment - Waste - Green waste contract re-price	Lower gate fee secured through contract extension with existing provider	(0.300)					(0.300)	Green
Environment - Waste - Closure of Swift Lane CRC	Closure of Swift Lane CRC	(0.100)					(0.100)	Green
Environment - Waste - Sweeper waste re-price	Lower gate fee secured through contract extension with existing provider	(0.020)					(0.020)	Yellow
Environment - Increased income from reuse shops	Increase sales and revenue from re-use shops	(0.050)					(0.050)	Yellow
Environment - Review of Greener Futures spending including staffing	Review activities, staffing and non-staffing budgets.	(0.500)					(0.500)	Yellow
H&T - Funding for capitalised repairs	The revenue budget includes funding transferred to capital to fund minor repairs including potholes. In future repairs will be funded from remaining capital budget.	(5.300)					(5.300)	Green
H&T - Automation	Increased automation for some activities such as inspections (e.g. from AI, improvements to digitisation)	(0.050)	(0.100)				(0.150)	Yellow
H&T - Community transport savings	Savings identified through Electric Vehicle programme rollout. Grant reduces as EV fleet expands.	(0.040)					(0.040)	Green
H&T - Traffic signal conversions	Reversal of time limited funding for traffic signal upgrades		(0.700)				(0.700)	Green
H&T - Advertising on the highway income	While existing efficiencies are delayed, income is forecast to increase over the medium term, dependant on planning approvals.		(0.100)	(0.100)			(0.200)	Yellow
H&T - Enforcement of bus lanes and moving traffic offences	Estimated contribution to highway costs	(0.125)					(0.125)	Yellow
H&T - Parking	Increase income from parking		(0.200)	(0.200)			(0.400)	Yellow
H&T - Feet First Programme	Seek alternative funding to enable the service to work at full cost recovery.		(0.112)				(0.112)	Red
H&T - Cycle Training Programme	Seek alternative funding to enable the service to work at full cost recovery.		(0.184)				(0.184)	Red
H&T - Lab Services	Improve the marketing offer and increase the revenue for this service to enable full cost recovery. In future years build on the service and generate a surplus.	(0.020)	(0.030)	(0.039)			(0.089)	Yellow

Efficiency	Description	Efficiency					Total £m	RAG Rating
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m		
Land & Property - Scale of Operational Estate	To reduce the scale of the operational estate, and seek to close buildings more aggressively.							
Land & Property - Challenge need for Retained Properties	Work with Services to progress decisions on buildings that are currently flagged as a strategic hold (to decrease running costs across the portfolio)		(0.737)				(0.737)	
Land & Property - Challenge unit costs for Operational Estate	Review all building costs and work with Macro on all Soft & Hard FM Costs							
Land & Property - Challenge individual Service estate transformation projects which focus on the 'as is' estate.	All individual Service estate transformation projects should be stopped. All community service provision should be considered holistically, linked to Customer & Community/ Place needs alongside commercial inputs. Receipts of property outside of embedded MTFs Capital receipts & Agile to invest in 'Place'.		(0.500)				(0.500)	
Land & Property - unachieved prior year agile programme efficiencies	Previous year's facilities management efficiencies are not being achieved (£1.5m) due to the identification of more sites and assets which need maintaining. This is partially mitigated through other efficiencies.	1.290					1.290	
Planning & Place - income	Income from the sale of services and other income generating activities across the Planning Group.	(0.100)					(0.100)	
Planning & Place - income	Income from Planning Performance Agreements and charges for discretionary services	(0.020)					(0.020)	
Planning & Place - income	Planning fees	(0.025)					(0.025)	
Planning & Place - Placemaking Function	Maximise capitalisation of projects and seek further alternative external funding (e.g. Horizon, MHCLG Grants etc.). If unachievable reduce Placemaking service by 1-2 FTE in 2025/2026	(0.100)	(0.100)				(0.200)	
Planning, Performance & Support - PMO support to other bodies	Offer PMO support outside ETI - support to B&Ds for example	(0.025)	(0.025)	(0.025)	(0.025)		(0.100)	
Infrastructure & Major Projects - capital recharges	Capitalise an assumed 50% of Director of Infrastructure time.	(0.059)					(0.059)	
Infrastructure & Major Projects - on-street EV charging contract income share	Contract provides SCC with a share of the income	(0.018)	(0.059)	(0.092)	(0.125)	(0.059)	(0.353)	
Economic Development - Restructure - 'rightsize team'	Review of Economic Development team.	(0.085)					(0.085)	
Income generation	Placeholder for future income reviews.		(0.200)	(0.200)	(0.200)		(0.600)	
All - Contract inflation reduction	The 24/25 budget assumed 5% contract inflation. Rates subsequently fell, allowing 1% to be held back to offset pressures within Waste.	(0.952)					(0.952)	
All - further efficiencies from Place redesign and other measures	Reshaping EIG Phase 3	(0.190)	(0.580)				(0.770)	
Realignment of Vacancy Factor across Place		(0.303)					(0.303)	
<b>Total Efficiencies</b>		<b>(10.592)</b>	<b>(4.827)</b>	<b>(0.656)</b>	<b>(0.350)</b>	<b>(0.059)</b>	<b>(16.484)</b>	

## COMMUNITY PROTECTION & EMERGENCIES

### Pressures

Pressure	Description	Net Pressure					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Pay inflation Total		1.446	1.018	0.947	0.965	0.984	<b>5.360</b>
Non-Pay inflation Total		0.201	0.205	0.209	0.213	0.254	<b>1.083</b>
NIC Increase		0.956	0.029	0.030	0.030	0.031	<b>1.076</b>
Fire - Airwave communications system	Grant has not kept pace with costs & grant reduction	0.085	0.086				<b>0.171</b>
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.		(0.140)				<b>(0.140)</b>
Fire - 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	(0.177)					<b>(0.177)</b>
Fire - Recruitment & resilience: management of annual leave	£51k added to 2023/24 budget to centralise coordination of staff deployment and annual leave, for a fixed period.	(0.051)					<b>(0.051)</b>
Fire - 140 day plan	£375k added to 2023/24 budget to fund short term changes required within service	(0.092)	(0.066)				<b>(0.158)</b>
Fire - Reasonable adjustments	Extend Corporate contract for adjustments to neurodiversity to cover Fire, until included within main County Contract retender	(0.067)	(0.067)				<b>(0.134)</b>
<b>Total Pressures</b>		<b>2.301</b>	<b>1.065</b>	<b>1.185</b>	<b>1.209</b>	<b>1.269</b>	<b>7.029</b>



**Efficiencies**

Efficiency	Description	Efficiency					Total £m	RAG Rating
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m		
Fire - 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.		(0.250)				(0.250)	
Fire - 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		(0.100)				(0.100)	
Fire - Logistics - review of Staff, Property and Non Capital Assets	The reduction of staffing costs within logistics, including a review of staff, property, and non-capital assets in 2023/24.	(0.014)					(0.014)	
Joint Fire Control	Partners shared support costs	(0.150)					(0.150)	
Fire - Staff efficiencies	In 2025/26, reducing roles in project management, digital services, and specific positions including bank support for pension-related services. In 2026/27, further reductions will include roles in project management, administrative support, and data governance.	(0.306)	(0.148)				(0.454)	
Staff capitalisation	Capitalisation of staff costs associated with capital projects.	(0.068)					(0.068)	
Recruitment Factor	Support Staff and On-Call 1.5% of 2024/25 budget, reflecting the time spent to recruit to vacant post.	(0.136)					(0.136)	
TS - Staff reduction	Reducing two part-time positions in senior trading standards, one focused on prevention and the other on investigations.	(0.053)					(0.053)	
SC - Utilisation of grant	Core budget costs recovered through grant	(0.010)					(0.010)	
EM -& SC - Amalgamation of leadership	Combined across Emergency Management and Safer Communities	(0.050)					(0.050)	
		(0.050)					(0.050)	
<b>Total Efficiencies</b>		<b>(0.837)</b>	<b>(0.498)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(1.335)</b>	

## RESOURCES

### Pressures

Pressure	Description	Net Pressure					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Pay Inflation	Pay inflation 3% 2025/26 and 2% thereafter	3.313	1.802	1.837	1.872	1.909	<b>10.734</b>
Non-pay inflation	Non pay inflation 2%	0.569	0.639	0.651	0.665	0.678	<b>3.202</b>
Income inflation	Income inflation 2%	(0.637)	(0.600)	(0.612)	(0.624)	(0.636)	<b>(3.109)</b>
National Insurance	National Insurance increase	1.940	0.039	0.040	0.040	0.041	<b>2.100</b>
Council copyright licences	Copyright licences for the Council	0.075					<b>0.075</b>
Council external audit fee	Increase in external audit fee	0.070					<b>0.070</b>
IT&D MySurrey support	MySurrey Technical Services contract for support and payroll application	0.291	(0.125)	(0.025)	(0.100)		<b>0.041</b>
Coroners Special Inquests	To replenish the special inquest reserve which covers the volatile cost of special inquests each year.		0.150				<b>0.150</b>
Learning Management system	Funding for Learning Management System discontinues in 2025/26	0.100		(0.100)			<b>0.000</b>
Microsoft Licences	Increased costs of licences due to volume increases	0.340					<b>0.340</b>
Funding changes	Fleet Management Team	0.200					<b>0.200</b>
<b>Total Pressures</b>		<b>6.261</b>	<b>1.905</b>	<b>1.791</b>	<b>1.853</b>	<b>1.992</b>	<b>13.803</b>

## Efficiencies

Efficiency	Description	Efficiency					Total £m	RAG Rating
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m		
Organisation Redesign and Customer Transformation	Review of staffing across services, through streamlining, removing duplication and using technology.	(1.000)	(0.533)	(0.140)			(1.673)	
Organisation Redesign efficiencies	Staffing reductions from review of Finance, Leadership Office and Legal	(0.791)	(0.500)				(1.291)	
Organisation Redesign efficiencies	Staffing reductions from review of posts in Leadership Office, Corporate Strategy & Policy and following CLT re-structure	(0.715)					(0.715)	
Staffing reductions	Review of staffing across services, through redesign and distribution.	(0.308)	(0.185)				(0.493)	
IT&D efficiencies	Wide area network contract reductions	(0.300)					(0.300)	
Income Strategy	Maximising Income	(0.291)					(0.291)	
Twelve15 review	Maximising income through rate increases and reducing staffing costs	(0.250)					(0.250)	
Council wide mobile phone efficiencies	Reduction in use of mobile phones across the Council	(0.250)					(0.250)	
Core Welfare offer	Maximise external grants to fund the welfare offer	(0.240)					(0.240)	
Legal Services	Reduction in expenditure of advocacy	(0.114)					(0.114)	
IT&D licence reduction	Reduced IT&D licence costs due to staffing changes	(0.113)	(0.227)				(0.340)	
Targeted reductions	Variety of measures to reduce spend	(0.100)					(0.100)	
Communications - publications	Removal of annual all-residents mailer and reduction in communications campaign spend and advertising costs	(0.090)					(0.090)	
Core Heritage service	Service review of Archaeological services	(0.067)					(0.067)	
Surrey Arts efficiency	Remove subsidy of non targeted music tuition	(0.053)	(0.027)				(0.080)	
Procurement efficiencies	Woodhatch bus service	(0.050)					(0.050)	
Reduced Trade Union Posts	Reduce the current budget for trade union roles in line with 2024/25 levels	(0.048)					(0.048)	
Corporate Subscriptions	Remove New Local subscription	(0.015)					(0.015)	
Previous years efficiencies	Remove unachievable 2023/24 & 2024/25 efficiencies	0.398					0.398	
People & Change professional and transactional services	Previous years unachievable efficiencies and reduced income from transactional services	0.109					0.109	
<b>Total Efficiencies</b>		<b>(4.288)</b>	<b>(1.472)</b>	<b>(0.140)</b>	<b>0.000</b>	<b>0.000</b>	<b>(5.900)</b>	

## CENTRAL INCOME AND EXPENDITURE

### Pressures

Pressure	Description	Net Pressure					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Capital Financing Costs	MRP & Interest Payable Costs	10.400	9.200	6.300	5.800	3.400	<b>35.100</b>
Non-Pay Inflation		0.300	0.100	0.100	0.100	0.100	<b>0.700</b>
Commissioning Provision	For evidenced pressures above budget in the Council's supply chain	8.000					<b>8.000</b>
National Insurance Compensation Funding	Estimated compensation funding from Government	(6.400)					<b>(6.400)</b>
Unachievable Efficiencies	Prior Year unachievable Efficiencies	4.000					<b>4.000</b>
Planned Contribution from Reserve	One-of funding for additional Verge Maintenance	(5.000)	5.000				<b>0.000</b>
<b>Total Pressures</b>		<b>11.300</b>	<b>14.300</b>	<b>6.400</b>	<b>5.900</b>	<b>3.500</b>	<b>41.400</b>

### Efficiencies

Description		Efficiency					Total £m	RAG Rating
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m		
Reduction in Transformation Costs	County-wide review of Transformation costs	(1.500)					<b>(1.500)</b>	
Organisational Re-design	Additional Organisational Redesign Target	(3.500)					<b>(3.500)</b>	
<b>Total Efficiencies</b>		<b>(5.000)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(5.000)</b>	

# Our Council

## 2025/26 Subjective Budget

2024/25 Restated Budget £m	Directorate	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2025/26 Draft Budget £m
505.9	Adults, Wellbeing & Health Partnerships	101.6	637.1	738.6	(172.5)	(40.1)	526.0
291.6	Children, Families and Lifelong Learning	160.2	584.9	745.1	(27.0)	(404.1)	314.1
187.4	Place	48.7	196.4	245.2	(30.5)	(17.4)	197.3
43.9	Community Protection & Emergencies	49.1	8.7	57.8	(5.6)	(6.6)	45.6
79.0	Resources	85.1	41.3	126.4	(41.6)	(4.3)	80.5
100.6	Central Income & Expenditure	8.0	120.6	128.6	(21.5)	(6.4)	100.7
<b>1,208.4</b>	<b>Total - Our Council</b>	<b>452.7</b>	<b>1,589.0</b>	<b>2,041.7</b>	<b>(298.7)</b>	<b>(478.9)</b>	<b>1,264.1</b>
<b>Central funding:</b>							
(921.1)	Council tax				(977.7)		(977.7)
(152.1)	Business Rates				(116.1)	(32.2)	(148.3)
(135.2)	Central Government Grants					(138.1)	(138.1)
<b>(0.0)</b>	<b>Total - Our Council</b>	<b>452.7</b>	<b>1,589.0</b>	<b>2,041.7</b>	<b>(1,392.6)</b>	<b>(649.2)</b>	<b>0.0</b>

## Budget movements from 2024/25 Budget to 2025/26 Budget

2024/25 Restated Budget £m	Directorate	2024/25 Virements and Other Adjustments £m	2024/25 Budget £m	Inflation £m	Pressures & funding changes £m	Efficiencies £m	2025/26 Draft Budget £m
505.9	Adults, Wellbeing & Health Partnerships	0.1	506.0	25.1	27.9	(33.0)	526.0
291.6	Children, Families and Lifelong Learning	3.3	294.9	12.3	19.4	(12.6)	314.1
187.4	Place	3.1	190.5	3.8	13.7	(10.6)	197.3
43.9	Community Protection & Emergencies	0.2	44.1	2.5	(0.2)	(0.8)	45.6
79.0	Resources	(0.5)	78.5	3.3	3.0	(4.3)	80.5
100.6	Central Income & Expenditure	(6.2)	94.4	8.3	3.0	(5.0)	100.7
<b>1,208.4</b>	<b>Total - Our Council</b>	<b>(0.0)</b>	<b>1,208.4</b>	<b>55.2</b>	<b>66.8</b>	<b>(66.4)</b>	<b>1,264.1</b>
(1,208.4)	Overall funding		(1,208.4)	0.0	(55.7)	0.0	(1,264.1)
<b>(0.0)</b>	<b>Total - Our Council</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>55.2</b>	<b>11.1</b>	<b>(66.4)</b>	<b>(0.0)</b>

# Adults, Wellbeing & Health Partnerships

Executive Director:  
Claire Edgar

## 2025/26 Subjective Budget

2024/25 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2025/26 Draft Budget £m
36.8	Public Health	5.3	36.7	42.0	(1.1)	(3.5)	37.4
3.0	Communities & Prevention	2.9	5.6	8.5	(0.1)	(4.7)	3.711
466.2	Adult Social Care	93.4	594.8	688.2	(171.3)	(31.9)	484.9
<b>505.9</b>	<b>Total - Adults, Wellbeing &amp; Health Partnerships</b>	<b>101.6</b>	<b>637.1</b>	<b>738.6</b>	<b>(172.5)</b>	<b>(40.1)</b>	<b>526.0</b>

## Budget movements from 2024/25 Budget to 2025/26 Budget

2024/25 Restated Budget £m	Service	2024/25 Virements and Other Adjustments £m	2024/25 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2025/26 Draft Budget £m
36.8	Public Health	0.0	36.8	0.9		(0.3)	37.4
3.0	Communities & Prevention	0.1	3.1	0.2	1.0	(0.5)	3.711
466.2	Adult Social Care	0.0	466.2	24.0	26.9	(32.3)	484.9
<b>505.9</b>	<b>Total - Adults, Wellbeing &amp; Health Partnerships</b>	<b>0.1</b>	<b>506.0</b>	<b>25.1</b>	<b>27.9</b>	<b>(33.0)</b>	<b>526.0</b>

# Children, Families and Lifelong Learning

Executive Director:  
Rachael Wardell

## 2025/26 Subjective Budget

2024/25 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2025/26 Draft Budget £m
66.8	Family Resilience	48.8	27.3	76.1	-2.6	-4.6	68.8
26.3	Education and Lifelong Learning	44.5	244.2	288.7	-13.9	-247.7	27.1
86.5	Quality Assurance	26.7	76.9	103.6	-4.6	-1.0	98.1
111.8	Corporate Parenting	38.0	98.6	136.5	-5.3	-15.9	115.3
1.9	Commissioning	3.6	134.5	138.1	-0.5	-134.8	2.8
(1.7)	Exec Director central budget	-1.3	3.4	2.0	0.0	0.0	2.0
<b>291.6</b>	<b>Total - Children, Families and Lifelong Learning</b>	<b>160.2</b>	<b>584.9</b>	<b>745.1</b>	<b>(27.0)</b>	<b>(404.1)</b>	<b>314.1</b>
0.0	Delegated Schools						
<b>291.6</b>	<b>Total - Children, Families and Lifelong Learning</b>	<b>160.2</b>	<b>584.9</b>	<b>745.1</b>	<b>(27.0)</b>	<b>(404.1)</b>	<b>314.1</b>

## Budget movements from 2024/25 Budget to 2025/26 Budget

2024/25 Restated Budget £m	Service	2024/25 Virements and Other Adjustments £m	2024/25 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2025/26 Draft Budget £m
66.8	Family Resilience	0.0	66.8	2.2	1.8	-2.0	68.8
26.3	Education and Lifelong Learning	0.7	26.9	1.0	0.0	-0.8	27.1
86.5	Quality & Performance	0.2	86.9	3.5	10.3	-2.6	98.1
111.8	Corporate Parenting	0.1	111.8	4.4	3.9	-4.9	115.3
1.9	Commissioning	0.3	2.2	0.2	0.4	0.0	2.8
(1.7)	Exec Director central budget	2.0	0.4	1.0	3.0	-2.4	2.0
291.6	Total - Children, Learning, Families and Culture	3.3	295.0	12.3	19.4	-12.6	314.1
0.0	Delegated Schools						
<b>291.6</b>	<b>Total - Children, Families and Lifelong Learning</b>	<b>3.3</b>	<b>295.0</b>	<b>12.3</b>	<b>19.4</b>	<b>(12.6)</b>	<b>314.1</b>

# Community Protection & Emergencies

Chief Fire Officer: Dan Quin

## 2025/26 Subjective Budget

2024/25 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2025/26 Draft Budget £m
40.4	Fire and Rescue	43.8	5.4	49.3	(2.8)	(4.6)	41.8
1.8	Trading Standards	3.7	0.3	4.0	(2.1)	0.0	1.9
1.0	Safer Communities	0.8	3.0	3.7	(0.6)	(2.0)	1.1
0.7	Emergency Management	0.8	0.0	0.9	(0.1)	0.0	0.7
<b>43.9</b>	<b>Total - Community Protection &amp; Emergencies</b>	<b>49.1</b>	<b>8.7</b>	<b>57.8</b>	<b>(5.6)</b>	<b>(6.6)</b>	<b>45.6</b>

## Budget movements from 2024/25 Budget to 2025/26 Budget

2024/25 Restated Budget £m	Service	2024/25 Virements and Other Adjustments £m	2024/25 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2025/26 Draft Budget £m
40.4	Fire and Rescue	0.0	40.4	2.4	(0.3)	(0.7)	41.8
1.8	Trading Standards	0.0	1.8	0.1	0.1	(0.1)	1.9
1.0	Safer Communities	0.2	1.2	0.0	0.0	(0.1)	1.1
0.7	Emergency Management	0.0	0.7	0.0	0.0	(0.1)	0.7
<b>43.9</b>	<b>Total - Community Protection &amp; Emergencies</b>	<b>0.2</b>	<b>44.1</b>	<b>2.5</b>	<b>(0.2)</b>	<b>(0.8)</b>	<b>45.6</b>



# Place

Executive Director:  
Simon Crowther/Owen Jenkins

## 2025/26 Subjective Budget

2024/25 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2025/26 Draft Budget £m
73.6	Highways & Transport	22.3	83.5	105.8	(17.2)	(7.7)	80.9
82.8	Environment	7.8	87.6	95.4	(2.2)	(9.7)	83.5
2.6	Infrastructure Planning & Major Projects	7.0	(1.0)	5.9	(3.0)		2.9
23.8	Land & Property	8.2	25.9	34.1	(8.1)	0.0	26.0
1.2	Economic Growth	1.0	0.2	1.2	0.0	0.0	1.2
3.4	Planning Performance & Support (incl Cross Cutting Efficiencies)	2.5	0.3	2.8	(0.0)		2.8
<b>187.4</b>	<b>Total - Place</b>	<b>48.7</b>	<b>196.4</b>	<b>245.2</b>	<b>(30.5)</b>	<b>(17.4)</b>	<b>197.3</b>

## Budget movements from 2024/25 Budget to 2025/26 Budget

2024/25 Restated Budget £m	Service	2024/25 Virements and Other Adjustments £m	2024/25 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2025/26 Draft Budget £m
73.6	Highways & Transport	2.6	76.2	1.2	9.3	(5.8)	80.9
82.8	Environment	0.0	82.8	1.6	3.7	(4.5)	83.5
2.6	Infrastructure Planning & Major Projects	0.3	2.9	0.2	0.2	(0.3)	2.9
23.8	Land & Property	0.2	24.0	0.74	0.1	1.2	26.0
1.2	Economic Growth	0.0	1.2	0.0	0.0	(0.1)	1.2
3.4	Planning Performance & Support (incl Cross Cutting Efficiencies)	(0.0)	3.3	0.1	0.4	(1.0)	2.8
<b>187.400</b>	<b>Total - Place</b>	<b>3.1</b>	<b>190.5</b>	<b>3.8</b>	<b>13.7</b>	<b>(10.6)</b>	<b>197.3</b>

# Resources

Executive Director: Andy Brown

## 2025/26 Subjective Budget

2024/25 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2025/26 Draft Budget £m
0.7	Resources Leadership	1.1	(0.1)	1.0	-	-	1.0
15.1	Customer and Transformation	23.4	7.1	30.5	(10.7)	(4.3)	15.5
9.0	Finance	7.0	4.4	11.3	(2.2)	-	9.1
2.8	Communications	3.0	(0.1)	2.9	(0.2)	-	2.7
3.1	Corporate Strategy & Policy and Leadership Office	3.0	0.3	3.3	-	-	3.3
6.4	Orbis & SCC Procurement	0.6	6.3	7.0	-	-	7.0
21.4	Information Technology & Digital	12.1	9.6	21.6	(0.5)	-	21.2
10.1	Legal & Governance	8.8	1.9	10.7	(0.3)	(0.1)	10.4
9.3	People & Change	8.4	1.3	9.7	(0.4)	-	9.3
2.9	Design and Transformation	1.6	0.5	2.1	-	-	2.1
(1.7)	Pensions & Twelve15	16.0	10.2	26.2	(27.3)	-	(1.2)
<b>79.0</b>	<b>Total - Resources</b>	<b>85.1</b>	<b>41.3</b>	<b>126.4</b>	<b>(41.6)</b>	<b>(4.3)</b>	<b>80.5</b>

Executive Director: Andy Brown

## Resources: Budget movements from 2024/25 Budget to 2025/26 Budget

2024/25 Restated Budget £m	Service	2024/25 Virements and Other Adjustments £m	2024/25 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2025/26 Draft Budget £m
0.7	Resources Leadership	(0.1)	0.7	0.3	0.0	(0.0)	1.0
15.1	Customer and Transformation	0.1	15.1	0.8	0.5	(0.9)	15.5
9.0	Finance	0.2	9.2	0.2	0.2	(0.5)	9.1
2.8	Communications	0.0	2.8	0.1	0.1	(0.2)	2.7
3.1	Corporate Strategy & Policy and Leadership Office	0.5	3.6	0.1	0.1	(0.5)	3.3
6.4	Orbis & SCC Procurement	(0.2)	6.2	0.4	0.3	0.1	7.0
21.4	Information Technology & Digital	(0.2)	21.1	0.3	0.9	(1.2)	21.2
10.1	Legal & Governance	0.0	10.1	0.3	0.2	(0.3)	10.4
9.3	People & Change	(0.3)	9.0	0.2	0.3	(0.2)	9.3
2.9	Design and Transformation	(0.5)	2.4	0.1	0.1	(0.4)	2.1
(1.7)	Pensions & Twelve15	0.0	(1.7)	0.4	0.4	(0.3)	(1.2)
<b>79.0</b>	<b>Total - Resources</b>	<b>(0.5)</b>	<b>78.5</b>	<b>3.3</b>	<b>3.0</b>	<b>(4.3)</b>	<b>80.5</b>

# Central Income & Expenditure (CIE)

Executive Director: Andy Brown

## 2025/26 Subjective Budget

2024/25 Restated Budget £m	Service	Employee Cost £m	Non Employee Cost £m	Gross Exp £m	Income £m	Government Grants £m	2025/26 Draft Budget £m
6.6	Redundancy & Compensation		6.6	6.6			6.6
0.6	Corporate Charges & Levies	1.5	10.5	12.0			12.0
13.0	Transformation		24.6	24.6			24.6
0.0	Contribution from Transformation Reserve		(13.1)	(13.1)			(13.1)
5.0	Feasibility Fund		5.0	5.0			5.0
10.0	Pension Secondary Contribution	10.0		10.0			10.0
29.7	Interest Payable		35.3	35.3			35.3
31.9	Minimum Revenue Provision		36.7	36.7			36.7
(21.5)	Interest Receivable & Investment Income		0.0	0.0	(21.5)		(21.5)
20.0	Budgeted Contribution to Reserves		20.0	20.0			20.0
5.9	Additional Funding to be allocated		0.0	0.0			0.0
(0.6)	Contribution from Reserves		(5.0)	(5.0)			(5.0)
0.0	Assumed Compensation Funding for NIC increase		0.0	0.0		(6.4)	(6.4)
0.0	Additional Organisational Redesign Efficiency	(3.5)	0.0	(3.5)			(3.5)
<b>100.6</b>	<b>Total - Central Income &amp; Expenditure (CIE)</b>	<b>8.0</b>	<b>120.6</b>	<b>128.6</b>	<b>(21.5)</b>	<b>(6.4)</b>	<b>100.7</b>

Executive Director: Andy Brown

## CIE Budget movements from 2024/25 Budget to 2025/26 Budget

2024/25 Restated Budget £m	Service	2024/25 Virements and Other Adjustments £m	2024/25 Budget £m	Inflation £m	Pressures £m	Efficiencies £m	2025/26 Draft Budget £m
6.6	Redundancy & Compensation		6.6				6.6
0.6	Corporate Charges & Levies	(0.3)	0.3	8.3	3.4		12.0
13.0	Transformation		13.0		13.1	(1.5)	24.6
0.0	Contribution from Transformation Reserve		0.0		(13.1)		(13.1)
5.0	Feasibility Fund		5.0				5.0
10.0	Pension Secondary Contribution		10.0				10.0
29.7	Interest Payable		29.7		5.6		35.3
31.9	Minimum Revenue Provision		31.9		4.8		36.7
(21.5)	Interest Receivable & Investment Income		(21.5)				(21.5)
20.0	Budgeted Contribution to Reserves		20.0				20.0
5.9	Additional Funding to be allocated	(5.9)	0.0				0.0
(0.6)	Contribution from Reserves		(0.6)		(4.4)		(5.0)
0.0	Assumed Compensation Funding for NIC increase		0.0		(6.4)		(6.4)
0.0	Additional Organisational Redesign Efficiency		0.0			(3.5)	(3.5)
<b>100.6</b>	<b>Total - Central Income &amp; Expenditure (CIE)</b>	<b>(6.2)</b>	<b>94.4</b>	<b>8.3</b>	<b>3.0</b>	<b>(5.0)</b>	<b>100.7</b>

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## Capital Programme 2025/26 to 2029/30

Project	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total Budget £m
<b>BUDGET</b>						
A25 Dorking to Regiate Safer Roads Fund 3 (dft funded)	0.8	0.5	-	-	-	1.3
Active Travel (both EATF & future)	0.2	-	-	-	-	0.2
Active Travel Tranche 3	4.4	-	-	-	-	4.4
Bridge/Structures Maintenance	8.2	8.2	8.2	8.2	8.2	41.0
Drainage Asset Capital Maintenance/Improvements	3.2	2.8	2.8	2.8	0.8	12.5
External funding	1.2	1.2	1.2	1.2	1.2	6.0
Flooding & drainage	2.4	2.4	2.4	2.4	1.4	11.0
Highway Maintenance - Core Programme	35.5	35.5	35.5	35.5	35.5	177.5
Highway Maintenance - Enhanced Programme	30.0	30.0	-	-	-	60.0
Highway Maintenance - Signs	0.3	0.3	0.3	0.3	0.3	1.3
Illuminated Street Furniture	0.5	0.4	0.4	0.4	0.4	2.0
Local Enterprise Partnerships (LEP) Funded Schemes	0.9	-	-	-	-	0.9
Local Highways Schemes - Core Programme	3.0	2.3	2.3	2.3	2.3	12.0
Local Highways Schemes - Enhanced Programme	10.9	-	-	-	-	10.9
Replacement Vehicles	0.1	0.1	0.1	0.1	0.1	0.6
Road safety - speed management	0.1	0.3	0.3	0.3	0.1	1.1
Road Safety Schemes	0.4	0.4	0.4	0.4	0.2	1.9
Safety Barriers	1.5	1.5	1.5	1.5	1.5	7.6
School road safety schemes	0.6	0.6	0.6	0.6	0.1	2.5
Surrey Quality Bus Corridor Improvement	0.1	0.1	-	-	-	0.2
Task & Finish - flooding & drainage	0.8	0.8	0.8	0.8	0.8	3.8
Task & Finish - tree planting (& removals)	0.9	0.3	0.3	0.3	-	1.8
Traffic signals	2.7	2.9	2.4	2.4	2.4	12.8
Ultra Low Emission Vehicles - bus priority	2.0	3.7	2.1	-	-	7.8
Ultra Low Emission Vehicles - Buses	2.4	-	-	-	-	2.4
Ultra Low Emission Vehicles - Community Transport - Third Sector	1.4	1.5	-	-	-	2.9
Ultra Low Emission Vehicles - RTP1 for buses	0.3	0.3	0.3	-	-	0.9
County Model (new Transport Studies)	0.7	-	-	-	-	0.7
<b>Highways and Transport</b>	<b>115.4</b>	<b>96.0</b>	<b>61.7</b>	<b>59.4</b>	<b>55.2</b>	<b>387.7</b>
A320 North of Woking and Junction 11 of M25	21.0	5.0	-	-	-	26.0
Cranleigh High Street Public Realm Enhancements	2.9	-	-	-	-	2.9
SIP - Guildford Ebike Scheme	0.4	0.4	-	-	-	0.7
SIP - Horley Town Centre revitalisation programme	1.9	-	-	-	-	1.9
SIP - Shelveys Hill, Tadworth Flood Reduction	1.7	-	-	-	-	1.7
SIP - Three Arch Junction Improvements	2.5	0.6	-	-	-	3.1
SIP - Tongham Village & Ash Improvements	0.2	-	-	-	-	0.2
SIP: A308 Modernisation	3.9	-	-	-	-	3.9
Surrey Flood Alleviation - River Thames	2.0	-	-	-	-	2.0
Surrey Infrastructure Plan (SIP) - Weybridge town centre package	1.8	0.8	-	-	-	2.5
<b>Infrastructure, Planning and Major Projects</b>	<b>38.2</b>	<b>6.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44.9</b>
Basingstoke Canal recurring capital maintenance	0.4	0.4	0.4	0.4	0.4	1.8
Closed landfill sites recurring capital maintenance	0.0	0.1	0.1	0.1	0.0	0.2
Improving Access to the Countryside	0.0	0.0	0.0	0.0	0.0	0.2
Public Rights of Way recurring capital maintenance	0.8	0.8	0.8	0.8	0.8	4.0
Surrey Flood Alleviation - Wider Schemes	5.2	6.5	5.8	4.1	3.5	25.0
Treescaping Bid 2	0.1	-	-	-	-	0.1
Waste Recycling Initiatives	0.1	0.0	-	-	-	0.2
Tree Planting Scheme 2023-24	0.1	0.1	-	-	-	0.2
<b>Environment</b>	<b>6.7</b>	<b>7.8</b>	<b>7.1</b>	<b>5.3</b>	<b>4.7</b>	<b>31.6</b>
Fire - Joint Fire Control	2.2	2.2	2.2	0.1	0.1	6.7
Fire - Making Surrey Safer – Community Resilience	0.3	0.3	0.3	0.3	0.3	1.5
Surrey Fire - Purchase of New Fire Engines & Equipment	3.7	5.2	2.5	3.0	0.5	15.0
Trading Standards Replacement Vehicles	0.1	-	-	-	-	0.1
<b>Surrey Fire &amp; Rescue Service</b>	<b>6.3</b>	<b>7.7</b>	<b>5.0</b>	<b>3.4</b>	<b>0.9</b>	<b>23.2</b>
<b>INFRASTRUCTURE</b>	<b>166.6</b>	<b>118.2</b>	<b>73.8</b>	<b>68.1</b>	<b>60.8</b>	<b>487.5</b>

## Capital Programme 2025/26 to 2029/30

Project	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total Budget £m
<b>BUDGET</b>						
Schools Basic Need	16.5	21.0	21.5	23.5	23.5	105.9
Recurring Capital Maintenance Schools	18.1	15.0	8.0	1.5	1.5	44.1
Recurring Capital Maintenance Corporate	17.1	20.0	14.0	5.9	4.0	61.0
Corporate Parenting - Care Homes	2.2	0.0	-	-	-	2.2
Corporate Parenting - Childrens Homes/Care Leavers	5.9	4.1	5.3	4.6	-	19.9
ASC SIL - Learning Disabilities Batch 1	11.7	0.1	-	-	-	11.8
Agile Office Estate Strategy - Spokes fit-out	0.2	-	-	-	-	0.2
Bookham YC	1.8	0.9	-	-	-	2.7
Winter Maintenance Depot (Godstone & Merrow Salt Barns)	0.6	-	-	-	-	0.6
Pendell GRT Transit Site for Gypsy, Roma & Travellers	-	1.2	-	-	-	1.2
ASC Extra Care Housing Phase 1a	0.3	-	-	-	-	0.3
ASC Independent Living / Short Breaks	5.6	1.4	0.4	-	-	7.4
SEND (Special Education Needs & Disabilities Schools )	35.1	38.3	25.0	12.1	-	110.5
Sunbury Hub	7.6	7.0	3.0	-	-	17.6
Alternative Provision Strategy (SEND)	10.7	14.5	15.0	-	-	40.1
ASC Extra Care Housing Phase 2	2.0	6.8	0.8	0.8	-	10.5
ASC Extra Care Housing Phase 1b	0.6	0.7	0.7	0.7	-	2.6
SFRS - Fire Stations - Lingfield	1.4	0.1	-	-	-	1.4
SFRS - Fire Stations - Reigate	4.1	1.1	-	-	-	5.2
SFRS - Fire Stations - Chobham	1.0	1.3	-	-	-	2.3
SFRS - Fire Stations - Godstone	0.2	0.0	-	-	-	0.2
SFRS Vehicle Workshop	0.2	1.7	1.4	-	-	3.3
SFRS - Fire House	4.6	5.0	4.0	-	-	13.7
Registration Services	1.5	-	-	-	-	1.5
Hubs - Staines	3.6	-	-	-	-	3.6
Depots- Godstone	2.0	2.0	-	-	-	4.0
ASC SIL - Mental Health	0.5	2.3	2.8	0.8	-	6.5
Libraries Transformation Phase 2 - Guildford Library	0.6	-	-	-	-	0.6
Weybridge Hub	1.3	0.2	-	-	-	1.5
Libraries Transformation Phase 1	5.3	0.8	-	-	-	6.1
Agile Office Estate Strategy - VG Fitout	1.0	-	-	-	-	1.0
Kalima GRT - Refurbishment	2.4	0.6	-	-	-	3.0
Kiln Lane GRT - Refurbishment	0.7	0.0	-	-	-	0.7
Pendell North GRT - Refurbishment	0.4	0.0	-	-	-	0.5
<b>Land and Property</b>	<b>166.9</b>	<b>146.1</b>	<b>101.9</b>	<b>49.9</b>	<b>29.0</b>	<b>493.7</b>
Devolved formula capital - schools	0.8	0.9	0.9	0.9	0.9	4.5
Adaptions For Children With Disabilities	0.5	0.5	0.5	0.5	0.8	2.8
Foster carer grants	0.5	0.2	0.2	0.2	0.5	1.7
<b>Childrens Services</b>	<b>1.9</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>2.2</b>	<b>8.9</b>
Adults Capital Equipment	1.5	1.5	1.5	1.5	1.5	7.5
<b>Adult Social Care</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>7.5</b>
<b>PROPERTY</b>	<b>170.3</b>	<b>149.2</b>	<b>105.0</b>	<b>53.0</b>	<b>32.7</b>	<b>510.2</b>
IT&D Hardware (incl accessibility equipment)	1.0	1.3	0.3	0.2	3.8	6.5
WAN / Wifi Refresh	-	-	0.3	-	-	0.3
IT&D Infrastructure (incl storage, processing & cyber security)	0.8	1.7	0.2	1.5	-	4.1
Replacement of the Corporate Phone System	0.1	0.1	0.1	0.9	0.1	1.4
Data Centre maintenance, renewals & replacements	0.1	0.1	0.1	0.1	0.1	0.3
Telephony System	-	-	-	0.5	-	0.5
CoSTAR SATELLITE STUDIO AND INCUBATOR SPACE	1.0	-	-	0.7	-	1.7
<b>IT&amp;D</b>	<b>2.9</b>	<b>3.2</b>	<b>1.0</b>	<b>3.8</b>	<b>4.0</b>	<b>14.8</b>
Brightwells	4.2	0.2	-	-	-	4.4
<b>Commercial</b>	<b>4.2</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.4</b>
<b>TOTAL BUDGET</b>	<b>344.0</b>	<b>270.8</b>	<b>179.8</b>	<b>124.9</b>	<b>97.4</b>	<b>1,016.8</b>
<b>PIPELINE</b>						
Pipeline	52.3	84.0	68.5	67.1	100.1	372.0
Your Fund Surrey	10.0	-	-	-	-	10.0
<b>TOTAL PIPELINE</b>	<b>62.3</b>	<b>84.0</b>	<b>68.5</b>	<b>67.1</b>	<b>100.1</b>	<b>382.0</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>406.3</b>	<b>354.8</b>	<b>248.2</b>	<b>192.0</b>	<b>197.5</b>	<b>1,398.8</b>

## Capital Programme - Financing 2025/26 to 2029/30

Funding Source	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Grants	99.9	103.0	74.1	102.0	146.0	525.0
External Contributions	27.5	13.0	10.5	7.3	4.4	62.7
Revenue	1.0	0.9	0.7	0.7	0.7	4.0
Self Financing Borrowing	49.3	35.8	34.2	13.3	1.5	134.2
Capital Receipts	31.8	26.4	10.8	8.4	8.4	85.8
Borrowing	196.8	175.6	117.8	60.2	36.6	587.1
<b>TOTAL FUNDING</b>	<b>406.2</b>	<b>354.8</b>	<b>248.2</b>	<b>191.9</b>	<b>197.7</b>	<b>1,398.8</b>



### Projected Earmarked Reserves and Balances 31 March 2025

As part of the 2025/26 budget planning process, a thorough review and repositioning of all earmarked reserves has been undertaken. A number of historic reserves are proposed to be re-purposed for current and future commitments and to align Cabinet approvals for the use of reserves for specific items of expenditure.

Following this review, reserve balances available to provide financial resilience against unforeseen events stands at £70.9m. Taken alongside the forecast General Fund position, this results in £121.4m, or 10% of the 2025/26 net revenue budget, of cover to mitigate against future risk and uncertainties.

The following assumptions should be noted:

- The Earmarked Reserves position presented below reflects the estimated closing balance for 2024/25 and hence the total reserves available for the financial year 2025/26.
- The forecast increase in the General Fund Balance reflects the current budget position for 2024/25, which requires the utilisation of £18.6m of the risk contingency budget. This would leave £1.4m remaining to contribute to increasing the General Fund Balance.
- The increase in the Transformation Reserve, reflects the approval of the following programmes to be funded via transformation over the coming years:

	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
- Transformation Reserve opening balance	2.9			<b>2.9</b>
- Adults, Wellbeing & Health Partnerships	3.8	0.5	0.0	<b>4.3</b>
- Customer Transformation	3.6	3.1	0.2	<b>6.9</b>
- Data Team	1.0			<b>1.0</b>
- EHCP Timeliness	2.5			<b>2.5</b>
	<b>13.8</b>	<b>3.6</b>	<b>0.2</b>	<b>17.6</b>

- 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 £427.8m at 31/3/24. For budgeting purposes, it is more prudent to show the deficit alongside the offset.
- Explanations of the purposes each reserve is held for is included in the Appendix to this Annex.

	Opening Balance	Forecast Use	Forecast Closing Balance	Re-set 2025/26	Revised Balance 31-Mar-25	Balance to count towards financial resilience £m	Forecast Use 2025/26 £m	Forecast Closing Balance 31-Mar-26 £m	Balance to count towards financial resilience £m
<b>Earmarked Reserves</b>									
Budget Equalisation Reserve:									
- Local Tax Support/Empty Properties	5.9	-1.0	4.9		4.9		-2.0	2.9	
- Agile Office	3.6	-2.8	0.8		0.8		-0.8	0.0	
- Election Costs	-0.2	0.4	0.2	1.8	2.1		-2.1	0.0	
- Workforce Innovation & Mental Health Improvement	11.9	-7.6	4.3		4.3		-3.7	0.6	
- Prior Year c/fs	1.2	-0.4	0.8		0.8		-0.4	0.4	
- Prior Year Commitments	12.1		12.1	-12.1	0.0			0.0	
- Additional verge maintenance				5.0	5.0		-5.0	0.0	
- Collection Fund volatility					0.0		8.0	8.0	8.0
- MySurrey Stabilisation/Optimisation				1.3	1.3		-1.3	0.0	
- Financial Resilience Reserve	39.7		39.7	18.2	57.9	57.9	20.0	77.9	77.9
<b>Total Budget Equalisation Reserve</b>	<b>74.3</b>	<b>-11.5</b>	<b>62.8</b>	<b>14.1</b>	<b>76.9</b>	<b>57.9</b>	<b>12.8</b>	<b>89.8</b>	<b>85.9</b>
Economic Prosperity	11.7		11.7	-11.7	0.0			0.0	
Revolving Investment & Infrastructure Fund	11.1	-3.1	8.0		8.0	8.0		8.0	8.0
Business Rate Appeals	28.6		28.6	-28.6	0.0			0.0	
CFLC Inspection and System Improvements Transformation*	0.1	-0.1	0.0	14.7	0.0		-13.8	3.8	
Investment Renewals	5.0	-5.0	0.0		0.0			0.0	
Equipment Replacement	1.8	-0.6	1.2		1.2		-0.2	1	
Insurance	8.6	-0.5	8.1		8.1		-0.5	7.6	
Eco Park Sinking Fund	19.5		19.5		19.5			19.5	
Capital Investment	5.4	-0.3	5.1		5.1	5.1		5.1	5.1
Interest Rate	1.6	-8.1	-6.5	6.5	0.0			0.0	
Local Government Reform	0.0		0.0	5.0	5.0		-5.0	0.0	
<b>Total Earmarked Reserves</b>	<b>168.5</b>	<b>-27.1</b>	<b>141.4</b>	<b>0.0</b>	<b>141.4</b>	<b>70.9</b>	<b>-6.7</b>	<b>134.8</b>	<b>98.9</b>
Schools Balances	52.1	-7.1	45.0		45.0		-10.0	35.0	
DSG High Needs Block Deficit	-79.5	-57.0	-136.5		-136.5		-31.0	-167.5	
DSG High Needs Block Offset	144.0		144.0		144.0		0.0	144.0	
<b>SEND &amp; Schools Balances</b>	<b>116.6</b>	<b>-64.1</b>	<b>52.5</b>	<b>0.0</b>	<b>52.5</b>	<b>0.0</b>	<b>-41.0</b>	<b>11.5</b>	<b>0.0</b>
Revenue Grants Unapplied	63.2		63.2		63.2			63.2	
<b>Total Earmarked Reserves</b>	<b>348.3</b>	<b>-91.2</b>	<b>257.1</b>	<b>0.0</b>	<b>257.1</b>	<b>70.9</b>	<b>0.0</b>	<b>63.2</b>	<b>0.0</b>
<b>General Fund Balance</b>	<b>49.1</b>	<b>1.4</b>	<b>50.5</b>	<b>0.0</b>	<b>50.5</b>	<b>50.5</b>	<b>0.0</b>	<b>50.5</b>	<b>50.5</b>
<b>Overall Total</b>	<b>397.4</b>	<b>-89.8</b>	<b>307.6</b>	<b>0.0</b>	<b>307.6</b>	<b>121.4</b>	<b>-47.7</b>	<b>260.0</b>	<b>149.4</b>
% of Net Revenue Budget						10%			12%

**Appendix 1:**

The Council holds reserves for various purposes, as set out 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. The table above, breaks the Budget Equalisation Reserve down into its component parts, showing the elements ringfenced for specific purposes and the amount available to protect against future uncertainty and provide financial resilience.
- ii) **Revolving Investment & Infrastructure Fund:** This Fund was established 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.
- iii) **Transformation Reserve:** This was established to pump-prime projects that required upfront expenditure to deliver service re-design, transformation and deliver future financial efficiencies.
- iv) **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.
- 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) **Eco Park Sinking Fund:** To smooth the impact of the compressed distribution of the contract costs and re-profiling of the PFI credits.
- vii) **Capital Investment Reserve:** To fund revenue costs to pump-prime capital investment.
- viii) **Local Government Reform:** This is a new reserve set up to cover the initial costs associated with implementing potential Local Government Reform in Surrey.
- ix) **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.
- x) **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.

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## Annex E

### Council Tax Requirement

1. In January 2025, the District and Borough Councils informed Surrey County Council of the Council Tax base for 2025/26. The tax base provided is presented as the number of Band D equivalent properties. The total tax base for 2025/26 is 526,600.7; an increase of 1.22% from 2024/25.
2. At the same time, the District and Borough Councils provided estimates of the Council Tax Collection Fund balance, the 2025/26 surplus is £13.5m. Volatility in future collection fund figures is exacerbated by economic uncertainty and increased cost of living which could impact collection rates. The Council therefore takes a prudent approach, making a transfer to reserves where forecasts are unusual, as there is a high possibility of a correction next financial year. There is a proposed transfer of £8m for 2025/26.
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. On 18 December 2024, as part of the Provisional Local Government Finance Settlement, Government laid out the referendums relating to council tax increases for 2025/26. They stated that county councils can increase core council tax by up to 3% without the need for a referendum and can raise 2% in an additional adult social care precept.
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%; an overall increase of 4.99%, for 2025/26. The Council Tax precept is the Council Tax requirement divided by the tax base.

**Table 1 – Council Tax Requirement**

(Income)/Expenditure	2025/26 £
Gross expenditure	2,041,738,000.00
Other income	777,591,815.36
<b>Budgeted revenue expenditure</b>	<b>1,264,146,184.64</b>
Contribution to reserves	8,029,797.91
Business rates income	(80,345,000.00)
Business rates top up	(67,887,241.00)
Other Government grants	(138,172,299.19)
Council tax collection fund balance (surplus)	(13,482,239.91)
<b>Council tax requirement</b>	<b>972,289,202.45</b>

8. The tax base is the number of Band D equivalent properties for precepting purposes. The tax base for 2025/26 is as follows, showing an increase of 1.22% from 2024/25:

**Table 2 – 2025/26 Taxbase**

Billing Authority	No. of Band D equivalent properties 2025/26	No. of Band D equivalent properties 2024/25	Change
Elmbridge	67,249.0	66,517.0	1.09%
Epsom & Ewell	33,846.9	33,762.4	0.25%
Guildford	60,636.1	59,890.4	1.23%
Mole Valley	42,386.9	41,693.1	1.64%
Reigate & Banstead	64,564.3	64,252.3	0.48%
Runnymede	35,814.4	35,495.8	0.89%
Spelthorne	40,619.9	39,241.0	3.39%
Surrey Heath	40,049.0	39,749.5	0.75%
Tandridge	39,457.7	39,128.0	0.84%
Waverley	59,096.7	58,262.3	1.41%
Woking	42,879.8	42,255.4	1.46%
<b>Total</b>	<b>526,600.7</b>	<b>520,247.2</b>	<b>1.22%</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 2025/26 is calculated as follows:

**Table 3 – Band D precept**

Council Tax Precept	CTR	÷	taxbase	=	Level
Core precept	£ 821,360,175.82	÷	526,600.7	=	£ 1,559.74
Adult Social Care precept*	£ 150,929,026.63	÷	526,600.7	=	£ 286.61
<b>Council tax precept</b>	<b>£ 972,289,202.45</b>	<b>÷</b>	<b>526,600.7</b>	<b>=</b>	<b>£ 1,846.35</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 2024/ 25	B 2025/26	C Base to measure increase (2024/25)	D Increase (B-A) ÷ C	Referendum Principle
Core precept	£1,507.16	£1,559.74	£1,758.60	2.99%	3%
ASC precept	£251.44	£286.61	£1,758.60	2.00%	2% on top of the core principle
Council tax precept	£1,758.60	£1,846.35	£1,758.60	<b>4.99%</b>	<b>Up to 5%</b>

11. The proposals result in an overall increase of £87.75 per annum, £1.69 per week, for a Band D dwelling.

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

**Table 5 – Council tax by valuation band**

Valuation band	Core precept	ASC precept	Overall precept
A	£1,039.83	£191.07	£1,230.90
B	£1,213.13	£222.92	£1,436.05
C	£1,386.44	£254.76	£1,641.20
D	£1,559.74	£286.61	£1,846.35
E	£1,906.35	£350.30	£2,256.65
F	£2,252.96	£413.99	£2,666.95
G	£2,599.57	£477.68	£3,077.25
H	£3,119.48	£573.22	£3,692.70

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**

Billing Authority	Payment
Elmbridge	124,705,510.15
Epsom & Ewell	62,878,313.34
Guildford	111,636,533.24
Mole Valley	79,055,822.82
Reigate & Banstead	119,918,088.90
Runnymede	66,841,591.44
Spelthorne	81,930,487.37
Surrey Heath	73,548,304.95
Tandridge	74,579,841.40
Waverley	111,219,562.05
Woking	79,457,386.73
<b>Total*</b>	<b>985,771,442.36</b>

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

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

**Table 7 – Payment Dates**

Payment dates	
16/04/2025	13/10/2025
20/05/2025	19/11/2025
30/06/2025	06/01/2026
29/07/2025	19/02/2026
15/09/2025	12/03/2026

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## Annex F

### Capital, Investment and Treasury Management Strategy 2025/26

#### 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, Directorate and Service 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 contribute 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 - 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:
- service delivery capital programme expenditure
  - capital investment
- 2.2 This section sets out the Council's capital expenditure and financing plans over the medium-term, provides an overview of the governance arrangements for approval and monitoring of expenditure and provides a projection of the 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**

- 2.3 Capital expenditure refers to Local Authority spending on assets such as property, infrastructure, vehicles and equipment 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.
- 2.4 The 2025/26 – 2029/30 Capital Programme, sets out capital expenditure plans of £1,399m, as summarised in Table 1. Our capital expenditure can be broken into three categories:
- Approved Capital Budget of £1,012m.
  - Capital Pipeline of £382m, schemes that represent the capital ambitions of the Council but are subject to further detailed business cases and Member approval.

- Capital Investments of £4m, relating to expenditure on existing investment assets and capital loans to Council subsidiaries to spend on existing assets, ensuring the Council's compliance with the Prudential Code.

**Table 1 - Estimates of Capital Expenditure**

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget	Total Budget
	£m	£m	£m	£m	£m	£m	£m	£m
Capital Programme - Budget	298	314	340	271	180	125	97	1,012
Capital Programme - Pipeline	-	42	62	84	68	67	100	382
<b>Sub-total Capital Programme</b>	<b>298</b>	<b>356</b>	<b>402</b>	<b>355</b>	<b>248</b>	<b>192</b>	<b>197</b>	<b>1,394</b>
Commercial Spend	1	25	4	0	-	-	-	4
<b>TOTAL</b>	<b>299</b>	<b>381</b>	<b>406</b>	<b>355</b>	<b>248</b>	<b>192</b>	<b>197</b>	<b>1,399</b>

2.5 Our medium-term approach to financial planning means we aim to deliver an ambitious Capital Programme of c£1,399m over the next 5 years, if all pipeline proposals are approved and delivered. The revenue implications of this proposed programme are integrated and factored into the Medium-Term Financial Strategy (MTFS) to 2029/30.

2.6 Planned capital investment will deliver significant investment in:

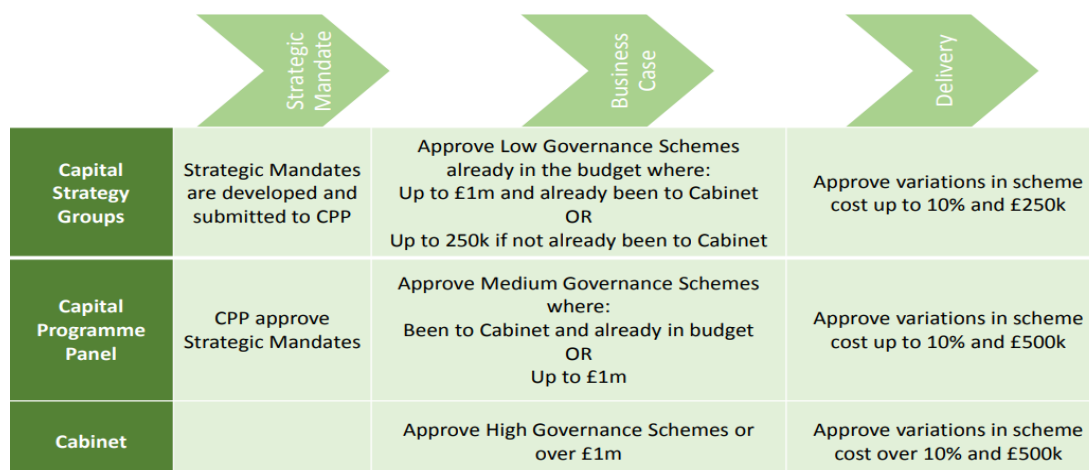
- The development of a greener future through the Net Zero 2030 and 2050 carbon reduction schemes and other projects contributing to the carbon and green agenda such as rooftop solar, electric vehicle infrastructure and low emission buses and vehicles;
- A Highway Maintenance programme delivering improvements to roads and footways across the County;
- Community led projects in our towns and high streets 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.

2.7 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.

- 2.8 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.
- 2.9 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. 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

- 2.10 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 capital programme (as set out in Table 1 above), is as follows:

**Table 2 - Capital Financing**

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget	Total Budget
	£m	£m	£m	£m	£m	£m	£m	£m
Grants and Contributions	92	99	127	116	85	109	150	588
Revenue budgets	6	6	1	1	1	1	1	4
Capital receipts	45	23	32	26	11	8	8	86
Borrowing	155	253	246	211	152	73	38	721
<b>TOTAL</b>	<b>299</b>	<b>381</b>	<b>406</b>	<b>355</b>	<b>248</b>	<b>192</b>	<b>197</b>	<b>1,399</b>

- 2.11 **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.
- 2.12 Table 2 above, shows the planned usage of £86m of capital receipts from the sale of Council assets to finance expenditure from 2025/26 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.

2.13 Government have recently extended the ability of Council's to utilise capital receipts for revenue expenditure in specific circumstances. The Council currently has no plans to utilise this flexibility from 2025/26 onwards.

2.14 **Gross additional borrowing** of £246m for 2025/26 is required, £217m net of MRP and refinancing of long-term borrowing.

**Table 3 – Additional borrowing requirement**

	31/03/2024 Actual £m	30/11/2024 Actual £m	31/03/2025 Estimate £m	31/03/2026 Forecast £m	31/03/2027 Forecast £m	31/03/2028 Forecast £m	31/03/2029 Forecast £m	31/03/2030 Forecast £m
Long term borrowing	472	468	463	455	446	440	435	430
Short term borrowing	295	525	535	535	-	-	-	-
<b>Total borrowing</b>	<b>767</b>	<b>993</b>	<b>998</b>	<b>990</b>	<b>446</b>	<b>440</b>	<b>435</b>	<b>430</b>
Forecast additional borrowing	-	5	-	216	928	1,036	1,061	1,047
<b>Total forecast borrowing</b>	<b>767</b>	<b>998</b>	<b>998</b>	<b>1,206</b>	<b>1,374</b>	<b>1,476</b>	<b>1,496</b>	<b>1,477</b>

2.15 Beyond March 2026 the split between long term and short-term borrowing will depend on decisions made in line with the Treasury Management Strategy below. This will include considerations about the prevailing rate of interest, the proportionality of the existing borrowing portfolio and other relevant considerations.

2.16 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 4 - Repayment of Debt Finance through Minimum Revenue Provision**

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
MRP	27	31	37	42	47	50	52

2.17 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.

2.18 Based on the above figures for expenditure and financing, the Council's estimated CFR over the medium-term is set out in table 5.

**Table 5 - Prudential Indicator: Estimates of Capital Financing Requirement**

As at 31st March	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Capital Programme	1,063	1,262	1,468	1,637	1,741	1,762	1,744
Investment Programme	440	456	451	442	433	425	416
<b>TOTAL</b>	<b>1,503</b>	<b>1,718</b>	<b>1,919</b>	<b>2,079</b>	<b>2,174</b>	<b>2,187</b>	<b>2,160</b>

2.19 Our capital plans lead to a £443m increase in the estimated CFR over the five-year period, from £1,718m to £2,160m (£721m of additional borrowing (see table 3), offset by £227m of MRP payments (see table 4) and £37m of PFI and finance lease adjustments). The revenue implications of this are set out below.

## Revenue Budget Implications

2.20 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.

2.21 Current projections show that net financing costs, contained within the central income and expenditure budget projections over the MTFS, rise from a net £41m in 2024/25 to £75m net in 2029/30. The gross and net costs of financing our capital plans are set out in the table, below.

**Table 6 – Net Finance Cost**

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£m	£m	£m	£m	£m	£m	£m
MRP (not including PFI)	27	31	37	42	47	50	52
Interest Cost	34	30	34	37	38	40	41
<b>Finance Cost</b>	<b>61</b>	<b>61</b>	<b>71</b>	<b>79</b>	<b>85</b>	<b>90</b>	<b>94</b>
Investment Income	19	19	19	19	19	19	19
<b>TOTAL</b>	<b>42</b>	<b>41</b>	<b>52</b>	<b>60</b>	<b>66</b>	<b>72</b>	<b>75</b>

2.22 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).

2.23 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.4% in 2024/25 to 6% in 2029/30. This increase is partially contained through schemes enabling delivery of revenue efficiencies or income generation that finance themselves and offset the associated borrowing costs.

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

### Approved Budget - £69m total spend over MTFS

- £22m – Looked After Children Schemes
- £13m – ASC Extra Care Housing
- £12m – ASC Supported Independent Living – Learning Disabilities Phase 1
- £7m – Sunbury Hub
- £6m – ASC Supported Independent Living – mental health
- £5m – ASC Independent Living / Short Breaks
- £3m – Staines Hub
- £1m – Various smaller schemes

### Pipeline – £67m (to be approved after scrutiny of value for money, sustainability and assessment of deliverability)

- £21m – Materials Recovery Facility
- £12m – ASC Supported Independent Living – Learning Disabilities Phase 2
- £9m – ASC nursing / residential care
- £4m – Biodiversity Net Gain
- £4m – Household Loan Scheme

- £4m – net zero 2030 rooftop solar
- £3m – net zero 2030 LEDs
- £3m – SME decarbonisation loan scheme
- £2m – Agile Office Estate Strategy
- £1m – Basingstoke Canal Campsite Improvements
- £1m – Surrey Farms Investment Plan
- £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**

2.25 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**

2.26 Capital expenditure over the next 5-year period includes c.£353m of schemes that will contribute to carbon reduction, action on climate change and enabling a greener future. Of this spend, c.£188m is included for schemes in the approved budget and a further c.£165m 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.

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

Category of borrower	31/03/2024 actual			2025/26
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved limit £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 8 - Property held for investment purposes in £ millions**

Property type	Actual purchase cost £m	31/03/2024 actual	
		Closing value £m	Movement £m
Office	118	71	(47)
Retail	6	3	(3)
Leisure	1	1	-
<b>Total</b>	<b>125</b>	<b>75</b>	<b>(50)</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.
- 3.10 The fair value of the Council's investment property portfolio is less than the purchase cost, reflecting the challenging commercial environment in which our investment properties operate, with particular pressure on retail. The Council continues to explore mitigating actions to protect the capital invested, such as alternate uses where appropriate. The Council holds investment properties for long-term rental income, and short-term fluctuation in investment values can be expected.

#### **Commercial Investment – Equity Investments and Loans**

- 3.11 **Overview:** The Council wholly owns Halsey Garton Property Ltd (HGP) and Surrey Property Group (SPG) 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 SPG and HGR as at 31<sup>st</sup> March 2024 is set out below. The investment in SPG was impaired following a fair value review undertaken during the 2023/24 financial year end.

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

Category of investment	31/03/2024 actual		
	Balance owing £m	Loss allowance £m	Net figure in accounts £m
Equity shares	97	(66)	31
Loans	242	(3)	239

- 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 Ltd, in order to enable investment 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 The council amended its MRP policy in 2022/23 to comply with changes that came into force for the 2023/24 financial year, which included 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. As such, the council provide MRP on capital loans in full, as it does for any other assets.
- 3.16 The Council's policy of providing for MRP in full means it is compliant with the latest guidance and there are no changes proposed to the policy for 2025/26 (MRP Policy (Annex G)). The Council's debt in relation to the loans to SPG are 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**

- 3.17 The value of property owned by Halsey Garton Property Ltd at 31<sup>st</sup> March 2024 was assessed as being £100m lower than cost, representing a 31% reduction, largely due to pressures on the retail environment. The Council has undertaken a fair value assessment of its investment in Halsey Garton Property Ltd and has subsequently impaired its investment in the company (table 9). However the company is holding the assets for long-term rental income and short-term variations in fair value should be expected. Over the long term, we would expect asset values to recover.

### **Risk Assessment and Liquidity**

- 3.18 **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.
- 3.19 **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

3.20 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.

3.21 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

3.22 The Council's revenue budget includes an element of profit generating investment activity to support services. Table 10 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the MTFS. Investment activity is forecast 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.

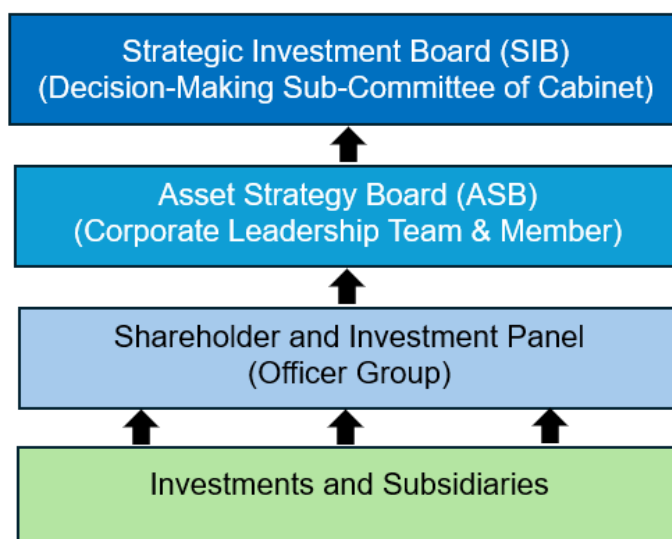
**Table 10 - Proportionality of Investments**

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
Investment income £m	19	19	19	19	19	19	19
Net revenue budget £m	1,102	1,208	1,264	1,271	1,272	1,274	1,275
<b>Proportion %</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>

## Commercial Governance

3.23 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**



- 3.24 At officer level, oversight is provided by the Shareholder Investment Panel (SHIP) with representation from Finance (Chair), Land & Property and Legal.
- 3.25 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.
- 3.26 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

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

**Table 11 - Total investment exposure in £millions**

Total investment exposure	31/03/2024 Actual £m	31/03/2025 Forecast £m	31/03/2026 Forecast £m
Treasury management investments	41	50	50
Service investments: loans	2	2	2
Commercial and economic growth investments: property	75	100	104
Commercial investments: loans	239	239	239
Commercial investments: shares	31	31	31
<b>Total investments</b>	<b>388</b>	<b>422</b>	<b>426</b>

- 3.29 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

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

Total investments funded by borrowing	31/03/2024 Actual £m	31/03/2025 Forecast £m	31/03/2026 Forecast £m
Commercial and economic growth investments: property	75	100	104
Commercial investments: loans	239	239	239
Commercial investments: shares	31	31	31
<b>Total investments</b>	<b>345</b>	<b>370</b>	<b>374</b>

3.30 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

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

Investments net rate of return	2023/24 Actual	2024/25 Forecast	2025/26 Forecast
Service investments	0.0%	0.0%	0.0%
Commercial investments: property	3.1%	3.1%	3.0%
Commercial investments: shares and loans	4.3%	4.3%	4.3%

#### 4. Treasury Management Strategy Statement 2025/26

##### Introduction

- 4.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority 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 Authority's prudent financial management.
- 4.2 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.
- 4.3 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. A full set of Prudential Indicators is set out in Annex 1 and a number of Treasury limits and indicators are set out below.
- 4.4 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 2024 – 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 the government's Autumn Budget, slower interest rate cuts, modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.
- 4.8 The Bank of England's (BoE) Monetary Policy Committee (MPC) reduced Bank Rate to 4.75% at its meeting in November 2024, having previously cut by 25bp from the 5.25% peak at the August MPC meeting. At the November meeting, eight Committee members voted for the cut while one member preferred to keep Bank Rate on hold at 5%.
- 4.9 The November quarterly Monetary Policy Report (MPR) is forecasting Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be 0.5% between April and June 2024, a downward revision from the 0.6% rate previously reported by the Office for National Statistics (ONS).
- 4.10 Office for National Statistics (ONS) figures reported the annual Consumer Price Index (CPI) inflation rate at 1.7% in September 2024, down from 2.2% in the previous month and lower than the 1.9% expected. Core CPI also declined further than expected to 3.2% against a forecast of 3.4% and the previous month's 3.6%. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the

Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

- 4.11 The labour market appears to be easing slowly however, but the data still requires treating with some caution. The latest figures reported the unemployment rate fell to 4.0% in the three months to August 2024, while economic inactivity also declined. Pay growth for the same period was reported at 4.9% for regular earnings (excluding bonuses) and 3.8% for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.
- 4.12 The US Federal Reserve has also been cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its November 2024 monetary policy meeting to a range of 4.5%-4.75%. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an annual rate of 2.8% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.
- 4.13 Euro zone inflation fell below the European Central Bank (ECB) 2% target in September 2024, the first time in over three years. This allowed the ECB to continue its rate cutting cycle and reduce its three key policy rates by 0.25% in October. Inflation is expected to rise again in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.
- 4.14 **Credit outlook:** Credit Default Swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.
- 4.15 High interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.
- 4.16 Moreover, while a potential easing of US financial regulations under a Donald Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the authority's treasury adviser.

- 4.17 Overall, 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.
- 4.18 **Interest rate forecast (November 2024):** The Authority's treasury management adviser Arlingclose forecasts that The Bank of England's Monetary Policy Committee will continue reducing rates during through 2025, taking Bank Rate to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.
- 4.19 Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.
- 4.20 A more detailed economic and interest rate forecast provided by Arlingclose is in the TMS Annex 2.
- 4.21 For the purpose of setting the budget, it has been assumed that new treasury investments will be made and that new loans will be borrowed at an average rate of 4.25% across the year.

**Local Context:**

- 4.22 On 31 March 2024 the Council held £743.2m borrowing (£461m of long-term borrowing and £282.2m short-term borrowing) and £41m of cash investments. By 30th November 2024, this had increased to £970.8m borrowing (£458.1m of long-term borrowing and £512.7m of short-term borrowing), with £68.4m of investments. The increase in borrowing is driven by the capital expenditure incurred by the Council through the year, in line with the approved 2024/25 capital programme.
- 4.23 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.
- 4.24 Internal borrowing allows the Council to utilise its internal cash balances (i.e. working capital and reserves) which are not required in the short to medium-term in order to reduce risk and keep interest costs low. Forecast changes in these sums are shown in the balance sheet analysis in Table 14 below.



**Table 14 - Balance sheet summary and forecast**

	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028	31/03/2029	31/03/2030
	Actual £m	Estimate £m	Forecast £m	Forecast £m	Forecast £m	Forecast £m	Forecast £m
	£m	£m	£m	£m	£m	£m	£m
Capital financing requirement	1,503	1,718	1,919	2,079	2,174	2,187	2,160
Less: other debt liabilities	(88)	(81)	(74)	(67)	(59)	(52)	(44)
<b>Loans CFR</b>	<b>1,415</b>	<b>1,637</b>	<b>1,845</b>	<b>2,013</b>	<b>2,115</b>	<b>2,135</b>	<b>2,116</b>
Less: external long term borrowing	(472)	(463)	(455)	(446)	(440)	(435)	(430)
Less: external short term borrowing	(295)	(535)	-	-	-	-	-
Internal borrowing (based on projection of level of reserves, balances and working capital)	(648)	(639)	(639)	(639)	(639)	(639)	(639)
<b>Projected additional external borrowing requirement</b>	<b>-</b>	<b>-</b>	<b>751</b>	<b>928</b>	<b>1,036</b>	<b>1,061</b>	<b>1,047</b>

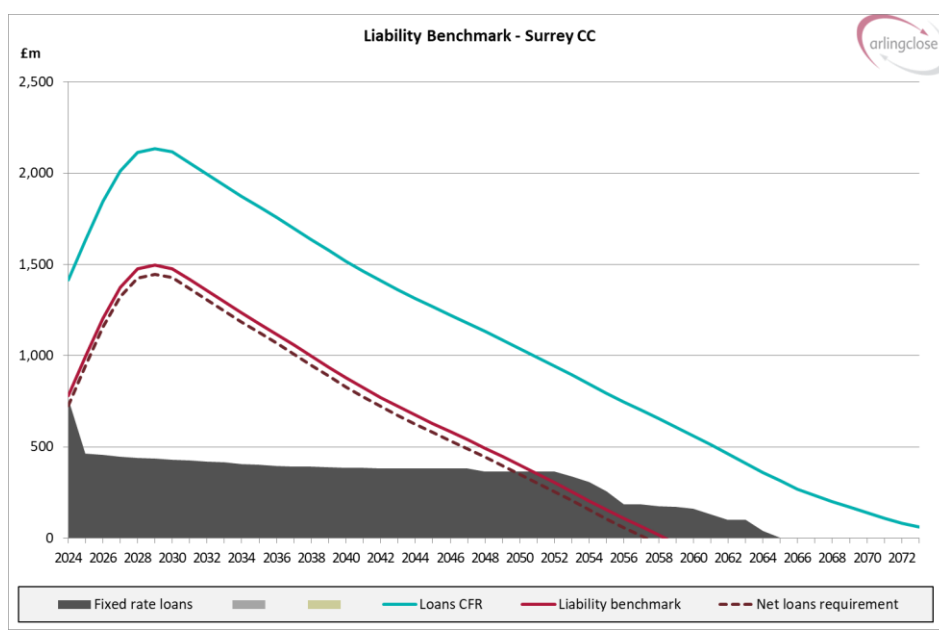
- 4.25 The Council has an increasing CFR over the period to 31 March 2030, due to the proposed Capital Programme and approved investment strategy projects. The maximisation of internal borrowing leads to a borrowing requirement above the Council's ability to utilise its internal resources to fund this capital expenditure. It will therefore be required to raise additional external borrowing over the forecast period.
- 4.26 The Council is currently holding high levels of short-term borrowing due to the recent interest rate environment, which has seen long term interest rates remain at higher rates. While this strategy reduces the interest payable over the medium term it does increase the Council's exposure to interest rate volatility. The Council's strategy will be to increase long term borrowing and reduce this risk as prevailing interest rates reduce.
- 4.27 The CFR represents the Councils total underlying need to borrow to totally fund the historic and planned capital programme. The Council's use of internal borrowing where available means that the current level of borrowing is below the total CFR. Were the internal resources not available to maintain the current level of internal borrowing then this would need to be met by additional external borrowing above that set out in table 14, further increasing the Council's exposure to interest rate risk. The table above shows that the Council anticipates an ongoing ability to utilise short-term internal resources to continue to reduce the overall borrowing required over the Medium Term Financial Strategy 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 14 shows that the Council expects to comply with this recommendation during 2025/26.
- 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 14 above, but that cash and investment balances are kept to a minimum level of £50m at each year-end to maintain sufficient liquidity but minimise credit risk. This cash and investment balance is the difference between the dotted red line and solid red line in the graph below.

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 15 – Liability Benchmark**

Position at 31 March	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Projected	←----- Estimated ----->				
	£m	£m	£m	£m	£m	£m	£m
Loans CFR	1,415	1,637	1,845	2,013	2,115	2,135	2,116
External borrowing	(767)	(463)	(455)	(446)	(440)	(435)	(430)
<b>Internal (over) borrowing</b>	<b>648</b>	<b>1,174</b>	<b>1,390</b>	<b>1,567</b>	<b>1,675</b>	<b>1,700</b>	<b>1,686</b>
Balance sheet resources	(689)	(689)	(689)	(689)	(689)	(689)	(689)
<b>Net investments / (new borrowing)</b>	<b>41</b>	<b>(485)</b>	<b>(701)</b>	<b>(878)</b>	<b>(986)</b>	<b>(1,011)</b>	<b>(997)</b>
Treasury investments	41	50	50	50	50	50	50
<b>New borrowing</b>	<b>0</b>	<b>535</b>	<b>751</b>	<b>928</b>	<b>1,036</b>	<b>1,061</b>	<b>1,047</b>
Net loans requirement	726	948	1,156	1,324	1,426	1,446	1,427
Liquidity allowance	54	50	50	50	50	50	50
<b>Liability benchmark</b>	<b>780</b>	<b>998</b>	<b>1,206</b>	<b>1,374</b>	<b>1,476</b>	<b>1,496</b>	<b>1,477</b>

**Graph 1: Liability benchmark**



4.31 The long-term liability benchmark assumes:

- Capital expenditure funded by borrowing as per the 2025-30 Capital Programme, with no further assumed expenditure factored in beyond the MTF5 period;
- Projects 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. While the graph shows this happening in 2050, this does assume that there is no capital expenditure funding by borrowing after 2029/30, which is unlikely.
- 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:** Authority currently holds £917m of loans, an increase of £150m on the previous year, as part of its strategy for funding previous years’ capital programmes. The balance sheet forecast in annex 1 table 1 shows that the Authority expects to borrow up to £250m in 2025/26. The Authority may also borrow additional sums to pre-fund future years’ requirements, providing this does not exceed the authorised limit for borrowing of £1,272m (annex 1 table 5).
- 4.36 **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.
- 4.37 **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 the significant cuts to public expenditure and in particular to local government funding, the Authority’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt

portfolio. Short-term interest rates are currently higher than in the recent past but are expected to fall in the coming year 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. The risks of this approach will be managed by keeping the Authority's interest rate exposure within the limit set in the treasury management prudential indicators, see below.

- 4.38 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2025/26 with a view to keeping future interest costs low, even if this causes additional cost in the short-term. The Council's current exposure to interest rate risk is high due to the level of short term borrowing. Consideration will be given to converting some of this short term borrowing to long term borrowing, as and when interest rates begin to reduce, in line with market expectations.
- 4.39 The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.
- 4.40 Alternatively, the Authority 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 to be achieved without suffering a cost of carry in the intervening period.
- 4.41 In addition, the Authority may borrow [further] short-term loans to cover unplanned cash flow shortages
- 4.42 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- UK Infrastructure Bank Ltd
  - HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
  - National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
  - any institution approved for investments (see below)
  - any other bank or building society authorised to operate in the UK
  - any other UK public sector body
  - 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
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- 4.43 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.

4.44 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.

4.45 **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.

4.46 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is 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 from 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.

4.47 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

4.48 **Debt rescheduling:** The PWLB allows 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 Authority 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 saving 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**

- 4.49 Gross borrowing costs include interest payable and the statutory charge on the general fund for MRP. The gross borrowing costs associated with the 2025/26 to 2029/30 Capital Programme increase from £71m in 2025/26 to £94m by 2029/30.
- 4.50 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 5.6% in 2025/26 to 7.3% in 2029/30.
- 4.51 Net borrowing costs are calculated after offsetting interest and investment income and over the same period, net borrowing costs grow from £52m in 2025/26 to £75m in 2029/30.
- 4.52 Paragraph 1.19 of Annex 1 shows net borrowing costs against the net revenue stream increasing from 4.1% in 2025/26 to 5.9% in 2029/30.
- 4.53 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**

- 4.54 The Council holds invested funds representing income received in advance of expenditure plus reserves. For the first half of 2024/25, the Council held average balances of £66.8m, compared with £98m for the equivalent period in 2023/24. The average return for the first half of 2024/2025 was 5.14%. Cash balances are expected to reduce during the remainder of 2024/25 and over the MTFS.
- 4.55 **Objectives:** The CIPFA Code requires the Authority 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 Authority'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 Authority 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 Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 4.56 **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.
- 4.57 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.

- 4.58 **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 Authority'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 Authority 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.
- 4.59 **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 4.60 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

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

Credit rating	Banks unsecured	Banks secured	Government*
UK Govt	n/a	n/a	£ Unlimited 50 years
A- and above	£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.

- 4.61 **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. 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.
- 4.62 **UK Government:** Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

- 4.63 **Local authorities and other government entities:** Loans to, and bonds and bills issued or guaranteed by, other 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.
- 4.64 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 4.65 **Banks and building societies (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. See below for arrangements relating to operational bank accounts.
- 4.66 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 4.67 **Money market funds:** Pooled 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 Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 4.68 **Strategic pooled funds:** Bond, equity and property funds, including exchange traded funds, that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority 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 can be either withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 4.69 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.



- 4.70 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and unsecured loans to companies and universities. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.
- 4.71 **Operational bank accounts:** The Authority 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 Authority maintaining operational continuity.
- 4.72 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. 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.
- 4.73 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") 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.
- 4.74 **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 and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 4.75 **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.
- 4.76 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, however can be seen in other market measures. In these circumstances, the Authority 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 Authority's cash balances, then the surplus will be deposited with the UK Government or other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

- 4.77 **Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be £78.4m on 31<sup>st</sup> March 2025. This consists of the Budget Equalisation Reserve, the Revolving Investment and Infrastructure Fund and the Interest Rate Reserve. 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 lent to any one organisation (other than the UK Government) will be £20 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

**Table 17 – Investment Limits**

	Cash limit
Any single organisation, except the UK Central Government	£20m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£20m per group
Any group of pooled funds under the same management (including Money Market Funds)	£25m per manager
Money Market Funds (Total)	Unlimited
Unsecured investments with Building Societies	£10m in total

- 4.78 **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 Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.
- 4.79 The Council will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds), of which at least two will be UK domiciled, to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

### Treasury Management Prudential Indicators

- 4.80 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 4.81 **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.

- 4.82 **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

- 4.83 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 4.84 **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).
- 4.85 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.
- 4.86 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.

- 4.87 In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 4.88 **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.
- 4.89 **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.
- 4.90 **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**

- 4.91 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.
- 4.92 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, Savills. 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.
- 4.93 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. This will be reviewed regularly, to ensure up to date.

4.94 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.

4.95 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

4.96 The budget for investment income and interest payable are set out in the 2025/26 budget and MTFs to 2029/30 and are based on interest rate forecasts (as set out above) and a mix of short-term borrowing and the existing long-term fixed rate debt portfolio. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

### Other options considered

4.97 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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Projected £m	← ----- Estimated ----- → £m                      £m                      £m                      £m                      £m				
Capital programme expenditure (incl pipeline)	356	402	355	248	192	197
Approved investment strategy spend	25	4	0	-	-	-
<b>Financed By:</b>						
- Government grants and third party contributions	99	127	116	85	109	150
- Capital Receipts	23	32	26	11	8	8
- Revenue and reserves	6	1	1	1	1	1
<b>Net financing need for the year*</b>	<b>253</b>	<b>246</b>	<b>211</b>	<b>152</b>	<b>73</b>	<b>38</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.

Table 2: Capital Financing Requirement (CFR)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Projected £m	← ----- Estimated ----- → £m				
Opening CFR	1,503	1,718	1,919	2,079	2,174	2,187
<b>Movements:</b>						
- Minimum revenue provision	(31)	(38)	(44)	(49)	(54)	(57)
- PFI & finance leases	(7)	(7)	(7)	(7)	(7)	(7)
- Net financing need	253	246	211	152	73	38
Total movement	214	201	160	95	12	(26)
<b>Closing CFR</b>	<b>1,718</b>	<b>1,919</b>	<b>2,079</b>	<b>2,174</b>	<b>2,187</b>	<b>2,161</b>

### **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.

Table 3: Gross Borrowing	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Projected £m	← ----- Estimated ----- → £m				
Gross Borrowing	767	998	1,206	1,374	1,476	1,496
CFR	1,718	1,919	2,079	2,174	2,187	2,161

### **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.

Table 4: Operational Boundary	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Agreed £m	← ----- Estimated ----- → £m      £m      £m      £m      £m				
Borrowing	1,091	1,404	1,613	1,750	1,790	1,775
PFI & finance leases	88	81	74	67	59	52
<b>Total</b>	<b>1,179</b>	<b>1,485</b>	<b>1,687</b>	<b>1,816</b>	<b>1,849</b>	<b>1,827</b>
Estimated external debt	998	1,206	1,374	1,476	1,496	1,477

### **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.

Table 5: Authorised Limit	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Agreed £m	← ----- Estimated ----- → £m      £m      £m      £m      £m				
Borrowing	1,183	1,602	1,853	2,023	2,084	2,074
PFI & finance leases	88	81	74	67	59	52
<b>Total</b>	<b>1,272</b>	<b>1,683</b>	<b>1,926</b>	<b>2,090</b>	<b>2,143</b>	<b>2,125</b>
Estimated external debt	998	1,206	1,374	1,476	1,496	1,477

### **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.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Forecast	Budget	Budget	Budget	Budget	Budget
Proportion of gross financing costs to net revenue budget	5.5%	5.0%	5.6%	6.2%	6.7%	7.1%	7.4%

### **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).



	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
Proportion of net financing costs to net revenue budget	3.8%	3.4%	4.1%	4.7%	5.2%	5.6%	5.9%

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.

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
Total net income service and commercial investments	19	19	19	19	19	19	19
Proportion of net revenue budget	1.7%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%

## **TMS Annex 2 - Arlingclose Economic & Interest Rate Forecast – November 2024**

### **Underlying assumptions**

- 2.1 As expected, the Bank of England Monetary Policy Committee (MPC) cut Bank Rate to 4.75% in November in an 8-1 vote. However, the outlook for monetary policy has changed following the new government's fiscal plans, as delivered in the recent Budget.
- 2.2 The Budget contained measures that will boost demand, in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects of the Budget require a change to our Interest Rate Forecast.
- 2.3 UK GDP recovered well in H1 2024 from technical recession, but underlying growth appears relatively subdued. However, the Budget will significantly boost government spending over the short-term, with few offsetting measures to subdue household demand, so GDP growth is likely to rise relatively steeply.
- 2.4 Private sector wage growth has eased to 4.8% yet remains high, while services inflation continues to hold above pre-pandemic levels. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- 2.5 CPI inflation was below the 2% target in September but will rise a little by year-end as energy price declines from the previous year fall out of the annual comparison. The Bank of England (BoE) estimates the Budget impact will see the CPI rate at 2.7% by year end 2025 and remain over target in 2026, as opposed to the prior projection of inflation easing back to and then below target by this point.
- 2.6 The MPC re-emphasised the gradual move to easing monetary policy, and we now believe the Budget measures have both reduced the pace of Bank Rate cuts and increased the low for this loosening cycle (although downside risks remain in the medium term).
- 2.7 The increase in borrowing, rise in inflation and shallower path for Bank Rate projected by the Office for Budget Responsibility (OBR) raised gilt yields. The material change in rate expectations means that yields will be generally higher in the post-Budget world.
- 2.8 US government yields have risen following Donald Trump's and Republican victories in the US elections. Trump has run on a platform of policies that appear inflationary, calling into question the extent of policy loosening required from the Federal Reserve (which was already uncertain given continued solid US growth data). Higher US yields could also support higher UK yields.

### **Forecast**

- 2.9 The Bank Rate was cut to 4.75% in November 2024.
- 2.10 The MPC will continue to lower Bank Rate to reduce the restrictiveness of monetary policy, but more slowly and to a higher level. We see another rate cut in February 2025, followed by one cut per quarter, in line with Monetary Policy Report publication, to a low of 3.75%.
- 2.11 Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility is likely to remain

elevated as the market digests incoming data for clues around the impact of policy changes.

2.12 This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.

2.13 Upside risks to inflation over the next 12 months could limit the extent of monetary easing, but we see the risks as broadly balanced over the medium term.

	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>3-month money market rate</b>													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.95	4.80	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>5yr gilt yield</b>													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.30	4.20	4.10	4.05	3.95	3.90	3.90	3.90	3.95	4.00	4.05	4.05	4.05
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
<b>10yr gilt yield</b>													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.41	4.40	4.35	4.35	4.35	4.30	4.30	4.30	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
<b>20yr gilt yield</b>													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.84	4.80	4.75	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
<b>50yr gilt yield</b>													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.35	4.50	4.45	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

### TMS Annex 3 - Investment & Debt Portfolio Position as at 30 November 2024

	Actual Portfolio £m	Interest Rate %
<b>External borrowing:</b>		
Public Works Loan Board	458	3.68
Market	10	5.00
Local Authorities (Incl. Surrey Police)	513	5.05
Other	12	0.00
<b>Total external borrowing</b>	<b>993</b>	
<b>Other long-term liabilities:</b>		
Private Finance Initiative	77	
<b>Total other long-term liabilities</b>	<b>77</b>	
<b>Total gross external debt</b>	<b>1,070</b>	
<b>Treasury investments:</b>		
Money Market Funds	68	4.79
<b>Total treasury investments</b>	<b>68</b>	
<b>Net debt</b>	<b>1,002</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 2025/26**

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 Ministry of Housing, Communities and Local Government, most recently in 2024.
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. MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.
5. 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.
6. 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.
7. 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.
  - For capital expenditure on loans to third parties which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value any repayments of loan principal received during in the year, with the capital receipts so arising applied to finance the expenditure instead.
  - For capital expenditure on loans to third parties which were made primarily for service purposes, the Authority will make nil MRP except as detailed below for expected credit losses. Instead, the Authority will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.
  - For capital loans made on or after 7<sup>th</sup> May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower

than the loss recognised. Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.

- For capital loans made before 7<sup>th</sup> May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.
  - 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.
8. 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.
  9. Capital expenditure incurred during 2025/26 will not be subject to a MRP charge until 2026/27 or later.
  10. Capital receipts - proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Authority decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:
    - Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
    - Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
    - Capital receipts arising from other assets which form an identified part of the Authority's MRP calculations will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.
    - Any other capital receipts applied to repay debt will be used to reduce MRP in 10 equal instalments starting in the year after receipt is applied.
  11. Each year a new MRP statement will be presented.

## **Annex H – Consultation and Engagement**

### **1.1 Introduction**

1.1 Between August and December 2024, the Council conducted an engagement and consultation exercise with residents, organisations and Members to inform the development of the budget for 2025/26 and the Medium-Term Financial Strategy (MTFS). This activity supports 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.

1.2 While this section of the report summarises the insights gathered from consultation and engagement on the draft budget, council services regularly consult and engage with residents and other stakeholders throughout the year and on an ongoing basis to inform their services.

1.3 The objectives of this consultation and engagement activity were to:

- Provide decision-makers with insight from residents and partners to inform budget setting for 2025/26 and beyond.
- Enhance transparency and accountability around budget decisions, including proposals around additional investment and efficiencies.
- Promote inclusive and representative engagement by actively involving marginalised and underrepresented groups.

1.4 This work was split into two phases.

- The first phase of engagement took place in the summer of 2024 with residents and stakeholders asked to share their views on what their most important priority outcomes were, how the budget should be allocated, approaches to balancing the budget, and conditions for supporting a council tax increase. Data was gathered from nearly 1,600 stakeholders using a range of methods:
  - a. An open survey on the Surrey Says platform (28 August – 30 September 2024) with 1,495 respondents.
  - b. Community events and reference groups, engaging nearly 90 residents.
  - c. Promotion via social media, the Surrey Matters newsletter, and local council members.
- The second phase was a consultation on the Council's draft budget after this was approved by the Cabinet at its meeting on 26 November 2024. The purpose of this exercise was to provide residents and other stakeholders with information on the key proposals included, and to seek their views on the financial efficiencies that the Council is pursuing. Data was gathered from 718 stakeholders, of which 689 were residents.

1.5 Across both phases, over 2,200 stakeholders have shared their views including residents, partner organisations from the statutory and Voluntary, Community and Social Enterprise (VCSE) sector, businesses and elected Members.

## 2. Methodology

2.1 Mindful of the current financial context, we have taken a prudent approach to our consultation and engagement activity. By using internal survey tools, costs have been limited to the creation of accessible formats of our engagement material. However, this does mean that the results illustrate the views of those who chose to take part but does not provide data representative of Surrey residents.

2.2 Across both exercises, we included targeted promotion of the survey to invite responses from groups that are typically underrepresented in these types of open exercises. Additionally, an information pack, developed in EasyRead and Large Print formats, was published alongside the survey to provide information to stakeholders on the investment proposals and efficiencies in each area of the council's spending.

2.3 Both surveys were 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, businesses and stakeholders in their areas.

2.4 Members were engaged throughout the process via a range of meetings including informal and formal Select Committees and all-Member briefings. These sessions provided updates on the budget position and proposals with investment measures and efficiencies outlined and explained alongside contextual information. Select Committees had the opportunity to scrutinise proposals and undertake deep-dive exploratory exercises on two areas within their remit, making recommendations to Cabinet to inform the developing budget.

### Phase 1

2.5 In the first phase, which ran from 28 August to 30 September 2024, data was gathered from nearly 1,600 stakeholders using:

- An open survey on the Surrey Says platform which received 1,495 responses. Respondents were self-selecting, which means the results are not representative of the whole of Surrey's population.
- Community events and reference groups, engaging nearly 90 residents.
- Promotion via social media, the Surrey Matters website, newsletter, and local council Members.

2.6 During this phase, the Council asked for insight from stakeholders on:

- The importance they placed on each of 11 outcomes, based on the Community Vision for Surrey in 2030 and Organisation Strategy 2023-2028:
  - i. Better public transport connections for easier, more predictable journeys
  - ii. Better roads and pavements
  - iii. Enabling people of all ages to access education and skills
  - iv. Making our communities safer
  - v. Promoting better health and wellbeing for all residents
  - vi. Tackling climate change and protecting Surrey's countryside and biodiversity



- vii. Providing care for adults and children who need us most
  - viii. Reducing waste and increasing recycling
  - ix. Reinvigorating town centres and high streets
  - x. Stronger community relations through local community networks and support
  - xi. Supporting local businesses to prosper and grow the economy
- How the budget should be allocated
  - Approaches to balancing the budget
  - Conditions for supporting a Council Tax increase.

## Phase 2

2.7 In the second phase consultation, which ran from 26 November to 31 December 2024, data was gathered from 718 stakeholders using:

- An open survey on the Surrey Says platform which began on 26 November, after the Cabinet approved the draft Budget, closing on 31 December. The 718 respondents were self-selecting, which means the results are not representative of the whole of Surrey's population.
- Attendance at the VCSE Alliance Disability Conference.
- Promotion via social media, the Surrey Matters website, newsletter, and local council Members.

2.8 During this phase, the Council asked for insight from stakeholders on:

- Support or opposition of the proposals to balance the budget.
- Anything that should be considered in the implementation of these proposals to deliver better outcomes for Surrey.
- Anything else residents wanted to share with us about the draft budget.

## 3. Results

### Phase 1 results

#### Priority outcomes

3.1 Respondents to the first phase of engagement prioritised the following four outcomes for Surrey (from the list of 11 outcomes):

- Better roads and pavements (79%)
- Providing care for adults and children who need us most (76%)
- Making our communities safer (74%)
- Better public transport connections for easier, more predictable journeys (70%)

3.2 Younger respondents were less likely to prioritise roads and pavements than older respondents. Community safety was most important in Runnymede, Spelthorne, Tandridge and Mole Valley.

3.3 At community events, the focus was on:

- Providing care for adults and children who need us most
- Promoting better health and wellbeing for all residents
- Enabling people of all ages to access education and skills (especially SEN provision)

- Better public transport connections for easier, more predictable journeys
- Making our communities safer

3.4 Respondents were asked for their views on how the Council should allocate its resources. The choices offered to them were to allocate resources to:

- Services that benefit the majority of residents or services that benefit those with the greatest needs, such as residents with disabilities and additional needs.
- Local areas with the highest number of people with poor health or across all local areas in Surrey.
- Meet the needs of residents today or meet the long-term future needs of residents.

### **Use of resources**

3.5 Open survey respondents preferred resources for the majority (54%) and across all areas (64%). Community event respondents favoured resources for those with the greatest needs and areas with poor health.

3.6 Open survey respondents prioritised current needs (50%), with older respondents favouring this more than younger ones, who preferred prioritising future needs. A significant minority (44%) wanted the focus to be on the future long-term needs of residents.

### **Balancing the budget**

3.7 Open survey respondents were asked about approaches to balancing the budget. These included:

- Introducing charges for services which are currently free or subsidised
- Reducing or stopping some services to protect others
- Providing local people and communities with the tools to support others and set and deliver local priorities
- Equipping Surrey County Council staff with the skills to work together with communities and partners to deliver services across the county
- Working with partner organisations to provide services

3.8 Most respondents supported increased partnership working (80%), equipping staff to work with partners and communities (70%) and providing local communities with tools to support themselves more (63%). Most residents opposed the idea of reducing or stopping services to protect others (80%) and introducing charges for free or subsidised services (64%).

### **Council Tax increase – scenario**

3.9 Open survey respondents 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:

- as an alternative to imposing/increasing fees and charges for services
- if the additional funds will be used to finance long-term investment plans
- only when opportunities to streamline services have been exhausted
- to protect services for the most vulnerable and those without choices
- when the only alternative is to stop delivering some services
- under no circumstances

3.10 The most supported scenarios were to protect services for the vulnerable (67%) and after exhausting streamlining opportunities (66%).

3.11 The most opposed scenario was increasing Council Tax for long-term investment (52% opposed). There was also less support for an increase as an alternative to fees and charges (52% opposed).

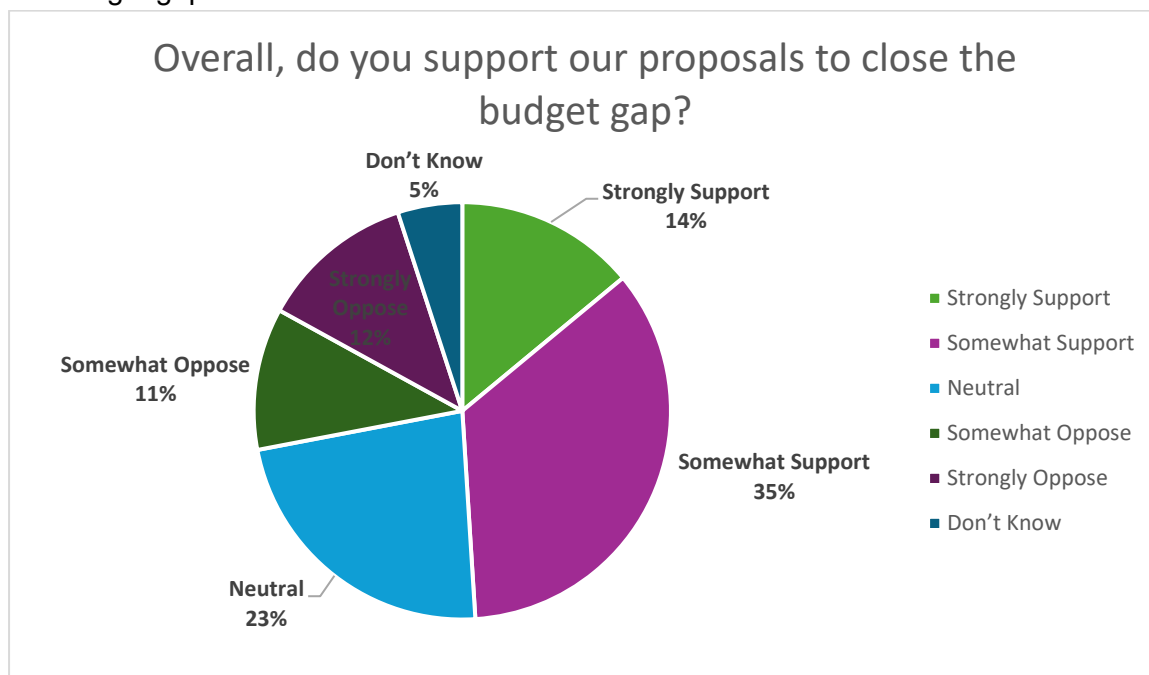
3.12 38% of respondents opposed any Council Tax increase under any circumstances, while 45% recognised legitimate circumstances for a rise.

## Phase 2 results

### Support for proposals to balance the budget

3.13 Respondents were asked to select one answer to this question to indicate whether or not they supported our proposals to close the budget gap for 2025/26. Overall, 350 (49%) of respondents either 'strongly support' or 'somewhat support' the Council's proposals to close the budget gap. Conversely, 161 respondents (23%) either 'strongly oppose' or 'somewhat oppose' the Council's proposals. A further 163 respondents (23%) selected 'neutral' and the remaining 37 respondents (5%) selected 'don't know'.

3.14 The chart below illustrates the level of support and opposition for proposals to close the budget gap.



3.15 Further analysis of the data shows that support for the proposals increase with age.<sup>1</sup> 41% of those aged 34 and under support the proposals compared to 58% of those aged

<sup>1</sup> The term 'support' describes those who selected either 'strongly support' or 'somewhat support' in their response.

65 and over. Conversely, opposition to the proposals decreases with age. 29% of those aged 34 and under opposed the proposals compared to 13% of those aged 65 and over.<sup>2</sup>

3.16 Support for the proposals is highest (62%) from those with a household income of more than £30,000 and less than £80,000. 43% of those with a household income of £30,000 and less support the proposals. 49% of those with a household income of more than £80,000 support the proposals, which is in line with the overall results.

3.17 Respondents with a long-standing illness or disability have slightly lower levels of support for the proposals (42%) compared to the overall results (49%).

3.18 Support was slightly higher among female respondents (53%) compared to male respondents (48%).

### **Considerations for implementation**

3.19 After responding to the first question, 401 respondents (56%) provided a comment to explain why they supported or opposed the budget. Stakeholders were concerned about:

- The nature of proposed efficiencies
  - *"The proposals are an ambition and not a plan."*
  - *"Not sure 'transformation programmes' and 'management restructuring' actually happen and work."*
- Council Tax
  - *"Council tax is already too high so increasing that won't increase revenue as you will have an increasing amount of people not being able to afford to pay it"*
- Social Care
  - *"We need more money for essentials like adult social care."*
  - *"I'm concerned by further 'efficiencies' in social care that will impact the most vulnerable people, families and unpaid carers in our communities."*
- Trust in the Council
  - *"I have little faith in the council to address issues within the council."*
  - *"Why should I trust anything the council says or does?"*
- Support for Vulnerable Groups
  - *"THERE NEEDS TO BE MORE SUPPORT FOR PEOPLE WHO HAVE LEARNING DISABILITIES!!!"*
  - *"Children, families and lifelong learning needs to be the top priority."*

3.20 Respondents were then asked to share anything that they believed should be considered in the implementation of these budget proposals to deliver better outcomes for Surrey. 439 (61%) respondents provided comments to this question and shared their views on different services such as:

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<sup>2</sup> The base for respondents aged 34 and under was particularly small. Only 44 of 718 respondents were in this group.

- Highways and infrastructure
  - *"Reduce spend in all service areas and only spend on maintaining the existing Highways assets."*
  - *"Road surfaces are appalling with damage caused to vehicles due to poor maintenance and management."*
- Social care and health
  - *"Cutting costs in adult social care/wellbeing and health is counter-intuitive since if people's health is improved, the cost of health reduces."*
- Environmental concerns
  - *"The countryside - protecting our rural spaces and biodiversity is the number one priority for me."*
- Education and lifelong learning
  - *"Children with special needs should be given enough support. Students who struggle in class should be evaluated to see which type of support can be given."*
  - *"Schools! There is no money and no support! It's getting ridiculous and teachers are leaving the profession in droves."*
- Community and Voluntary Sector
  - *"The voluntary sector plugs the gaps which are growing bigger as councils withdraw their funding and effectively provides services for less."*

### **Other comments**

3.21 The final question of the survey invited any other comments from respondents on the draft budget. 363 respondents (51%) shared their views on:

- Budget allocation and cuts
  - *"Costs can be saved by looking at the management structure in the council - there seem to be multiple layers of management, which is completely unnecessary and not cost effective."*
- Highways and grass verges
  - *"Please sort out potholes as a priority. Also please clean up fallen leaves which get wet then freeze and become treacherous."*
- Social care and SEND
  - *"We need more money for essentials like adult social care."*
  - *"SEND must be the top priority."*
- Transparency and communication
  - *"This seems like a box ticking exercise as only people with a financial background could possibly understand the budget."*
  - *"Will we get feedback about the eventual outcome about this?"*
- Environmental concerns
  - *"I am unclear about how, for example, Surrey Fire and Rescue are intending to deal with the changing nature of fire threats due to climate change (heathland fires for example) and technology."*

3.22 A more detailed analysis of responses is currently being undertaken with the results being shared with services for implementation in 2025/26 and to inform the development of proposals to be brought forward for 2026/27.

## 4. Stakeholder Profile (Demographics, Types of Respondents etc.)

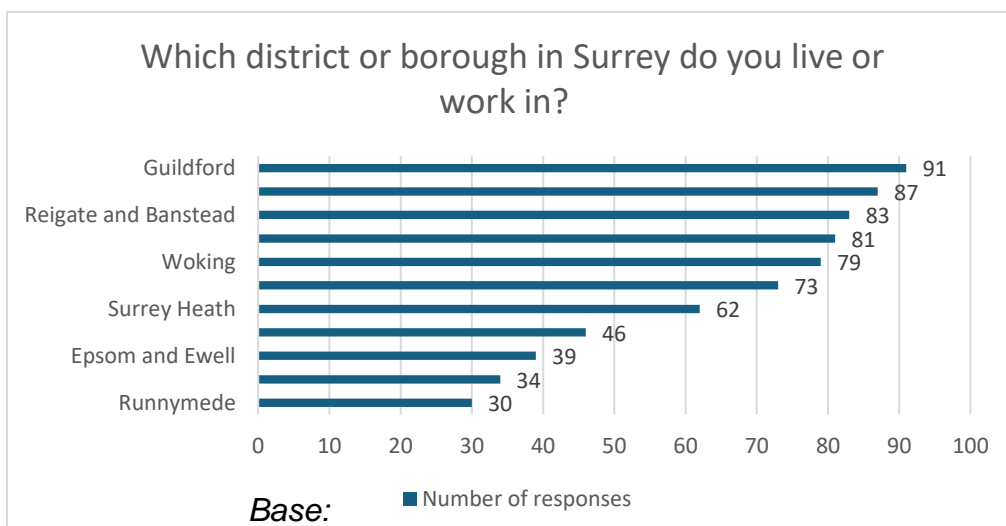
4.1 Between 26 November and 31 December 2024, there were 718 responses to the draft budget consultation for 2025/26.

4.2 Of the 718 responses, 97% respondents were Surrey residents. Other stakeholders included local businesses, public sector partners, voluntary, community and social enterprise (VCSE) organisations, and elected Members. The data presented below excludes respondents or did not answer the questions.

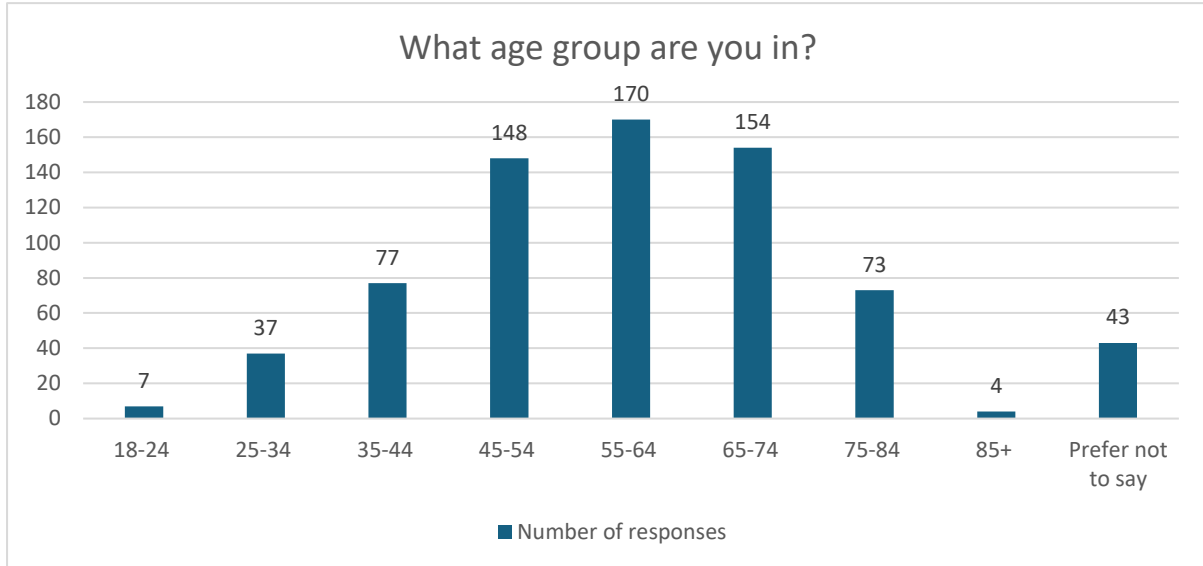
Respondent type	Number of respondents	Percentage (%) of all consultation respondents
I am a Surrey resident	689	97%
I am a Surrey County Council employee	49	7%
I represent or own a local business	27	4%
I work in Surrey but live elsewhere	16	2%
I am responding on behalf of a voluntary, community or faith organisation (please specify below)	10	1%
I am a councillor	8	1%
I am responding on behalf of a public sector partner (e.g. NHS, police, District or Borough Council) (please specify below)	2	0.3%
I am an MP	0	0%
Other (please specify below)	25	4%

*Base: 713. NB Respondents were able to select more than one option, so percentages add up to more than 100.*

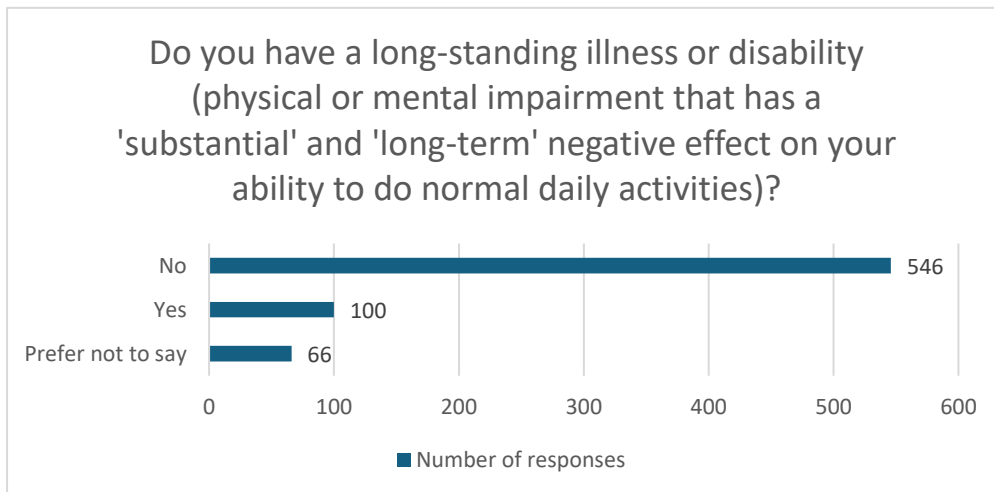
4.3 Of those who responded to the consultation, the greatest number of responses came from Guildford borough (91). The lowest number of responses came from residents living or working in Runnymede (30).



4.4 Residents aged between 55 and 64 (170 or 24%) were most likely to respond to the draft budget consultation survey. The lowest response rate was from residents aged between 18 and 24 (7 or 1%).



4.5 46 (77%) respondents did not have a long-standing illness or disability (physical or mental impairment that has a 'substantial' and 'long-term' negative effect on your ability to do normal daily activities). 100 (14%) respondents said they did have a long-standing illness or disability. This means people with a disability are well represented in the responses against the Surrey disabled population of 13.8%.<sup>3</sup>



4.6 There were slightly more female respondents (338 or 48%), than male (294 or 41%). 78 (11%) 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>3</sup> [2021 Census: Disability | Surrey-i](#) – Disabled under the Equality Act

4.7 In terms of ethnicity, 81% of respondents said they were from a White ethnic background, which is slightly more than, but not statistically representative of, Surrey's wider population.<sup>4</sup> People of mixed ethnicity and Asian or Asian British backgrounds were the next most represented at just over 3% for each ethnicity – those of Asian or Asian British backgrounds were underrepresented compared to the wider population. 13% of respondents said they would prefer not to disclose their ethnic identity.

<b>Ethnic background</b>	<b>Number of respondents</b>	<b>Percentage (%) of respondents</b>
White – British/English/Northern Irish/Scottish/Welsh, Irish, Gypsy or Irish Traveller, Other	572	81%
Mixed/multiple ethnic groups – White and Black Caribbean, White and Black African, White and Asian, Other	19	3%
Asian/Asian British – Indian, Pakistani, Bangladeshi, Chinese, Other	21	3%
Other ethnic group – Arab, Other	4	1%
Black/African/Black British – African, Caribbean, Other	3	0.4%
Prefer not to say	91	13%

Base: 710

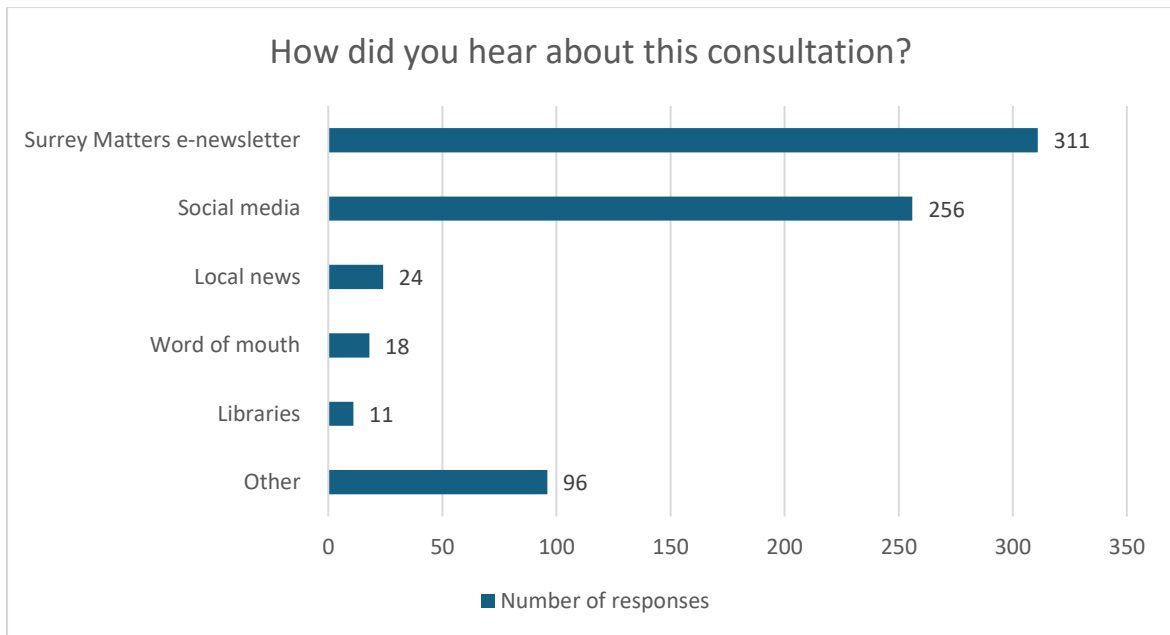
4.8 When asked how they had heard about the consultation, most respondents were prompted to participate through the Surrey Matters e-newsletter (311 or 44%). 256 (36%) respondents had heard about the consultation through social media, while others heard about it through more traditional methods, such as word of mouth (18 or 3%) or local news (24 or 3%).

4.9 97 respondents said they had learned of the consultation through other channels. For example, some via email and others through promotion by local voluntary, community and faith organisations.

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<sup>4</sup> [Census 2021: Ethnic Group | Surrey-i](#)





*Base: 706. NB Respondents were able to select more than one option, so percentages add up to more than 100.*

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## Annex I - Surrey County Council Budget 2025/26 – Cumulative Equality Impact Assessment

1. This report analyses potential equality impacts on residents and Surrey County Council staff with protected characteristics of the 2025/26 budget. It also includes proposed actions to maximise positive impacts from the efficiency proposals and minimise negative ones, including plans for mitigation.
2. Through our aspiration to ensure no-one is left behind, as well as [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. Where a budget efficiency has the potential to impact residents' or staff experience, some Equality Impact Assessments (EIAs) have been made available [on the council's website](#) for Members to review where plans are further ahead with their development. Some proposals are at a formative stage, and EIAs will be available at the point final decisions need to be taken on them.
4. This paper must be read in conjunction with the 2025/26 Final Budget and Medium-Term Financial Strategy 2025/26 – 2028/29 (MTFS) and the Cabinet report of 28 January 2025. This report will support Members to pay due regard to the equality implications of the proposed budget for 2025/26, as set out in our obligations under Section 149 of the Equality Act (2010).

### Summary

5. All available EIAs for 2025/26 budget efficiency proposals 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.
6. The following groups have been identified as potentially being both positively and negatively impacted the most:
  - Older adults and their carers, adults of all ages who are disabled, are experiencing mental health difficulties or have learning disabilities and their carers.
  - Children and young people, including those with special educational needs and disabilities (SEND), and their families.
  - Surrey County Council Officers, particularly women, working in support services and those from lower-income or socio-economically disadvantaged households.
7. The budget overall will also have significant **positive impacts**, particularly where it focuses on expansion of some services, or changes to service that focus on prevention and early intervention. Despite the challenging financial climate facing the council, we will continue prioritising investment decisions that are targeted at supporting the most vulnerable of Surrey's residents, so no-one is left behind.
8. For any potential **negative impacts**, a summary of mitigating activity is provided in paragraph 23. These include measures focusing on ensuring engagement and consultation with service users and staff that will likely be impacted, as well as activity that prioritises early-intervention/ prevention approaches. We will also engage partner organisations when working to implement any efficiencies or planned activity where their support and insight in delivery will be useful.

## Our Duties

9. This analysis supports continued due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010 (and the [updated guidance](#) published on the 18<sup>th</sup> December 2023, under the previous government), which requires local authorities 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
10. Other relevant legislation includes:
- 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.
  - Section 343AE of the Armed Forces Act (2021)<sup>1</sup> where we are 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.
11. Members must read each individual EIA in full and take them into consideration when determining whether to approve the 2025/26 budget. It should be noted that the analysis in these EIAs will be refreshed and updated as new evidence becomes available from consultation and engagement activity and other data sources where appropriate.
12. 'Due regard' also means that consideration given to equality matters should be appropriate in the context of the decision being taken. 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](#)
  - 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, and subsequent impacts on demand for council services.

## Surrey County Council Efficiency Proposals 2025/26 – Scope of this report

13. All 2025/26 budget efficiencies have been reviewed to determine which proposals require EIAs and which do not. Where delivery plans for efficiencies are more developed, equality

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<sup>1</sup> Information on the Armed Forces Act/ Covenant Statutory Guidance:  
[Armed Forces Covenant Duty Statutory Guidance.pdf \(publishing.service.gov.uk\)](#)

analysis has been analysed for this report and summarised here. Full details for each efficiency can be reviewed [on the council's website](#).

14. For efficiency proposals at earlier stages of development, EIAs will be produced for the relevant Cabinet Member and Executive Director, or the whole Cabinet, as required, to consider before making a final decision.
15. Efficiencies that will not directly affect residents or service delivery are not considered in this report. Where efficiencies are linked to staff restructures these may not be published due to the risk of disclosing personally identifiable data used in EIAs. Impacts for these efficiencies are presented at a high level.
16. Some efficiencies are in a formative stage of development, so equality implications at this stage are less clear. As delivery plans for these efficiencies become available, equality implications will be considered and full EIAs completed for decision-makers to consider ahead of implementation.
17. Efficiencies at a more formative stage include:
  - Place:
    - Redesign efficiency
  - Children, Families and Lifelong Learning (CFL):
    - Fostering review
    - Review of admin/ staffing costs and business support functions
    - Short breaks efficiency
  - Resources:
    - Surrey Arts
    - Reduced trade union posts
    - Staffing reductions
    - IT&D licence reductions

### Surrey County Council Efficiency Proposals 2025/26 – Cumulative Impact

18. To determine which protected characteristics are most likely to be impacted by the council's budget, the frequencies with which these characteristics appear in EIAs, as well as the nature of those impacts, have been analysed.
19. The table below summarises the **positive impacts** of these budget efficiencies for both residents and staff by protected characteristics:

2025/26 budget efficiencies – positive equality impacts – protected characteristics										
Efficiency	Age	Disability	Race	Sex	Sexual orientation	Gender reassignment	Religion and belief	Pregnancy and maternity	Marriage and civil partnership	Carers <sup>2</sup>
Key: + = potential positive impact, blanks = no impact, tbc = more evidence being collected										
Adults, Wellbeing and Health Partnerships										
Strengths-based practice and demand management	+	+	+							+

<sup>2</sup> Protected by association with others who possess protected characteristics.

2025/26 budget efficiencies – positive equality impacts – protected characteristics										
Efficiency	Age	Disability	Race	Sex	Sexual orientation	Gender reassignment	Religion and belief	Pregnancy and maternity	Marriage and civil partnership	Carers <sup>2</sup>
Key: + = potential positive impact, blanks = no impact, tbc = more evidence being collected										
Changing care models	+	+								
Purchasing of care packages	+	+	+				+			+
Assessed charging policies	+	+								
Communities function reconfiguration	tbc	tbc	tbc	tbc	tbc	tbc	Tbc	tbc	tbc	tbc
Children, Families and Lifelong Learning										
Reunification Support Service for Looked After Children	+	+	+	+		+	+	+	+	+
Residential Children's Homes Development in Surrey	+	+	+	+		+	+	+	+	
Houses of Multiple Occupation	+	+	+	+			+			
Home to School Travel Assistance (H2STA) Policy Refresh	+	+								
Adolescence Service	+									
Families First and Intensive Family Support Service		+								
Staff Recruitment, Retention and Culture programme	+	+	+		+		+	+		
Surrey Adult Learning Review	+	+	+	+	+	+	+	+	+	+
Place										
Closure of Bagshot (Swift Lane) Community	No positive impacts identified.									

2025/26 budget efficiencies – positive equality impacts – protected characteristics										
Efficiency	Age	Disability	Race	Sex	Sexual orientation	Gender reassignment	Religion and belief	Pregnancy and maternity	Marriage and civil partnership	Carers <sup>2</sup>
Key: + = potential positive impact, blanks = no impact, tbc = more evidence being collected										
Recycling Centre										
Resources										
Customer Transformation		+		+	tbc				tbc	
Review of Data Strategy and Insights Team	tbc	tbc	tbc	tbc	tbc	tbc	Tbc	tbc	tbc	tbc
Twelve15 efficiencies	+	+	+	+	tbc		Tbc			
Organisation Redesign programme	tbc	tbc	tbc	tbc	tbc	tbc	Tbc	tbc	tbc	tbc
Council-wide mobile phone efficiencies	No positive impacts identified.									

20. It is anticipated there may be **negative impacts** on residents and staff with the following protected characteristics:

2025/26 budget efficiencies – negative equality impacts – protected characteristics										
Efficiency	Age	Disability	Race	Sex	Sexual orientation	Gender reassignment	Religion and belief	Pregnancy and maternity	Marriage and civil partnership	Carers
Key: - = potential negative impact, blanks = no impact, tbc = more evidence being collected										
Adults, Wellbeing and Health Partnerships										
Strengths-based practice and demand management	-	-	-	-			-			-
Changing care models		-								-
Purchasing of care packages	-	-								-
Assessed charging policies	-	-								tbc
Communities function reconfiguration	tbc	-	-	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Children, Families and Lifelong Learning										
Reunification Support	No negative impacts identified.									

2025/26 budget efficiencies – negative equality impacts – protected characteristics										
Efficiency	Age	Disability	Race	Sex	Sexual orientation	Gender reassignment	Religion and belief	Pregnancy and maternity	Marriage and civil partnership	Carers
Key: - = potential negative impact, blanks = no impact, tbc = more evidence being collected										
Service for Looked After Children										
Residential Children's Homes Development in Surrey		-						-		
Houses of Multiple Occupation	-	-	-	-			-			
Home to School Travel Assistance (H2STA) Policy Refresh	-	-								
Adolescence Service		-								
Families First and Intensive Family Support Service	No negative impacts identified									
Staff Recruitment, Retention and Culture programme	-	-	-	-						
Surrey Adult Learning Review	-	-	-	-				-		
Place										
Closure of Bagshot (Swift Lane) Community Recycling Centre	-	-								
Resources										
Customer Transformation		-	-	-	tbc		-	-	tbc	-
Review of Data Strategy and Insights Team	-	-						-		
Twelve15 efficiencies	-	-	-	-	tbc		tbc			
Organisation Redesign programme	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc



2025/26 budget efficiencies – negative equality impacts – protected characteristics										
Efficiency	Age	Disability	Race	Sex	Sexual orientation	Gender reassignment	Religion and belief	Pregnancy and maternity	Marriage and civil partnership	Carers
Key: - = potential negative impact, blanks = no impact, tbc = more evidence being collected										
Council-wide mobile phone efficiencies	-	-		-						-

21. Other potential positive and negative equality impacts on **other areas of inequality** are identified below:

2025/26 budget efficiencies – impacts on other characteristics	
Efficiency	Other characteristics
<b>Adults, Wellbeing and Health Partnerships</b>	
Communities function reconfiguration	<ul style="list-style-type: none"> <li>Residents facing economic hardship may be more impacted by the reconfiguration.</li> <li>There may be disproportionate impacts on key neighbourhoods as defined in the Health and Wellbeing Strategy. These include Hooley, Merstham and Netherne (Reigate and Banstead), Canalside (Woking), Westborough (Guildford) and Bellfields and Slyfield (Guildford).</li> </ul>
<b>Children, Families and Lifelong Learning</b>	
Reunification Support Service for Looked After Children	<ul style="list-style-type: none"> <li>More Looked After Children will benefit from returning to their parents where circumstances are suitable and depending on readiness of parents to care for the children. Any additional needs for LACs will be considered during the planning process.</li> </ul>
Short Breaks	<ul style="list-style-type: none"> <li>Some Looked After Children with disabilities may have less access to the service from recommissioning the offer.</li> </ul>
Adolescence Service	<ul style="list-style-type: none"> <li>Some staff posts could be regraded, leading to potential loss of earnings, impacting those on lower incomes.</li> <li>Some staff may also not want or have the flexibility to move to the new service due to increased costs from changing office location.</li> </ul>
Surrey Adult Learning Review	<ul style="list-style-type: none"> <li>Deleting posts and changes to contractual hours could impact staff on already low salaries. Loss of individual working arrangements could impact individuals' ability to remain in work.</li> <li>Employees with long-term health conditions or on long-term absence may feel isolated or uninformed about the process, or may find securing other employment challenging due to their long-term condition.</li> </ul>
<b>Resources</b>	
Customer Transformation	<ul style="list-style-type: none"> <li>Other characteristics that may be impacted by this programme include people experiencing socio-economic disadvantage, education and training (literacy) needs, digital exclusion, Gypsy, Roma and Traveller communities, people experiencing homelessness, people with drug or alcohol use issues, people on probation, migrants, refugees and asylum seekers and people who live in more rural communities.</li> </ul>
Review of Data Strategy and Insights Team	<ul style="list-style-type: none"> <li>Staff with low numeracy skills may have increased anxiety around expectations on data literacy and be cautious about accessing training opportunities.</li> </ul>
Twelve15 efficiencies	<ul style="list-style-type: none"> <li>Other characteristics that may be impacted by these efficiencies include those with education (literacy) needs, Looked After Children, young carers, those experiencing socio-economic disadvantage and Gypsy, Roma and Traveller communities.</li> </ul>

	<ul style="list-style-type: none"> <li>• Further data on these characteristics are required to establish full extent of impacts.</li> </ul>
Council-wide mobile phone efficiencies	<ul style="list-style-type: none"> <li>• Greater impacts on staff in lower paid roles and experiencing socio-economic disadvantage, including being required to provide their own personal phones and/or fund work calls if using personal devices.</li> <li>• Staff in lower paid roles also disproportionately female.</li> </ul>

22. This analysis concludes that the protected characteristics most likely to be both positively and negatively impacted by the budget are:

- **Older adults and their carers, adults of all ages with physical, mental and learning disabilities and their carers.**

Many efficiencies, particularly in the Adults, Wellbeing and Health Partnerships Directorate, focus on strengths-based practice, supported accommodation solutions and respite for carers to build independence and resilience.

However, it is acknowledged that some of these changes could lead to anxieties on what they mean for individuals and their carers, meaning close engagement in any solutions will be crucial.

Older and disabled residents are also more likely to be digitally excluded compared to the wider population, and may need more support as more services are delivered digitally.

- **Children and young people, including those with special educational needs and disabilities (SEND), and their families.**

The council is investing in key programmes, such as Families First and the Reunification projects, to make sure those children and young people most in need are supported to get the best start in life and good health and wellbeing.

The capital programme also seeks to develop more bespoke accommodation solutions in the county, meaning more children and young people are supported closer to their families and communities, while their needs and progress towards independence are supported.

Some changes may have adverse impacts on children and families, such as those who are no longer eligible for transport under the refreshed Home to School Travel Assistance Policy. While they will be supported with other travel assistance options beyond provision of transport, some families may experience inconvenience, such as increased travel costs.

- **Surrey County Council officers, particularly women, working in support services and those from lower-income or socio-economically disadvantaged households.**

Changes to ways of working in some services could lead to greater opportunities for some staff with protected characteristics. For example, more permanent roles for staff in Children's Social Care (CSC) will offer greater security for people from lower-income households and women, who make up 85% of the CSC workforce. There may also be reduced workplace stress for some staff with protected characteristics, such as neurodivergent staff or those with caring responsibilities, through introducing more efficient systems and tailored working approaches.

However, where staff restructures are needed, over-representation of women in the council's workforce means there is a greater chance they will be impacted. Staff with lower incomes in those teams will also be more greatly personally impacted by these changes.

Changes to working practices and increased use of digital technology means some staff will require more support to adapt than others. This includes people who are more likely to be digitally excluded such as older and disabled staff and people on lower incomes.

23. Further detail on equality impacts for each efficiency can be found on the council's website.

### **Mitigations**

24. In general terms, the council's approach to mitigating impacts has been 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.
- 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.
- 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.
- d. Providing tailored information to service users that are impacted negatively by efficiency proposals so they can draw on their own resources or seek further support either from the council or partner organisations.
- e. Increasing opportunities for residents to access council services in new and easier formats, such as by using digital technologies, while ensuring additional support is provided for residents who may need help to adapt to the new formats, such as some older or disabled people.
- f. Ensuring changes to staffing levels or 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.
- g. Ensuring staff with protected characteristics are fully supported with training and adjustments so they can access new ways of working as part of the council's transformation and for all staff to be equipped to support residents to do the same.
- h. Where changes are made to digital, infrastructure, provision is made available to ensure staff are properly trained and that adequate support, advice and guidance is available for both staff and service users. This includes support provided by the workplace adjustments service.
- i. Engaging with partner organisations, including the Voluntary, Community and Faith Sector (VCFS), to support potential gaps in services that might be created due to efficiencies.
- j. Working with District and Borough Councils to ensure their Council Tax Support Schemes can assist economically vulnerable households to offset any significant financial difficulties that might arise because of Council Tax increases.
- k. Where physical changes are being made to Surrey County Council premises, or where new sites are acquired, these will be assessed for any accessibility issues, staff and/or residents will be consulted and relevant adjustments commissioned.

25. Further detail on specific mitigations for budget efficiencies can be found on the council's website.

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Standard	Statement		Score	Improvement areas
1 The responsibilities of the CFO and leadership team	A	The leadership team is able to demonstrate that the services provided by the authority provide value for money <i>'Putting in 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. Focus on budget accountability and continuous improvement in financial management capabilities. Focus on identifying mitigations to ensure corrective action is taken when overspends are forecast.
	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	4	Delivering management actions identified through internal audit reviews. Implement any recommendations from the Audit and Governance Committee effectiveness review.
	D	The authority applies the CIPFA/SOLACE (Society of Local Authority Chief Executives) Delivering Good Governance in Local Government: Framework (2016)	4.5	The Council is undertaking a full self-assessment against the characteristics of a well-functioning authority contained in the final Best Value Standards & Intervention publication. Delivery plans for efficiency proposals have been re-designed and expectations re-iterated to ensure delivery plans are in place for all efficiencies identified in the budget proposals, in advance of the 2025/26 financial year.
	E	The financial management style of the authority supports financial sustainability	4	Focus on continuing to improve financial literacy and embed budget accountability across the organisation. Further strengthening the Business Partnering approach and financial management culture through the Business Partnering project, including specific comms and engagement and linking with

				induction processes and the performance conversation framework.
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
	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. Develop demand trajectory modelling through the Analytics and Insights project.
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.

				Continue to embed the performance culture through more open performance conversations and collaboration between departments for overall service improvement.
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 2024/25 Statement of Accounts including relating to the quality of audit working papers and re-design of closing processes in light of transition to 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

\*The lighter shade indicates full compliance

**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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## OFFICER REPORT TO COUNCIL

### APPROVAL OF COUNTY COUNCILLOR ABSENCE

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

The purpose of this report is to request that the County Council considers whether to agree that County Councillor David Lewis (Camberley West) be absent from Council meetings by reason of ill health.

#### **BACKGROUND:**

Under Section 85 of the Local Government Act 1972, a Member ceases to hold that office if he/she has not attended a meeting for a period of six consecutive months, unless the failure to attend is due to a reason approved by the authority during that six months.

The last meeting that David Lewis (Camberley West) attended was a meeting of the County Council in May 2024. He has been unable to attend any formal meetings in person since then due to ill health.

For that reason, the County Council is requested to agree that Councillor David Lewis (Camberley West) continue to be absent from meetings while maintaining membership of the Council during his period of ill health. This situation will be monitored regularly and reviewed in May 2025.

#### **RECOMMENDATIONS:**

That Councillor David Lewis (Camberley West) continues to be absent from meetings until March 2025 by reason of ill health. The Council looks forward to welcoming him back in due course.

#### **LEGAL IMPLICATIONS – MONITORING OFFICER:**

Section 85(i) of the Local Government Act 1972 states “if a member of a Local Authority fails throughout a period of six consecutive months from the date of their last attendance to attend any meeting of the Authority, they shall unless the failure was due to some reason approved by the Authority before the expiry of that period cease to be a Member of the Council.”

Attendance in an official capacity at a meeting of a committee or sub-committee of the council or at any meeting of a joint committee or other such body discharging functions of the council or at any meeting as a representative of the council is deemed to be a 'meeting of the council'.

If after six months from the date of a member's last attendance to attend any meeting, the council has not approved the absence then the member as a result of the operation of law ceases to be a member of the council from that date. The six months runs from the date of the member's last attendance and approval must be given within that six month period.

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**Lead/Contact Officers:**

Vicky Hibbert, Assistant Director – Governance and Democratic Services,  
Surrey County Council, [vicky.hibbert@surreycc.gov.uk](mailto:vicky.hibbert@surreycc.gov.uk)

**Sources/background papers:**

None

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## OFFICER REPORT TO COUNCIL

### MEMBERS' ALLOWANCES ANNUAL ADJUSTMENT

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

1. To agree the annual adjustment to Members' Allowances for the financial year 2025-2026.

#### **BACKGROUND:**

2. In accordance with The Local Authorities (Members' Allowances) (England) Regulations 2003, all Local Authorities are required to make an annual scheme for the payment of allowances to Councillors and the scheme must include a basic allowance payable equally to all Councillors and may include provision for Special Responsibility Allowances (SRAs).
3. Regulation 19 of the legislation states that local authorities have a duty to have regard to recommendations from an Independent Remuneration Panel (IRP) before a scheme can be amended.
4. In February 2024, the Council accepted the IRP's 2023 report recommending the indexing of Members' Allowances to the Consumer Price Index (CPI). Additionally, a cap was applied at the average level of staff salary increase from the most recent staff pay award if it was lower than CPI.
5. Where an authority has regard to an index for the purpose of annual adjustment of allowances, it must not rely on that index for longer than four years before seeking a further recommendation from its independent remuneration panel.
6. The CPI increased by 1.7% in the 12 months to September 2024, while the average staff pay award for 2024-2025 was 4.5%.
7. The Members' Allowances Schedule (Table 1) in Part 7 of the Council's Constitution has been updated to reflect the 1.7% CPI indexing, rounded up to the nearest £10.

<b>Type of Allowance</b>	<b>Allowance (£)</b>
Basic Allowance	14,410
Leader	49,820
Deputy Leader	32,290
Chair of the Council	20,880
Vice-Chair of the Council	7,550
Cabinet Member	26,080
Deputy Cabinet Member	11,580
Select Committee Chairman	11,610
Select Committee Task Group Leads	1,750
Planning and Regulatory Committee Chairman	13,930
Audit and Governance Chairman	11,610
Surrey Pension Fund Committee Chairman	11,610
Opposition Leaders	13,930 (total amount, divided between two posts proportionally)
Members of Adoption and Fostering Panels	130 per session attended plus travel expenses

**Table 1: Members' Allowances Schedule**

8. The annual adjustment only applies to the allowances listed in the schedule and does not apply to the other expense payment types (i.e. travel, subsistence, hybrid working payment) outlined within the Members' Allowances Scheme.
9. When the only change made to a scheme in any year is an annual adjustment, the scheme shall be deemed not to have been amended.
10. An updated guide to Members' Allowances and Expenses will be published on the SCC external website and circulated to members at the start of the new financial year.

**RECOMMENDATIONS:**

Council is asked to approve the updated Members' Allowances Schedule (Annex A).

<b>LEGAL IMPLICATIONS – MONITORING OFFICER:</b>
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The report complies with the Council obligations under section 18 of Local Government and Housing Act 1989, Local Government Act 2000 and the Local Authorities (Members Allowances) (England) Regulations 2003 which govern the making of allowances for Members and to have regard to the recommendations of the Independent Remuneration Panel.

Under the Council's Constitution, Full Council is authorised to make the decisions as requested within the report.

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**Lead/Contact Officers:**

Elliot Sinclair, Support Services Manager, Democratic Services.

**Sources/background papers:**

Officer Report to Council, 6 February 2024: [REVIEW OF MEMBERS' ALLOWANCES FOR 2024 - 2025 – REPORT OF THE INDEPENDENT REMUNERATION PANEL](#)

Annex A of Officer Report to Council, 6 February 2024: [Item 9 - Report of the Independent Remuneration Panel.pdf](#)

[The Local Authorities \(Members' Allowances\) \(England\) Regulations 2003](#)

[Consumer price inflation, UK - Office for National Statistics](#)

**Annexes:**

Annex A: Part 7 - Members Allowances Scheme April 2025

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## **MEMBERS' ALLOWANCES SCHEME**

The Surrey County Council, in exercise of the powers conferred by The Local Authorities (Members' Allowances) (England) Regulations 2003, hereby makes the following amended scheme:

### **INTRODUCTION**

1. This scheme may be cited as the Surrey County Council Members' Allowances Scheme, and shall have effect for the year commencing 1 April 2024 and until otherwise amended.
2. In this scheme,
  - 'councillor' means a member of the Surrey County Council who is a councillor;
  - 'year' means the 12 months ending with 31 March.
3. The scheme should be read in conjunction with the Guide to Members' Allowances.

### **BASIC ALLOWANCE**

4. Subject to paragraph 18, for each year a Basic Allowance of £14,410 shall be paid to each councillor.

### **SPECIAL RESPONSIBILITY ALLOWANCES**

5. (1) For each year, a Special Responsibility Allowance shall be paid to those councillors who hold the special responsibilities in relation to the authority that are specified in Schedule 1 to this scheme.
  - (2) The amount of each such allowance shall be the amount specified against that special responsibility in Schedule 1.
  - (3) No councillor shall receive more than one Special Responsibility Allowance. Where a councillor performs more than one special responsibility specified in Schedule 1, they will be entitled to the Special Responsibility Allowance which is the highest in value.

### **ATTENDANCE ALLOWANCES**

6. No Attendance Allowances shall be paid.

## **TRAVELLING AND SUBSISTENCE ALLOWANCE**

7. Travelling and Subsistence Allowances will be paid for 'Approved Duties' as set out in Schedule 2 to this Scheme.

## **CO-OPTEE'S ALLOWANCE**

8. No co-optees allowances are payable. However, co-opted members may claim travel expenses.

## **CHILDCARE AND DEPENDENT CARERS' EXPENSES**

9. The Council will reimburse Members for expenditure incurred in providing child care arrangements for children for whom they have parental responsibility to enable them to attend an approved duty subject to a number of requirements specified in the Guide to Members' Allowances.
10. The Council also provides for the reimbursement of expenditure incurred by Members in providing care for dependant adults or children who are frail and/or disabled at a rate based on actual cost up to a specified limit.
11. The amount which may be claimed is the actual costs incurred by a councillor in order to participate in approved duties as specified in the Guide to Members' Allowances.
12. Councillors may also claim any additional costs incurred where they can demonstrate that the cost was wholly and necessarily incurred in order to participate in approved duties as specified in the Guide to Members' Allowances.

## **HYBRID WORKING PAYMENT**

13. From May 2025, the Council provides Councillors with a £300 one-off payment upon election for bespoke IT solutions. The payment covers the whole term of office and is not repeated should a member be re-elected. Current Councillors may claim the payment in advance of the 2025 elections.

## **PENSIONS**

14. From 1 April 2014 councillors in England were unable to join the LGPS. Those councillors in England who were in the scheme on the 31 March 2014 were able to remain in the scheme until the end of that council term in 2017.



## **RENUNCIATION**

15. A councillor may by notice in writing given to the Member Services Manager forego any part of his/her entitlement to an allowance under this Scheme.

## **PART-YEAR ENTITLEMENTS**

16. (1) If an amendment to this Scheme is made which affects payment of a Basic Allowance or a Special Responsibility Allowance in the year in which the payment is made, a councillor will be entitled to payment at the revised rate from the date on which the change was approved (unless otherwise stated).
- (2) If a councillor becomes or ceases to be eligible for a Basic or Special Responsibility Allowance during the course of a year, the entitlement will be adjusted by reference to the number of days for which entitlement existed relative to the number of days in that year.

## **CLAIMS AND PAYMENTS**

17. A claim for travelling and subsistence allowances under this scheme shall be made in writing within two months of the date of the meeting in respect of which the entitlement to the allowance arises.
18. Subject to any in-year amendments to the Scheme or changes in entitlement, Basic and Special Responsibility Allowances will be paid in instalments of one-twelfth of the amount specified in this Scheme on the last Thursday of each month.

## **FOREGOING OF ALLOWANCES**

19. The Foregoing Scheme was made pursuant to the authority given by the County Council at its meeting held on 24 May 2022.

**SURREY COUNTY COUNCIL  
SCHEME OF MEMBERS' ALLOWANCES**

**SCHEDULE 1**

A Special Responsibility Allowance will be paid to those Members of the Council/Independent Representatives who hold the following offices:

<b>Type of Allowance</b>	<b>Allowance (£)</b>
Basic Allowance	14,410
Leader	49,820
Deputy Leader	32,290
Chair of the Council	20,880
Vice-Chair of the Council	7,550
Cabinet Member	26,080
Deputy Cabinet Member	11,580
Select Committee Chairman	11,610
Select Committee Task Group Leads	1,750
Planning and Regulatory Committee Chairman	13,930
Audit and Governance Chairman	11,610
Surrey Pension Fund Committee Chairman	11,610
Opposition Leaders	13,930 (total amount, divided between two posts proportionally)
Members of Adoption and Fostering Panels	130 per session attended plus travel expenses

If a Member qualifies for a Special Responsibility Allowance for more than one post, only the allowance which is highest in value may be claimed.

The Basic Allowance and Special Responsibility Allowances shall be adjusted annually on 1 April commensurate with the Consumer Price Index at the previous September. This provision applies for a maximum of period of four years from 1 April 2024, at which point the Independent Remuneration Panel shall reconsider the matter.

## **SCHEDULE 2**

### **Approved Duties**

Travelling and subsistence allowances are payable in respect of the approved duties listed in Appendix 1.

**APPROVED DUTIES**

Approved duties are defined as follows:-

- (a) a meeting of the Council, the Cabinet (or a Cabinet Member meeting), any committee, or any formally constituted task groups or panels appointed by the Council, the Cabinet or any committees;
- (b) any other meeting (including, for example, a site visit or tour or induction or training seminar) convened by the Council, the Cabinet or a committee, or convened by the Chairman of the Council, the Cabinet or committee acting on their behalf (but not a meeting convened by an officer of the Council), provided that it is a meeting to which members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (c) attendance by the Chairman of the Cabinet or a committee at a meeting of any Task Group of the Cabinet or that committee of which he/she is not a member;
- (d) attendance by a non-member of the Cabinet, a committee or task group in the following circumstances:
  - (i) an item on the agenda in which they have a local interest and on which, with the Chairman's consent, they would wish to speak;
  - (ii) an Original Motion in their name which stands referred to the Cabinet or a committee under Standing Orders;
  - (iii) an item on the agenda of which they have given notice under Standing Orders; or
  - (iv) a question of which they have given notice under Standing Orders.

and where advance notice has been given to the Support Services Manager

- (e) attendance by an individual or named group of Members especially appointed by the Cabinet or a committee or task group to examine a particular problem or site or to meet representatives of other organisations or individuals as part of an agreed programme of activity;

- (f) attendance by Members at local briefing meetings at the invitation of an officer of the Council, provided that members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (g) attendance by Members at public consultation meetings on significant matters of policy or service change, provided that members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (h) attendance by Members at joint briefings on the business to be transacted at committee meetings, organised by officers under the Member/Officer Protocol, provided that members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (i) attendance at County Hall or elsewhere by -
  - (i) the Chairman or Vice-Chairman of the Council
  - (ii) the chairmen and vice-chairmen of committees
  - (iii) Cabinet Members

for the purpose of agenda planning and 'call-over' prior to a meeting; conferring with officers; visiting County establishments; inspecting sites; or being engaged in a similar manner directly in connection with the discharge of any of the functions -

- (i) of their respective offices; or
  - (ii) of their respective committees.
- (j) meetings held in connection with Local Ombudsman investigations; provided that they are meetings to which members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (k) a meeting of the Local Government Association, or of any committee, or other Member group of the Association to which a Member of the Council has been duly appointed;
- (l) attendance as a duly appointed County Council representative or nominee at meetings of those bodies listed on the Council's website.

- (m) visits by Members to County Council establishments including children's homes, other social services' residential establishments and special schools in accordance with a pre-determined rota;
- (n) meetings between leaders of the political groups;
- (o) meetings of parish and town councils and residents associations;
- (p) attendance at official openings at the specific invitation of the Chairman or Vice-Chairman of the County Council;
- (q) attendance at formally arranged meetings with officers or representatives of external organisations to discuss a significant issue relating to a County Council service or affecting the Member's Electoral Division.
- (r) Attendance at a meeting with a constituent from the Member's own Division in direct response to a request about County Council services.

**TRAVELLING EXPENSES****(a) MOTOR CYCLES**

24p per mile

**(b) MOTOR CARS**

45p per mile for the first 10,000 miles

25p per mile for mileage over 10,000

An additional claim of 5p per mile may be made for each car passenger (not exceeding four) for whom travel expenses would otherwise be payable.

**(c) Electric Cars**

45p per mile

This allowance is only claimable in relation to the use of fully electric cars.

**(d) TAXI FARES**

Actual fare and a reasonable gratuity for travel by taxi. A taxi should only be used in cases of urgency or where no public transport is available.

**(e) HIRED MOTOR VEHICLES (OTHER THAN A TAXI OR MINICAB)**

Reimbursement may be claimed not exceeding the rate allowed for the use of a Member's own car.

**(f) TRAVEL BY PUBLIC TRANSPORT**

The actual expenditure may be claimed but Claims for reimbursement should normally be restricted to the cheapest available fares for the chosen mode of transport. Claims for first class travel may only be made if no alternative ordinary fares were available at the time of booking or where exceptional circumstances apply.

**(g) TRAVEL ABROAD**

Where travel abroad is necessary, for example for meetings or site visits, the officers involved will make the necessary travel

arrangements. In any circumstances where individual Members need to travel abroad and officers are not directly involved in setting up the visit, they should obtain approval from the Leader of the County Council and contact the Democratic Services Support Services Manager, who will make the necessary arrangements. Bookings for travel abroad will normally be made using the cheapest appropriate available fare.

(h) **CYCLE ALLOWANCE**

The current rate for cycling allowance is 20p per mile.



## SUBSISTENCE ALLOWANCES

### DAY SUBSISTENCE

1. Actual subsistence costs incurred can be claimed up to the values specified below and receipts must be provided.
2. Breakfast Allowance (more than 4 hours away from normal place of residence before 11.00am e.g. 7 am - 11 am) **£5.30**;
3. Lunch Allowance (more than 4 hours away from the normal place of residence including a lunchtime between 12 noon and 2.00pm e.g. 10 am - 2 pm; 12 pm - 4 pm) **£7.25**;
4. Tea Allowance (more than 4 hours away from the normal place of residence including the period 3.00pm to 6.00pm e.g. 2 pm - 6 pm) **£2.90**;
5. Evening Meal Allowance (more than 4 hours away from the normal place of residence ending after 7.00pm e.g. 4 pm - 8 pm; 5 pm - 9 pm) **£9.00**.

### OVERNIGHT SUBSISTENCE

6. For absence overnight (deemed to cover a continuous period of 24 hours) from the usual place of residence, **£85.80**, or where the absence overnight is in London or for attending one of the approved conferences, **£97.85**.
7. Overnight subsistence may only be claimed by Members to reimburse them for the cost of hotel accommodation and meals when attending one of the approved conferences, and up to the maximum rate set out in the guide.

If overnight allowance is claimed the Member may not claim allowance for meals which are provided as part of the overnight allowance e.g. breakfast, evening meal etc.

In most cases where the Member attends an approved conference, the booking arrangements are made by Democratic Services and the invoices will be paid directly by them on the Member's behalf. It will therefore not usually be necessary to claim overnight subsistence.

**PARENTAL LEAVE POLICY****Introduction**

1. This Policy sets out Members' entitlement to maternity, paternity, shared parental and adoption leave, caring for children receiving neonatal care and relevant allowances.
2. The objective of the policy is to ensure that Members are able to take appropriate leave at the time of birth or adoption and that reasonable and adequate arrangements are in place to provide cover for portfolio-holders and others in receipt of Special Responsibility Allowances (SRA) during any period of leave taken.
3. Improved provision for new parents will contribute towards increasing the diversity of experience, age and background of local authority councillors. It will also assist with retaining experienced councillors – particularly women – and making public office more accessible to individuals who might otherwise feel excluded from it.

**Leave Periods**

4. Members giving birth are entitled to up to 6 months maternity leave from the due date, with the option to extend up to 52 weeks by agreement if required.
5. In addition, where the birth is premature, the Member is entitled to take leave during the period between the date of the birth and the due date in addition to the 6 months' period. In such cases any leave taken to cover prematurity of 28 days or less shall be deducted from any extension beyond the initial 6 months.
6. In exceptional circumstances, and only in cases of prematurity of 29 days or more, additional leave may be taken by agreement, and such exceptional leave shall not be deducted from the total 52-week entitlement.
7. Members shall be entitled to take a minimum of 2 weeks paternity leave if they are the biological father or nominated carer of their partner/spouse following the birth of their child(ren).

8. A Member who has made Shared Parental Leave arrangements through their employment is requested to advise the Council of these at the earliest possible opportunity. Every effort will be made to replicate such arrangements in terms of leave from Council.
9. Where both parents are Members leave may be shared up to a maximum of 24 weeks for the first six months and 26 weeks for any leave agreed thereafter, up to a maximum of 50 weeks. Special and exceptional arrangements may be made in cases of prematurity.
10. A Member who adopts a child through an approved adoption agency shall be entitled to take up to six months adoption leave from the date of placement, with the option to extend up to 52 weeks by agreement if required.
11. Any Member who takes maternity, shared parental or adoption leave retains their legal duty under the Local Government Act 1972 to attend a meeting of the Council within a six-month period unless the Council Meeting agrees to an extended leave of absence prior to the expiration of that six-month period. However, councils are encouraged to show understanding and flexibility towards councillors who may require extended periods of absence due to parental responsibilities, including caring for children receiving neonatal care.
12. Any Member intending to take maternity, paternity, shared parental or adoption leave will be responsible for ensuring that they comply with the relevant notice requirements of the Council, both in terms of the point at which the leave starts and the point at which they return.
13. Any Member taking leave should put in place arrangements for a neighbouring member to cover local casework. Democratic Services should be advised of these arrangements so that the website can be updated.
14. Any Member taking leave should ensure that they respond to reasonable requests for information as promptly as possible, and that they keep officers and colleagues informed and updated in relation to intended dates of return and requests for extension of leave.

## **Basic Allowance**

15. All Members shall continue to receive their Basic Allowance in full whilst on maternity, paternity or adoption leave.

## **Special Responsibility Allowances**

16. Members entitled to a Special Responsibility Allowance shall continue to receive their allowance in full in the case of maternity, paternity, shared parental or adoption leave.
17. Where a replacement is appointed to cover the period of absence that person shall receive an SRA on a pro rata basis for the period of the temporary appointment.
18. The payment of Special Responsibility Allowances, whether to the primary SRA holder or a replacement, during a period of maternity, paternity, shared parental or adoption leave shall continue for a period of six months, or until the date of the next Annual Meeting of the Council, or until the date when the member taking leave is up for election (whichever is soonest). At such a point, the position will be reviewed, and will be subject to a possible extension for a further six-month period.
19. Should a Member appointed to replace the member on maternity, paternity, shared parental or adoption leave already hold a remunerated position, the ordinary rules relating to payment of more than one Special Responsibility Allowances shall apply.
20. Unless the Member taking leave is removed from their post at an Annual General Meeting of the Council whilst on leave, or unless the Party to which they belong loses control of the Council during their leave period, they shall return at the end of their leave period to the same post, or to an alternative post with equivalent status and remuneration which they held before the leave began.

## **Resigning from Office and Elections**

21. If a Member decides not to return at the end of their maternity, paternity, shared parental or adoption leave they must notify the Council at the earliest possible opportunity. All allowances will cease from the effective resignation date.
22. If an election is held during the Member's maternity, paternity, shared parental or adoption leave and they are not re-elected, or

decide not to stand for re-election, their basic allowance and SRA if appropriate will cease from the Monday after the election date when they would technically leave office

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## OFFICER REPORT TO COUNCIL

### UPDATED HEALTH GOVERNANCE ARRANGEMENTS

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

Article 8A of Surrey County Council's Constitution sets out the role, membership and governance arrangements for the Health and Wellbeing Board. The Health and Wellbeing Board has the power to decide its own detailed operating procedures, as set out via its Terms of Reference, within the framework of the Article.

The statutory purpose of the Health and Wellbeing Board is set out in the Health and Social Care Act 2012. Whilst it is constituted as a formal committee of the Council, some of the regulations set out in the Local Government Act 1972 do not apply to it. Specifically, there is no requirement for political proportionality, and council officers are included in the statutory membership.

This report seeks to inform Council of recent changes to Health Governance arrangements in Surrey and asks it to note the Memorandum of Understanding between Surrey County Council and Surrey Heartlands Integrated Care Partnership and approve the revised Health and Wellbeing Board Terms of Reference.

#### **BACKGROUND:**

1. Following engagement during 2024, the Surrey Health and Wellbeing Board (HWB) and Surrey Heartlands Integrated Care Partnership (ICP) have combined their respective meetings given the common purpose that they share due to overlap in the geographies they cover. Whilst the Terms of Reference (TOR) of each body remain separate as they are both required to exist locally, at a practical level they have been brought together under a Memorandum of Understanding (MOU) to enable one meeting to happen with a common membership engaging on a shared agenda.
2. On 11 December, a draft MOU was agreed by the HWB and ICP for this combined meeting (Annex 1), which set out the aims, responsibilities and procedural arrangements, as well as detail around the membership and roles of each member of the HWB and ICP.
3. Taking this step has had the additional benefit of further aligning with the Surrey Heartlands Integrated Care Board (ICB) which will meet on the same day as the informal and formal HWB / ICP meetings creating a "Health and Wellbeing Day" with regards to these key meetings.

4. The main changes within the HWB terms of reference are:
  - Alignment of purpose with the ICP.
  - Following engagement, the membership of both HWB and ICP have been updated to ensure they are the same enabling the smooth running of the joint meeting. However, there are no changes to the statutory membership of the HWB.
  - Whilst strong connections will continue with the HWB, the responsibility for strategic oversight of community safety will move to a new community safety prevention board and so this is no longer explicitly referenced in the HWB TOR.
5. The draft was considered at a number of a meetings of the HWB and Surrey Heartlands ICP meetings during 2024 which generated partner feedback prior to final agreement at the 11 December 2024 combined meeting pending approval by Council.
6. Council is therefore asked to formally approve the revised HWB terms of reference set out in Appendix 2.

<b>RECOMMENDATIONS:</b>
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- A. That Council notes the Memorandum of Understanding between Surrey County Council and Surrey Heartlands Integrated Health Partnership set out in **Annex 1**.
- B. That Council approves the revised Health and Wellbeing Board Terms of Reference set out in **Annex 1 - Appendix 2**.

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**Annexes:**

**Annex 1 - Memorandum of Understanding**

Contains:

Appendix 1 - Summary of Health and Wellbeing Governance with responsible organisations

Appendix 2 - Updated Terms of Reference HWB (December 2024)



Appendix 3 - Updated Terms of Reference Surrey Heartlands ICP (December 2024)  
Appendix 4 - Procedure Rules for Combined HWB and ICP meetings

**Sources/background papers:**

Constitution of the Council

Report to Health and Wellbeing Board, 20 March 2024

Report to Health and Wellbeing Board, 18 September 2024

Report to Health and Wellbeing Board, 11 December 2024

# **The Combined Meeting of the Surrey Health and Wellbeing Board and Surrey Heartlands Integrated Care Partnership - Memorandum of Understanding (MoU)**

## **1. Context**

The combined meeting of the Surrey Health and Wellbeing Board and the Surrey Heartlands Integrated Care Partnership (combined meeting of the HWB and ICP), including representation from Frimley Integrated Care Board, will have oversight of delivery of the Surrey Health and Wellbeing Strategy (a prevention strategy) and the Surrey Heartlands Integrated Care Strategy (a prevention and health and care services strategy).

The combined meeting of the HWB and ICP consists of senior representatives from key organisations, agencies and sectors that have an impact and influence upon the health and wellbeing and the provision of health and care services of the Surrey population, with a particular focus on those that experience the poorest health outcomes in order to reduce health inequalities so no-one is left behind.

As committees meeting at the same time, the following statutory requirements are fulfilled:

- The Surrey HWB as a statutory Board of the Council as required under the Health and Social Care Act 2012.
- Surrey Heartlands Integrated Care Partnership; all upper-tier local authorities that fall within the area of the ICB must establish as required in the Health and Care Act 2022.

However, the HWB and ICP are legally distinct entities and there may be occasions where decisions of each need to be taken separately because of the scope and limits of the functions of each. These will be organised as extra ordinary meetings.

## **2. Aim**

The aim of the combined meeting of the HWB and ICP is to reduce health inequalities so no-one is left behind. This will be done through prevention and addressing the wellbeing, health and care needs of the population, with the communities they serve leading from the front, and in collaboration with all sectors in the county. The combined meeting of the HWB and ICP will agree the longer-term strategic vision and progress delivery on the agreed priorities through the governance structure summarised in Appendix 1. This will be accessible online from January 2025 to ensure it is kept current and up to date.

## **3. Statutory responsibilities**

The combined meeting of the HWB and ICP will deliver each body's statutory responsibilities (as described separately in their respective Terms of Reference, see Appendix 2 and 3) together by:

- a) Ensuring the system is connected to communities (by supporting ICS place / neighbourhood, town and village, ward level engagement, utilising the HWBS Principles for Working with Communities).

- b) Providing leadership for strategic local planning to improve health and wellbeing by reducing health inequalities, and challenge the provision of services across a range of sectors and providers to ensure they contribute to this aim.
- c) Assessing the needs of the local population by leading the statutory Joint Strategic Needs Assessment ('JSNA') delivery (with an evolving refresh and publication of the JSNA and triangulating this with other community insights to support evidence-based prioritisation, commissioning, and policy decisions at the civic/system and service level).
- d) Ensuring that the JSNA and community insights drive the development and review of the Health and Wellbeing Strategy and the Surrey Heartlands Integrated Care Strategy and influences other key plans, strategies, commissioning and service delivery.
- e) Undertaking the Pharmaceutical Needs Assessment every three years or sooner if required.
- f) Preparing, agreeing, publishing and reviewing of the Surrey Health and Wellbeing Strategy. The Surrey Health and Wellbeing Strategy sets a high level joint strategic vision for reducing health inequalities through prevention, taking into account the JSNA and the Annual Public Health Report(s), as well as national policy developments and legislation. Organisations represented on the combined HWB and ICP have a duty to take heed of the Strategy, its outcomes and metrics and will be held to account for their contribution to the delivery of outcomes.
- g) Preparing, agreeing, publishing and reviewing of the Surrey Heartlands Integrated Care Strategy. The Surrey Heartlands Integrated Care Strategy sets a high level joint strategic vision for prevention and health and care, taking into account the JSNA and the Annual Public Health Report(s), as well as national policy developments and legislation. Organisations represented on the combined HWB and ICP have a duty to take heed of the strategy, its outcomes and metrics and will be held to account for their contribution to the delivery of outcomes.
- h) Discharging all functions relating to the Better Care Fund that are required or permitted by law, including agreeing the Better Care Fund and overseeing the delivery of the Better Care Fund and Improved Better Care Fund. This includes sighting a regular written progress report on each of the schemes under the Fund to the combined meeting of the HWB and ICP.
- i) Advocating for the integration of services and aligning purpose/ambitions with plans to integrate care and improve health and wellbeing outcomes where it is beneficial to do so.
- j) Facilitating joint action to improve health and care services and to influence the wider determinants of health and broader social and economic development. This will include taking account of national or regional developments as appropriate.
- k) Championing inclusion and transparency.

The combined meeting of the HWB and ICP should review the Joint Forward Plans of the two Surrey ICBs and the Joint Capital Resource Funds of the ICBs and their partner NHS Trusts/Foundation Trusts when shared (this is a statutory responsibility of the ICBs/Trusts to do so) to ensure the opportunity to align local priorities and provide consistency with strategic aims and plans.

The combined meeting of the HWB and ICP can appoint informal sub-committees if required to carry out certain functions and to advise. Existing informal sub-committees of the HWB, not constituted under the Local Government Act 1972, include, the Prevention and Wider Determinants of Health Delivery Board (PWDHDB), the Mental

Health: Prevention Board, the Communications Group, Joint Strategic Needs Assessment Oversight Group and Pharmaceutical Needs Assessment Steering Group.

In order to undertake the system leadership role, the combined meeting of the HWB and ICP will meet in public four times a year in a formal capacity (these meetings will be webcast), it will meet informally in private four times a year and hold a Deep Dive or “Walkabout” in a town, village or key neighbourhood across the four Surrey Heartlands ICS Places four times a year. These will include Frimley ICS where these neighbour or include areas within their boundary.

The combined meeting of the HWB and ICP will regularly report verbally to the Surrey Heartlands Integrated Care Board via the Chief Executive of Surrey Heartlands, as part of the sequence of meetings on the same day.

#### **4. Role of members:**

- Be strategic, representative and effective
- Identify and report system/service/community issues
- Act to bring together intelligence, expertise and community and business support to identify priorities and develop solutions to maximise all determinants of health which impact on health and wellbeing.
- Ask challenging questions about and scrutinise performance
- Deal honestly and robustly with under-performance.
- Minimise bureaucracy and build upon existing structures.
- Focus on the needs of those with the poorest health outcomes so no-one is left behind and the needs of the population as a whole with regard to health and care provision.
- Will seek to act in the best interests of the population of Surrey rather than representing the individual interests of any one constituent organisation, subject to any legal obligations to the contrary.
- Ensuring awareness of and commitment to strategic priorities, direction and undertakings
- Encouraging the alignment of planning, performance, and budgetary processes between partner organisations where practicable.
- Engaging actively with the other key partnerships, and boards to ensure the achievement of outcomes in all agreed areas and to extend the reach of the Surrey Heartlands Integrated Care Strategy and Surrey Health and Wellbeing Strategy by ensuring alignment with other strategies and plans.

## 5. Membership

Representation at the combined meeting of the HWB and ICP reflects a streamlined and consistent membership across the two statutorily required boards and consists of the senior representatives (who have voting rights) detailed below:

<b>Organisation</b>	<b>Title</b>	<b>Role at the combined meeting of the HWB/ICP</b>	<b>Statutory HWB member</b>
<b>Surrey Heartlands ICB</b>	Chief Executive	Lead of a constituted Integrated Care System (Surrey Heartlands ICS)	Yes
<b>Surrey Heartlands ICB</b>	Chief Medical Officer	SHICB Medical representative and Deputy Chair	
<b>Surrey Heartlands ICB</b>	Executive Director Strategy and Joint Transformation, Executive Lead for Guildford and Waverley	SHICB Places representative	
<b>Surrey Heartlands ICB</b>	Primary Care Clinical Leader	SH Primary Care Partner representative	
<b>Surrey and Borders Partnerships Trust</b>	Chair	Mental Health Provider representative	
<b>Frimley Health and Care ICB</b>	Chief Executive	Lead of a constituted Integrated Care System (Frimley ICS)	Yes
<b>Surrey County Council Elected Members</b>	Leader of SCC	Chairman and nominated councillor of the local authority	Yes
<b>Surrey County Council Elected Members</b>	Cabinet Member (Health, Wellbeing and Public Health)	SCC Portfolio Holder	
<b>Surrey County Council Elected Members</b>	Cabinet Member (Adult Social Care)	SCC Portfolio Holder	
<b>Surrey County Council Elected Members</b>	Cabinet Member (Children, Families and Lifelong Learning)	SCC Portfolio Holder	

<b>Surrey County Council</b>	Chief Executive	Chief Executive SCC	
	Integration Transformation Director	To represent integration and health partnerships for SCC	
	Executive Director – Adults, Wellbeing and Health Partnerships	To represent adult services	Yes
	Executive Director - Children, Families and Lifelong Learning	To represent children’s services	Yes
	Director of Public Health	To represent public health	Yes
<b>Healthwatch</b>	Chief Executive	To represent user voice for health and wellbeing services	Yes
<b>Community Foundation for Surrey</b>	Vice President	To represent CfS	
<b>VCSE Alliance</b>	Chair or nominated representative	To represent VCSE partners across Surrey and Deputy Chair	
<b>VCSE Alliance</b>	Nominated representative	To represent VCSE partners across Surrey	
<b>VCSE Alliance</b>	Nominated representative	To represent VCSE partners across Surrey	
<b>District and Borough</b>	Leader	To represent D&B Leaders across Surrey	
<b>District and Borough</b>	Leader	To represent D&B Leaders across Surrey	
<b>District and Borough</b>	Chief Executive	To represent D&B Chief Executives across Surrey	
<b>District and Borough</b>	Chief Executive	To represent D&B Chief Executives across Surrey	
<b>Carers</b>	Independent Carers Lead	To represent Surrey’s Carers Partnership Group and be the system representative for carers.	
<b>University of Surrey</b>	Director at University of Surrey	To represent the UoS	
<b>Business</b>	Director & Chief Executive at Watts Gallery Trust	To represent the arts and heritage community	
<b>Police</b>	Chief Constable of Surrey Police	To represent the Police and community safety	

<b>Mental Health: Prevention Board (sub group of HWB)</b>	Co-Chairs of the Mental Health: Prevention Board	To represent MH:Prevention Board (x1)	
<b>Prevention and wider determinants of health delivery board (sub group of HWB)</b>	Chair	To represent Prevention and WDH Delivery Board	
<b>Housing</b>	Homelessness, Advice & Allocations Lead, Guildford Borough Council	To represent housing	

The composition of the combined meeting of the HWB and ICP should be as inclusive as practicable covering a wide range of partners whilst balancing this with a realistic maximum size of the combined HWB and ICP necessary for it to be strategically effective.

The combined meeting of the HWB and ICP needs the involvement of all the appropriate partners, including the public, private, community and voluntary sectors. This should allow engagement of residents, community, other public sector and business interests that cannot be represented directly at the combined meeting of the HWB and ICP.

Membership of the combined meeting of the HWB and ICP represents personal commitment to the aim and responsibilities stated, to attend meetings personally and regularly and to prioritise combined HWB and ICP Business. Each member of the combined meeting of the HWB and ICP has equal voting rights.

## **6. Decision Making**

Members of the combined meeting of the HWB and ICP must have sufficient delegated authority from their organisations to take a full part in the business of the combined meeting of the HWB and ICP.

It is expected that decisions or recommendations shall be reached by consensus. In exceptional circumstances where consensus cannot be achieved and a formal vote is required, the matter shall be decided by a simple majority of those members voting and present in the room at the time the proposal is considered. The vote shall be by a show of hands. If there are equal votes for and against, the Chair will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.

Decisions taken at combined meetings of the HWB and ICP are not subject to ratification or a formal decision process by partner organisations. However, where decisions are not within the statutory responsibilities of either the HWB or ICP, these will be subject to ratification by the constituent members.

The combined meeting of the HWB and ICP may invite representatives of partner organisations to attend for, or to present, specific items as appropriate. Co-ordinating officers will also be present. Neither will have voting rights.

## **7. Chairing arrangements**

The Leader of the County Council or their appointee will be the Chair of the combined meeting of the HWB and ICP. The Chair shall appoint up to two Vice-Chairs and review every two years, one of which shall come from within the health service representation and the other from the VCSE sector.

In the event that the Chair is not present but the meeting is quorate, the voting members present at the meeting shall choose which Vice-Chair is to chair that meeting.

## **8. Quorum**

In line with SCC Standing Order 69.1, the quorum shall be one quarter of the total number of voting members of the HWB/ICP. A quorum may not be fewer than three voting members.

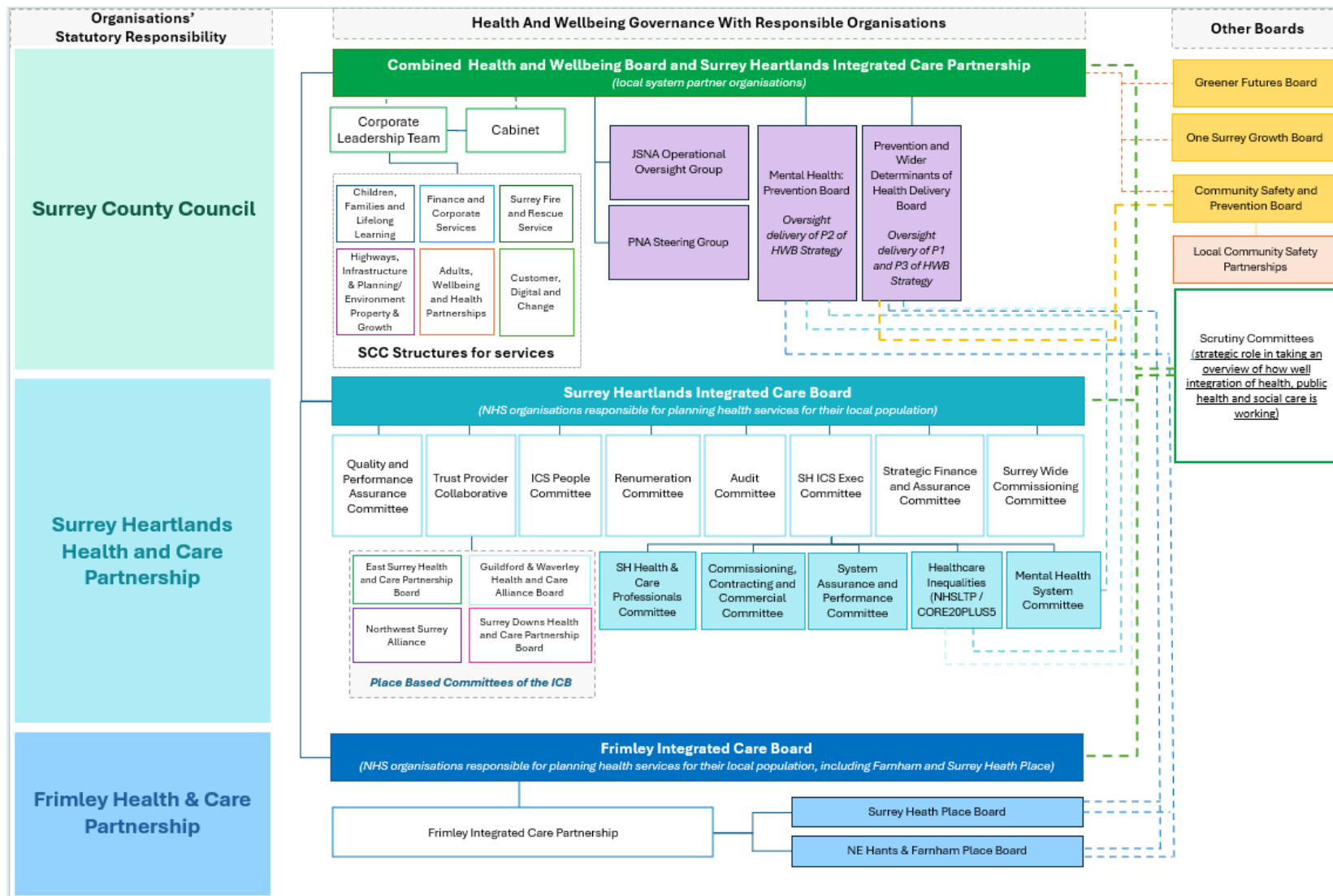
In line with SCC Standing Order 69.2, the Chair will adjourn the meeting if there is not a quorum present.

## **9. Secretariat**

Secretariat for the combined meeting of the HWB and ICP will be provided by Surrey County Council's Democratic Services team and follow the procedure rules as set out in Appendix 4.



**Appendix 1: Summary of Health and Wellbeing Governance with responsible organisations:** From January 2025 this will be available online to ensure it is kept current and up to date.



## Appendix 2

### Surrey Health and Wellbeing Board

#### Terms of Reference

Version: December 2024

#### 1. Context

- 1.1. The Health and Social Care Act 2012 sets out the requirement for each upper tier local authority to have a Health and Wellbeing Board in place from April 2013. The Surrey Health and Wellbeing Board will meet the obligations set out in the Health and Social Care Act 2012 and modified under the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013. The statutory purpose of the Health and Wellbeing Board is defined in the Health and Social Care Act 2012.
- 1.2. Article 8A of Surrey County Council's Constitution sets out the role, membership and governance arrangements for the Health and Wellbeing Board. The Health and Wellbeing Board has the power to decide its own detailed operating procedures, as set out via this document, within the framework of the Article. Whilst the Health and Wellbeing Board is a formal committee of the council, the regulations do not apply some of the requirements of other committees of the council set out in the Local Government Act 1972 (e.g., such as requirements for political proportionality or allowing council officers to be a member of the committee).
- 1.3. The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 modifies provisions in primary legislation relating to a committee appointed under section 102 of the Local Government Act 1972 (c.70) ("the 1972 Act") in so far as those provisions relate to Health and Wellbeing Boards and provides that certain provisions do not apply to Health and Wellbeing Boards. The following modified provisions are prescribed:
- 1.4. Health and Wellbeing Boards can appoint a sub-committee to carry out certain functions of the Board and to advise the Board. Sub-committees include (not constituted under the Local Government Act 1972) namely, the Prevention and Wider Determinants of Health Delivery Board (PWDHDB) and the Mental Health: Prevention Board (MHPB), the Communications Group, the Joint Strategic Needs Assessment Oversight Group, the Communication Group and the Pharmaceutical Needs Assessment Steering Group.
- 1.5. The PWDHDB covers Priority 1 and 3 of the HWB Strategy; the MHPB covers Priority 2 of the HWB Strategy;  
These Boards:
  - 1.5.1. Provide quality assurance to the programmes that sit under the HWB Strategy / auspices of the Health and Wellbeing Board, acting as critical friend to programmes (e.g., have logic model, meet the criteria for inclusion in the HWB Strategy Summary Implementation Plan, and have adopted HWB Strategy's Principles for Working with Communities);
  - 1.5.2. Consider new programmes to sit under the HWB Strategy / auspices of the Health and Wellbeing Board
  - 1.5.3. Review the HWB Strategy's [Highlight Reports](#);
  - 1.5.4. Look to mitigate challenges and increase / add value to issues raised in the Highlight Reports;

- 1.5.5. Review the HWB Strategy Index regularly to understand direction of travel in terms of the mission to reduce health inequalities;
- 1.6. A sub-committee of the Board can arrange for functions under section 196(2) of the 2012 Act to be carried out by an officer of the authority.
- 1.7. All Members of the Board have voting rights unless the local authority directs otherwise.
- 1.8. The Board will meet jointly with the Surrey Heartlands ICP

## **2. Purpose**

- 2.1 The purpose of the Surrey Health and Wellbeing Board is to ensure effective delivery against the [Surrey Health and Well-being Strategy](#) (HWB Strategy) to reduce health inequalities, so no-one is left behind.
- 2.2 The Board will encourage all partners – public, private and voluntary sector - in Surrey to work together with residents to reduce health inequalities for the HWB Strategy's Priority Populations including those in the Key Neighbourhoods.
- 2.3 The Board will also promote adherence to the HWB Strategy's Principles for Working with Communities, in order to support subsidiarity and for decisions to be made at a local level, so communities are leading the way;
- 2.4 The Board will ensure the HWB Strategy drives a focus on reducing health inequalities in the prevention landscape in Surrey as referenced in the Health and Well-being Board / Surrey Heartlands Integrated Care Partnership Memorandum of Understanding.

## **3. Role and Responsibilities**

- 3.1 The Health and Wellbeing Board:
  - 3.1.1 Provides Surrey-wide systems leadership for the integration of health and wellbeing services, promoting partnership working to secure the best possible health and wellbeing outcomes for the residents of Surrey; including working with Integrated Care Partnerships and Boards (ICPs and ICBs) to determine the integrated approach that will best deliver holistic care and prevention activities, including action on wider determinants in their communities;
  - 3.1.2 Oversees delivery of the priorities set out in the Joint Local HWB Strategy, encouraging local accountability in the health and social care system, maintaining oversight of Surrey-wide progress or changing trends and ensuring local plans align with the Joint Local HWB Strategy;
  - 3.1.3 Has a statutory function to assess the current and future needs of the population and prepare a Joint Strategic Needs Assessment (JSNA), consider where there is a lack of such evidence and identify research needs in JSNAs that could be met by ICBs, local authorities and NHS England via the exercise of their research function, and ensure the JSNA is informed by research, evidence, local community insight and intelligence, as well as more detailed local needs assessments such as at a district or ward level. This should look at specific groups (such as those likely to have poor health outcomes);
  - 3.1.4 It also has a statutory function to produce a Joint Local HWB Strategy (ensuring the involvement of the Local Healthwatch organisation, the people who live and work in Surrey and each relevant District and Borough Council) to improve the health and

wellbeing of its local population and ensure the identified needs will be addressed, including addressing health inequalities, and reflecting the evidence of the JSNA; in this regard the Health and Wellbeing Board must be cognisant of the NHS Mandate.

### 3.2 The Health and Wellbeing Board has the following additional statutory functions:

- 3.2.1 A duty to encourage integrated working between health and social care commissioners, including providing advice, assistance or other support to encourage arrangements under section 75 of the National Health Service Act 2006 in connection with the provision of health and social care services and ensure these align with the HWB Strategy;
- 3.2.2 To work with local organisations and partnerships to ensure alignment of the Joint Local HWB Strategy and the JSNA with other locally developed plans or reports. For example, through receiving and providing comments on the ICBs Annual Reports and the Surrey Safeguarding Adults Board and Surrey Safeguarding Children Partnership Annual Reports;
- 3.2.3 A power to encourage closer working between commissioners of health-related services (such as housing and many other local government services) and commissioners of health and social care services;
- 3.2.4 A power to encourage close working between commissioners of health-related services and the board itself;
- 3.2.5 Has responsibility for developing and updating the Surrey Pharmaceutical Needs Assessment;
- 3.2.6 Be involved in the review of Surrey Heartlands and Frimley Health and Care Integrated Care Strategies;
- 3.2.7 Be consulted on ICSs Joint Forward Plans and their annual reviews before the start of each financial year, ensuring that the Joint Forward Plan includes steps for implementing the Health and Well-being Strategy, and produce a statement of its final opinion for each Joint Forward Plan to include in the Plan;
- 3.2.8 Be consulted on ICB annual reports and performance assessments to ensure they include delivery against the HWB Strategy;
- 3.2.9 ICBs (and their partner NHS trusts and NHS foundation trusts) must share their joint capital resource use plan (including any revisions) with the Health and Wellbeing Board to ensure the opportunity to align local priorities and provide consistency with strategic aims and plans.

### 3.3 Health and Wellbeing Board business will focus on:

- 3.3.1 Overseeing delivery of the implementation plans that sit under the HWB Strategy (not performance management of individual organisations);
- 3.3.2 Monitoring the HWB Strategy Index at regular intervals to ensure long term progress and identify risks to that progress;
- 3.3.3 Securing agreement amongst partners about how to overcome challenges facing the health and care system or barriers to the delivery of the HWB Strategy;
- 3.3.4 Working with and alongside other partnerships, individual organisations or bodies to align work programmes and inform/ensure the most effective use of local time and resources;

- 3.3.5 Overseeing the development of, and approving Surrey-wide plans where appropriate or required by regulations / national guidance (e.g., Surrey Better Care Fund Plan);
- 3.3.6 Discussing and highlighting key strategic issues in relation to existing health inequalities and interventions at a civic/system, service-based and a community-led level (as per the Surrey adapted Population Intervention Triangle), only focusing on single organisational issues where they have a significant impact on the HWB Strategy Priority Populations;
- 3.3.7 Horizon scanning, through the JSNA, for potential future health inequalities;
- 3.3.8 Ensuring a significant increase in the focus on prevention and in the movement of funding upstream in the system to facilitate this;
- 3.3.9 Using/upholding its statutory functions to improve and protect health;
- 3.3.10 Exerting influence regionally and nationally on issues that impact on the health of our residents;
- 3.3.11 Ensuring evidence of effectiveness, value for money and return on investment are used routinely in decisions making.

#### **4 Role of members**

- 4.1 Be strategic, representative and effective.
- 4.2 Identify and report system/service/community issues.
- 4.3 Act to bring together intelligence, expertise and community and business support to identify priorities and develop solutions to maximise all determinants of health which impact on health and wellbeing.
- 4.4 Ask challenging questions about and scrutinise performance.
- 4.5 Deal honestly and robustly with under-performance.
- 4.6 Minimise bureaucracy and build upon existing structures.
- 4.7 Focus on the needs of those with the poorest health outcomes so no-one is left behind and the needs of the population as a whole with regard to health and care provision.
- 4.8 Will seek to act in the best interests of the population of Surrey rather than representing the individual interests of any one constituent organisation, subject to any legal obligations to the contrary.
- 4.9 Ensuring awareness of and commitment to strategic priorities, direction and undertakings.
- 4.10 Encouraging the alignment of planning, performance, and budgetary processes between partner organisations where practicable.
- 4.11 Engaging actively with the other key partnerships, and boards to ensure the achievement of outcomes in all agreed areas and to extend the reach of the Surrey Heartlands Integrated Care Strategy and Surrey Health and Wellbeing Strategy by ensuring alignment with other strategies and plans.

#### **5 Chair**

- 5.1 The Leader of the County Council or their appointee will be the Chair of the Health and Wellbeing Board.

5.2 Two Vice-chairs will be appointed, one from health sector and one from the VCSE sector. This will be reviewed as part of the review of the Terms of Reference every two years.

## 6 Membership

6.1 The Board membership will be as follows:

<b>Organisation</b>	<b>Title</b>	<b>Role at the combined meeting of the HWB/ICP</b>	<b>Statutory HWB member</b>
<b>Surrey Heartlands ICB</b>	Chief Executive	Lead of a constituted Integrated Care System (Surrey Heartlands ICS)	Yes
<b>Surrey Heartlands ICB</b>	Chief Medical Officer	SHICB Medical representative and Deputy Chair	
<b>Surrey Heartlands ICB</b>	Executive Director Strategy and Joint Transformation, Executive Lead for Guildford and Waverley	SHICB Places representative	
<b>Surrey Heartlands ICB</b>	Primary Care Clinical Leader	SH Primary Care Partner representative	
<b>Surrey and Borders Partnerships Trust</b>	Chair	Mental Health Provider representative	
<b>Frimley Health and Care ICB</b>	Chief Executive	Lead of a constituted Integrated Care System (Frimley ICS)	Yes
<b>Surrey County Council Elected Members</b>	Leader of SCC	Chairman and nominated councillor of the local authority	Yes
<b>Surrey County Council Elected Members</b>	Cabinet Member (Health, Wellbeing and Public Health)	SCC Portfolio Holder	
<b>Surrey County Council Elected Members</b>	Cabinet Member (Adult Social Care)	SCC Portfolio Holder	
<b>Surrey County Council Elected Members</b>	Cabinet Member (Children, Families and Lifelong Learning)	SCC Portfolio Holder	

<b>Surrey County Council</b>	Chief Executive	Chief Executive SCC	
	Integration Transformation Director	To represent integration and health partnerships for SCC	
	Executive Director – Adults, Wellbeing and Health Partnerships	To represent adult services	Yes
	Executive Director - Children, Families and Lifelong Learning	To represent children’s services	Yes
	Director of Public Health	To represent public health	Yes
<b>Healthwatch</b>	Chief Executive	To represent user voice for health and wellbeing services	Yes
<b>Community Foundation for Surrey</b>	Vice President	To represent CfS	
<b>VCSE Alliance</b>	Chair or nominated representative	To represent VCSE partners across Surrey and Deputy Chair	
<b>VCSE Alliance</b>	Nominated representative	To represent VCSE partners across Surrey	
<b>VCSE Alliance</b>	Nominated representative	To represent VCSE partners across Surrey	
<b>District and Borough</b>	Leader	To represent D&B Leaders across Surrey	
<b>District and Borough</b>	Leader	To represent D&B Leaders across Surrey	
<b>District and Borough</b>	Chief Executive	To represent D&B Chief Executives across Surrey	
<b>District and Borough</b>	Chief Executive	To represent D&B Chief Executives across Surrey	
<b>Carers</b>	Independent Carers Lead	To represent Surrey’s Carers Partnership Group and be the system representative for carers.	
<b>University of Surrey</b>	Director at University of Surrey	To represent the UoS	
<b>Business</b>	Director & Chief Executive at Watts Gallery Trust	To represent the arts and heritage community	
<b>Police</b>	Chief Constable of Surrey Police	To represent the Police and community safety	



<b>Mental Health: Prevention Board (sub group of HWB)</b>	Co-Chairs of the Mental Health: Prevention Board	To represent MH:Prevention Board (x1)	
<b>Prevention and wider determinants of health delivery board (sub group of HWB)</b>	Chair	To represent Prevention and WDH Delivery Board	
<b>Housing</b>	Homelessness, Advice & Allocations Lead, Guildford Borough Council	To represent housing	

6.2 Those members who are statutory members of the Health and Wellbeing Board are indicated above;

6.3 Board members are able to nominate a substitute (as agreed by the Chair) who can attend and vote in their absence but must have delegated authority to make decisions;

6.4 NHS England are a consulting member of the Board. They must appoint a representative for the purpose of participating in the preparation of Joint Strategic Needs Assessments and the development of Joint Local Health and Wellbeing Strategies and to join the health and wellbeing board when it is considering a matter relating to the exercise, or proposed exercise, of the NHS England's commissioning functions in relation to the area and it is requested to do so by the Board;

6.5 In addition to the statutory membership of the Board, the Health and Wellbeing Board may appoint such additional persons as it thinks appropriate. The Board may determine the role, for example as a full voting member or as an advisory (Associate) member, and the term of such additional appointees e.g., for one year, the length of council or as a permanent addition to the full membership;

6.6 Surrey County Council may also appoint such other persons, or representatives of such other persons, as the local authority thinks appropriate however it must consult the Health and Wellbeing Board before appointing another person to be a member of the Board.

## 7 Quorum

7.1 In line with SCC Standing Order 69.1, the quorum shall be one quarter of the total number of voting members of the HWB/ICP. A quorum may not be fewer than three voting members.

7.2 In line with SCC Standing Order 69.2, the Chair will adjourn the meeting if there is not a quorum present.

7.3 Board members will inform the Board, via Democratic Services, in advance if they are unable to attend a formal Board meeting and will make arrangements to ensure their named substitute attends and is provided with the support necessary to contribute to the meeting.



7.4 The intention is that the place-based membership of the Health and Wellbeing Board will provide a range of voices from the health sector from commissioners to providers. The Board will keep membership under review to ensure we achieve this.

## **8 Decision-making**

8.1 Members of the combined meeting of the HWB and ICP must have sufficient delegated authority from their organisations to take a full part in the business of the combined meeting of the HWB and ICP.

8.2 It is expected that decisions or recommendations shall be reached by consensus. In exceptional circumstances where consensus cannot be achieved and a formal vote is required, the matter shall be decided by a simple majority of those members voting and present in the room at the time the proposal is considered. The vote shall be by a show of hands. If there are equal votes for and against, the Chair will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.

8.3 Decisions taken at combined meetings of the HWB and ICP are not subject to ratification or a formal decision process by partner organisations. However, where decisions are not within the statutory responsibilities of either the HWB or ICP, these will be subject to ratification by the constituent members.

## **9 Board Support**

9.1 The Surrey County Council Health and Well-Being Team are responsible for the Board's forward plan, developing the agenda and support for Board members to fulfil their role.

9.2 Surrey County Council Democratic Services team are responsible for the distribution of the agenda and reports, recording minutes, recording the actions and the organisation of the meetings.

## **10 Meeting Frequency**

10.1 In order to undertake the system leadership role, the Board will meet in public four times a year in a formal capacity (these meetings will be webcast), it will meet informally in private four times a year and hold a Deep Dive or "Walkabout" in a town, village or key neighbourhood across the four Surrey Heartlands ICS Places four times a year. These will include Frimley ICS where these neighbour or include areas within their boundary.

## **11 Review of Terms of Reference**

11.1 These Terms of Reference will be formally reviewed by the Health and Wellbeing Board by mutual agreement of its members every two years. Reviews will be undertaken to reflect any significant changes in circumstances as they arise. These Terms of Reference, together with any amendments, will be signed off by the Board members at a public meeting. Significant changes needs to be approved by SCC.

# Surrey Heartlands Health and Care Partnership ICS

## Integrated Care Partnership

### Terms of Reference

Version: December 2024

#### 1. Background and Context

- 1.1. Surrey Heartlands Integrated Care System (ICS) and Surrey County Council have resolved to establish a committee known as the Integrated Care Partnership (known as the ICP ) in accordance with Schedule 1A of the National Health Service Act 2006 (as amended) ("the NHS Act").
- 1.2. The ICP is established in accordance with the NHS Surrey Heartlands Integrated Care Board (ICB) Constitution and, where agreed, the delegation by NHS under section 13Z of the NHS Act (set out in schedule 1 to these Terms of Reference). These Terms of Reference set out the membership, remit, responsibilities and reporting arrangements of the ICP and shall have effect as if incorporated into the ICB Constitution. The ICP comprises membership including Surrey County Council, Healthwatch, representatives from the voluntary sector and community organisations and representatives of District and Borough Councils within Surrey and a representative of the ICB. The ICP is not incorporated into any local government or other partner constitutions.
- 1.3. The ICP will meet jointly with the HWB Board.

#### 2. Purpose & Objectives

- 2.1. The purpose of the Integrated Care Partnership, as described by NHS guidance is to:
  - Align purpose and ambitions with plans to integrate care and improve health and wellbeing outcomes.
  - Facilitate joint action to improve health and care services and to influence the wider determinants of health and broader social and economic development
  - To develop an 'integrated care strategy'
    - Built bottom up from an assessment of needs and assets at place
    - Based on JSNAs
    - Focused on improving health and care outcomes, reducing inequalities, and addressing the consequences of the pandemic for communities.
  - Champion inclusion and transparency
  - Support place based and neighbourhood level engagement
  - Ensure system is connected to communities

### **3. Accountability/ Delegated Authority**

- 3.1. The ICP is jointly accountable to the Integrated Care System and to Surrey County Council.
- 3.2. The Chair shall draw to the attention of the ICB and Health and Wellbeing Board any issues that require consideration by the full ICB and/or HWB or require executive action. (For clarity – Any minutes from the confidential part of a meeting (Part II) will be considered in the Part II ICB meeting.)
- 3.3. The ICP is authorised by the ICS to investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from any member, officer or employee who are directed to co-operate with any request made by the ICP. The ICP is authorised by the ICS to obtain outside legal or other independent professional advice and to secure the attendance of other individuals with relevant experience and expertise if it considers necessary.

### **4. Sub Committees & Delegation**

- 4.1. The ICP may delegate tasks to such individuals, sub-committees or individual members as it shall see fit, provided that any such delegations are consistent with the parties' relevant governance arrangements, are recorded in a scheme of delegation, are governed by Terms of Reference as appropriate and reflect appropriate arrangements for the management of conflicts of interest.

### **5. Responsibilities**

The statutory responsibility of the Integrated Care Partnership are is to develop an integrated care strategy for the ICS setting out how the assessed needs in relation to Surrey Heartlands are to be met by the ICB, NHSE or SCC

In addition, as set out in the NHSE Design Framework, it has a responsibility to

- Champion inclusion and transparency
- Support place based and neighbourhood level engagement
- Ensure system is connected to communities

### **6. Role of members**

- Be strategic, representative and effective
- Identify and report system/service/community issues
- Act to bring together intelligence, expertise and community and business support to identify priorities and develop solutions to maximise all determinants of health which impact on health and wellbeing.
- Ask challenging questions about and scrutinise performance
- Deal honestly and robustly with under-performance.
- Minimise bureaucracy and build upon existing structures.
- Focus on the needs of those with the poorest health outcomes so no-one is left behind and the needs of the population as a whole with regard to health and care provision.
- Will seek to act in the best interests of the population of Surrey rather than representing the individual interests of any one constituent organisation,

subject to any legal obligations to the contrary.

- Ensuring awareness of and commitment to strategic priorities, direction and undertakings
- Encouraging the alignment of planning, performance, and budgetary processes between partner organisations where practicable.
- Engaging actively with the other key partnerships, and boards to ensure the achievement of outcomes in all agreed areas and to extend the reach of the Surrey Heartlands Integrated Care Strategy and Surrey Health and Wellbeing Strategy by ensuring alignment with other strategies and plans.

## 7. Membership

7.1. The membership of the ICP shall consist of:

Organisation	Title	Role at the combined meeting of the HWB/ICP	Statutory HWB member
<b>Surrey Heartlands ICB</b>	Chief Executive	Lead of a constituted Integrated Care System (Surrey Heartlands ICS)	Yes
<b>Surrey Heartlands ICB</b>	Chief Medical Officer	SHICB Medical representative and Deputy Chair	
<b>Surrey Heartlands ICB</b>	Executive Director Strategy and Joint Transformation, Executive Lead for Guildford and Waverley	SHICB Places representative	
<b>Surrey Heartlands ICB</b>	Primary Care Clinical Leader	SH Primary Care Partner representative	
<b>Surrey and Borders Partnerships Trust</b>	Chair	Mental Health Provider representative	
<b>Frimley Health and Care ICB</b>	Chief Executive	Lead of a constituted Integrated Care System (Frimley ICS)	Yes
<b>Surrey County Council Elected Members</b>	Leader of SCC	Chairman and nominated councillor of the local authority	Yes
<b>Surrey County Council Elected Members</b>	Cabinet Member (Health, Wellbeing and Public Health)	SCC Portfolio Holder	
<b>Surrey County Council</b>	Cabinet Member (Adult Social Care)	SCC Portfolio Holder	

<b>Elected Members</b>			
<b>Surrey County Council Elected Members</b>	Cabinet Member (Children, Families and Lifelong Learning)	SCC Portfolio Holder	
<b>Surrey County Council</b>	Chief Executive	Chief Executive SCC	
	Integration Transformation Director	To represent integration and health partnerships for SCC	
	Executive Director – Adults, Wellbeing and Health Partnerships	To represent adult services	Yes
	Executive Director - Children, Families and Lifelong Learning	To represent children’s services	Yes
	Director of Public Health	To represent public health	Yes
<b>Healthwatch</b>	Chief Executive	To represent user voice for health and wellbeing services	Yes
<b>Community Foundation for Surrey</b>	Vice President	To represent CfS	
<b>VCSE Alliance</b>	Chair or nominated representative	To represent VCSE partners across Surrey and Deputy Chair	
<b>VCSE Alliance</b>	Nominated representative	To represent VCSE partners across Surrey	
<b>VCSE Alliance</b>	Nominated representative	To represent VCSE partners across Surrey	
<b>District and Borough</b>	Leader	To represent D&B Leaders across Surrey	
<b>District and Borough</b>	Leader	To represent D&B Leaders across Surrey	
<b>District and Borough</b>	Chief Executive	To represent D&B Chief Executives across Surrey	
<b>District and Borough</b>	Chief Executive	To represent D&B Chief Executives across Surrey	
<b>Carers</b>	Independent Carers Lead	To represent Surrey’s Carers Partnership Group and be the system representative for carers.	

<b>University of Surrey</b>	Director at University of Surrey	To represent the UoS	
<b>Business</b>	Director & Chief Executive at Watts Gallery Trust	To represent the arts and heritage community	
<b>Police</b>	Chief Constable of Surrey Police	To represent the Police and community safety	
<b>Mental Health: Prevention Board (sub group of HWB)</b>	Co-Chairs of the Mental Health: Prevention Board	To represent MH:Prevention Board (x1)	
<b>Prevention and wider determinants of health delivery board (sub group of HWB)</b>	Chair	To represent Prevention and WDH Delivery Board	
<b>Housing</b>	Homelessness, Advice & Allocations Lead, Guildford Borough Council	To represent housing	

## 8. Appointment of Members

- 8.1 The members of the ICP shall be jointly appointed with approval from the ICB, Surrey County Council and the support of the HWB.
- 8.2 Members of the ICP should aim to attend all scheduled meetings.

## 9. Co-opted members / deputies / attendees

- 9.1. The ICP may co-opt additional members subject to the following terms:
- They have subject matter expertise required to support the ICP in meeting its responsibilities
  - They represent a community, place, or organisation required to support the ICP in meeting its responsibilities.
- 9.2. ICP members may nominate a suitable deputy when necessary and subject to the approval of the Chair. All deputies should be fully briefed and the SCC secretariat informed of any agreement to deputise so that quoracy can be maintained.
- 9.3. No person attending the meeting in one role can additionally act on behalf of another person as their deputy.

9.4. People from a range of areas may be invited to attend based on the needs of the agenda as follows:

At the discretion of the Chair observers may be permitted to attend the meetings of the ICP. Those regularly in attendance include:

- Chair of Surrey Heartlands Integrated Care Board

## 10. Quorum

The quorum shall be one quarter of the total number of voting members of the ICP.

A quorum may not be fewer than three voting members.

The Chair will adjourn the meeting if there is not a quorum present.

- 10.1. Members will inform the secretariat, via SCC Democratic Services, in advance if they are unable to attend a meeting and will make arrangements to ensure their named substitute attends and is provided with the support necessary to contribute to the meeting.
- 10.2. The intention is that the place-based membership will provide a range of voices from the health sector from commissioners to providers. The ICP will keep membership under review to ensure this is achieved.

## 11. Meetings

- 11.1. In order to undertake the system leadership role, the Board will meet in public four times a year in a formal capacity (these meetings will be webcast), it will meet informally in private four times a year and hold a Deep Dive or “Walkabout” in a town, village or key neighbourhood across the four Surrey Heartlands ICS Places four times a year. These will include Frimley ICS where these neighbour or include areas within their boundary.
- 11.2. The ICP will meet on a monthly basis and have an annual rolling programme of meeting dates and agenda items.
- 11.3. The ICP will operate in accordance with NHS Surrey Heartlands Standing Orders. Surrey County Council will be responsible for ensuring administrative support to the ICP. This will include:
  - Giving notice of meetings (including, when the Chair of the ICP deems it necessary in light of the urgent circumstances, calling a meeting at short notice)
  - The ICP will meet in public and private. Agendas and papers for public meetings will be published at least seven working days in advance of the

meeting except where confidential or sensitive information is likely to be disclosed. This may include:

- information given to any of the partners in confidence,
  - information about an individual that it would be a breach of the Data Protection Act to disclose, or
  - information the disclosure of which could prejudice the commercial interests of any of the partners or third parties.
- Issuing an agenda and supporting papers to each member and attendee no later than 5 days before the date of the meetings; and
  - Ensuring an accurate record (minutes) of the meeting

11.4. Informal Meetings may be held by conference call or by electronic means, so long as the technology provides live and uninterrupted conferencing facilities.

11.5. An extra meeting of the ICP can be called at the request of the Chair.

11.6. Where an extra meeting needs to be scheduled, every endeavour will be made to give at least 10 working days' notice. Notification will be given by email.

11.7. The ICP may resolve to exclude the public from a meeting that is open to the public (whether during the whole or part of the proceedings) whenever publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted or for other special reasons stated in the resolution and arising from the nature of that business or of the proceedings or for any other reason permitted by the Public Bodies (Admission to Meetings) Act 1960 as amended or succeeded from time to time.

11.8. Non-voting people may be required to withdraw from the confidential part of the meeting.

11.9. Members of the ICP have a collective responsibility for the operation of the ICP. They will participate in discussion, review evidence and provide objective expert input to the best of their knowledge and ability, and endeavour to reach a collective view.

## **12. Agenda Preparation**

12.1. The ICP will develop the forward-looking rolling agenda programme in conjunction with the HWB and ICB and be maintained by the SCC secretariat.

12.2. The Chair will work with the SCC secretariat on the preparation of the next meeting agenda



## 13. Managing Conflicts of Interest

- 13.1. The members of the ICP must comply fully with NHS England Guidance and the Policy regarding [Conflict of Interest](#)<sup>1</sup>. Officers and Members of Surrey County Council are expected to adhere to Surrey County Council's code of conduct in the performance of their duties.
- 13.2. Any conflicts or potential conflicts and mitigating actions should be identified in advance of the meeting, with advice from the Surrey Heartlands Corporate Governance Team, the Director Governance and Corporate Affairs and/ or the Conflicts of Interest Guardian as appropriate, however there may be exceptional circumstances where these have to be decided at a meeting. In these circumstances, the Chair is responsible for managing conflicts of interest at a meeting of the ICP. In these cases:
- If the Chair has a conflict of interest then the Vice Chairs is responsible for deciding the appropriate course of action.
  - If both the Chair and the Vice Chairs have a conflict, then the remaining non-conflicted members decide on how any conflicts should be managed.
- 13.3. At the start of the meeting, the Chair will:
- 13.3.1. Invite members to declare if they have any conflicts of interest with the business to be conducted, including previously declared interests. Any declared conflicts of interest will be recorded in the minutes along with any action taken, in a form as advised by the Conflict of Interest Policy. In summary the information recorded is:
- the name of the person noting the interest;
  - the nature of the interest and why it gives rise to the conflict;
  - the item of the agenda to which the interest related;
  - how it was agreed that the conflict should be managed;
  - evidence that the conflict was managed as intended.
- 13.3.2. Invite members to confirm that their current declarations are up to date and accurate and highlight any new declarations made since the last ICP meeting. If any changes are made to existing declarations, any If new declarations are made, the following information is recorded:
- the name of the person making the declaration;
  - the nature of the interest;
  - the type of interest, e.g. financial, in line with policy;
  - the date from which this interest started/ or ceased.

## 14. Decision-making

- 14.1. Members of the combined meeting of the ICP must have sufficient delegated authority from their organisations to take a full part in the business of the combined meeting of the HWB and ICP.
- 14.2. It is expected that decisions or recommendations shall be reached by consensus. In exceptional circumstances where consensus cannot be achieved

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<sup>1</sup> The Management of Conflicts of Interest is included in the Standards of Business Conduct Policy.

and a formal vote is required, the matter shall be decided by a simple majority of those members voting and present in the room at the time the proposal is considered. The vote shall be by a show of hands. If there are equal votes for and against, the Chair will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.

- 14.3. Decisions taken at combined meetings of the ICP are not subject to ratification or a formal decision process by partner organisations. However, where decisions are not within the statutory responsibilities of either the HWB or ICP, these will be subject to ratification by the constituent members.

## **15. Emergency / Chair's action**

- 15.1. The ICP will delegate responsibility for emergency powers and urgent decisions to the Chair and Vice Chairs of the ICP.
- 15.2. In the event of an urgent decision being required, this shall be taken by the Chair or the Vice Chairs of the ICP; who must consult with at least one other member of the ICP.
- 15.3. Urgent decisions must be reported to the next ICP meeting following the urgent decision for ratification by the full meeting together with a report detailing the grounds on which it was decided to take the decision on an urgent basis and the efforts made to contact the relevant other members of the ICP prior to taking the decision.

## **16. Governance support**

- 16.1. SCC secretariat will ensure minutes of the ICP formal meetings will be presented to the next meeting for formal sign off and made available on the SCC website. Minutes or sections of minutes which are of a confidential nature which would not be disclosed under a Freedom of Information Act request will not be made available on the website.

## **17. Policy and Best Practice**

- 17.1. The ICP will apply best corporate governance practice in its decision-making processes, covering a clear ethical basis to the business being considered; aligned business goals; an effective strategy incorporating stakeholder values; a well governed organisation and reporting systems to provide transparency and accountability.
- 17.2. The ICP will apply best corporate governance practice in its decision-making processes, covering a clear ethical basis to the business being considered; aligned business goals; an effective strategy incorporating stakeholder values; a well governed organisation and reporting systems to provide transparency and accountability.
- 17.3. The ICB has a code of conduct in place which defines required standards of behaviour for individuals working within this organisation, and those performing or authorising activities or advisory duties on our behalf. The ICP and its

membership will conduct itself in a manner which aligns with [these standards and principles](#).

- 17.4. The code of conduct specifically covers an employee / member's responsibility in relation to hospitality and gifts, and has regard to:
- Professional Standards Authority Standards for Members of NHS Boards and Integrated Care Board's Governing Bodies in England;
  - NHS Business Services Authority Standards of Business Conduct Procedure; and
  - [Nolan seven principles of public life](#).

## **18. Review of Terms of Reference**

- 18.1. The ICP will also self-assess its performance on an annual basis referencing its forward plan to ensure that the business transacted in meetings has effectively discharged the duties as set out in the Terms of Reference.
- 18.2. These Terms of Reference will be reviewed every two years by the ICP membership. Any proposed significant changes to the Terms of Reference and responsibilities will be presented to the ICP for approval.

## **Appendix 4**

### **PROCEDURE RULES FOR COMBINED HWB AND ICP MEETINGS**

#### **1. Introduction**

- 1.1 These rules also detail the rights of the public to be notified of meetings of the combined HWB and ICP, to attend and participate in those meetings, and access agendas and papers before and after meetings of the combined HWB and ICP.
- 1.2 The term 'clear days' in these rules excludes any Saturday, Sunday, Bank Holiday, Christmas Day or Good Friday, the day that an agenda is sent to the Members of the combined HWB and ICP and the day of the meeting.

#### **2. Rights of the public to attend combined HWB and ICP meetings**

- 2.1 Members of the public may attend combined HWB and ICP meetings subject only to the exceptions in these rules.

#### **3. Notice of combined HWB and ICP Meetings**

- 3.1 The Council shall give at least five clear days' notice of any public meeting of the combined HWB and ICP via its website.

#### **4 Access to agendas and reports before meetings**

- 4.1 Copies of agendas and reports are made available for public inspection at County Hall (contact Democratic Services: [democraticservices@surreycc.gov.uk](mailto:democraticservices@surreycc.gov.uk) for further details) at least five clear days before a meeting of the combined HWB and ICP. If an item is added to the agenda later, the revised agenda and any additional report(s) will be made available for public inspection as soon as they have been sent to members.
- 4.2 Agendas and papers will also be available to access on the Council's website.

#### **5. Exclusion of access by the public to HWB and ICP meetings**

- 5.1 Confidential information - requirement to exclude public
  - 5.1.1 The law, as set out in Section 110A of the Local Government Act 1972 regarding access to information and exclusion of the press and public from Council meetings will be applied when it is likely that confidential information will be disclosed.
  - 5.1.2 Confidential information is defined as information given to the Council by a Government Department on terms forbidding its public disclosure or information which is prevented from being publicly disclosed by Court Order.
- 5.2 Exempt information - discretion to exclude public
  - 5.2.1 The combined HWB and ICP may by resolution exclude press and public from meetings whenever it is likely that exempt information would be disclosed.
  - 5.2.2 Exempt information is defined as information falling within the following categories as set out in Schedule 12A to the Local Government Act 1972:

## Category Qualifications

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the Authority or a Minister of the Crown and employees of, or office holders under, the Authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the  
Authority proposes –
  - (a) to give under any enactment notice under or by virtue of which requirements are imposed on a person;
  - or**
  - (b) to make order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation, or prosecution of crime.

5.2.3 Information is not exempt information if it is required to be registered under the Companies Act, Charities Act etc.

5.2.4 Information is not exempt information if it relates to proposed development for which the Council may grant itself planning permission.

5.2.5 Subject to paragraphs 8 and 9 above, information which falls within paragraphs 1 to 7 of section 5.2.1 is exempt information if and so long as the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **6. Exclusion of Access by the Public to Reports and Any Other Relevant Documents**

6.1 Reports containing confidential information will not be made available to the public in any circumstances. Such reports will be marked “Not for publication – Confidential Information”.

6.2 Reports and documents containing exempt information will not normally be made available to the public. They will be marked “Not for publication” and will include the description of the category of exempt information applicable.

6.3 The combined HWB and ICP has the option, when the report or documents described at paragraph 6.2 above come to a meeting, to make them available to the press and public and/or consider the report with the public present, in which case the report can at that stage be made available to the public present and for public inspection beyond the meeting.

## **7. Public Question Time**

7.1 The following rules relate to public question time at public meetings of the combined HWB and ICP.

- (a) "Public question" is defined as the asking of any question, or making of a statement in relation to any item on an agenda.
- (b) Petitions may be presented on any matter within the overall remit of the combined HWB and ICP whether or not there is a relevant item on the agenda.
- (c) Each agenda shall include an item to allow public questions to be taken early in the meeting. However, the Chairman has discretion to take public questions when the relevant item is reached on the agenda.
- (d) A person wishing to raise a public question must give notice in writing or by email to the meeting administrator at least 7 days before the meeting.
- (e) The Chairman will invite those who have given prior notice to introduce their question / or make their statement. The individual may speak for up to two three minutes or longer with the Chairman's discretion.
- (f) There will be no debate on any question or statement made. They will be answered at the time or noted for consideration when the relevant agenda item is reached. The Chairman has discretion to allow a supplementary question.
- (g) The time allowed for public question time will not normally exceed twenty minutes unless the Chairman directs otherwise.
- (h) Where there are a large number of questioners on the same subject, the Chairman may ask those concerned to nominate one or more of their number to pose the appropriate question(s).
- (i) In exceptional circumstances the Chairman may adjourn the meeting temporarily to allow views to be expressed more freely.

## **8. Media Attendance and Reporting at Public Meetings**

8.1 Media are welcome to attend public meetings of the combined HWB and ICP and report on proceedings. In addition, social media journalists are welcome to record and transmit business at these meetings. This permission is subject to the activity not disrupting the business of the meeting. In the event that the meeting considers confidential or exempt business then all members of the public and press must leave the room as requested for the consideration of such business.

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 17 DECEMBER 2024 AT 2.00 PM  
IN THE COUNCIL CHAMBER, SURREY COUNTY COUNCIL,  
WOODHATCH PLACE, 11 COCKSHOT HILL, REIGATE, SURREY,  
RH2 8EF.**

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

Cabinet 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

\*Steve Bax

\*Jonathan Hulley

Members in attendance:

Cllr Trefor Hogg, Chairman of the Adults and Health Select Committee

Cllr Jeremy Webster, Vice Chairman of the Children, Families, Lifelong Learning & Culture Select Committee

Cllr Steven McCormick, Vice Chairman of the Resources and Performance Select Committee

**PART ONE  
IN PUBLIC**

**178/24 APOLOGIES FOR ABSENCE [Item 1]**

There were no apologies.

**179/24 MINUTES OF PREVIOUS MEETING: 26 NOVEMBER 2024 [Item 2]**

These were agreed as a correct record of the meeting.

### **180/24 DECLARATIONS OF INTEREST [Item 3]**

There were none.

### **181/24 PROCEDURAL MATTERS [Item 4]**

The Leader read out a statement in relation to the death of Sara Sharif in Woking.

The Leader stated that at times, members, staff and residents are faced with the toughest of circumstances and the most difficult news to digest. A moment was taken to recognise the horrendous details that had emerged regarding the unspeakably sad death of Sarah Sharif in Woking. Whilst some sense of justice could be taken that the evil perpetrators had been convicted and sentenced, the details that came out of the trial would never be forgotten. Now the trial had concluded, the local child safeguarding practice review would proceed. Partners including the police, health, social care and education, amongst others, under an independent author, would review the practice of all agencies involved with the family and identify any learning. The safety, well-being and care of children and young people was of the utmost importance to the Council. The Council would play a full and active role in the review to truly understand the wider circumstances around Sara's life and tragic death. The Council would always strive to improve how things are done and would do everything in its power to ensure the children are kept safe in the county. Any and every lesson that is learned through the local child safeguarding practice review would be acted upon.

### **182/24 MEMBERS' QUESTIONS [Item 4a]**

There were none.

### **183/24 PUBLIC QUESTIONS [Item 4b]**

There was one public question. A response from the Cabinet was published in the supplementary agenda. The questioner asked a supplementary question which was why would there routinely be a need to have additional evidence at appeals if the local authority had fulfilled their statutory duty to provide an effective assessment and process which fully identified the needs and outcomes of the children. The Cabinet Member for Children, Families and Lifelong Learning stated that the decisions being made by the Council were entirely lawful. Any tribunal decisions which overturned a Council decision did not mean that the original decision taken by the Council was unlawful. The Leader stated that the percentage of appeals that are won in whole or in part in the Council reflect the same percentage nationally which showed the system was not working for families, children and Councils.



#### **184/24 PETITIONS [Item 4c]**

There were none.

#### **185/24 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]**

There were none.

#### **186/24 REPORTS FROM SELECT COMMITTEES, TASK GROUPS AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

The Chairman of the Adults and Health Select Committee, Trefor Hogg introduced the budget recommendations from the Adults and Health Select Committee explaining that there was extraordinary pressures on the Adults Wellbeing and Health Partnerships budget which showed the net expenditure budget requirement rising by £18.5m to £524.5m in 2025-26. It was essential that the rollout of Technology Enabled Care across Surrey was encouraged to ensure better outcomes for residents. There was a recognition that changes to National Insurance and the national living wage would impact the care market and in turn impact the Council. How the Council works with the NHS needed to be factored so there is one team approach. Overall, the Select Committee felt that very strong Risk Management processes with strong independent monitoring and reporting was required to keep strict control of the risks with a focus on effective early action to correct problems.

The Leader stated that the expectation was that the increase in national insurance and the national living wage for Council employees would be reimbursed by the government but this may not extend to providers. The Government had announced £680m of additional funding into the adult social care in the budget but Surrey would get no greater than £10m of this. The majority of this would be wiped out by increased costs from providers. The Leader announced that the Government had published a white paper in relation to English devolution which sets out the government's direction of travel, which will be the first major reform of the structure of local government since 1974. The Government had requested submissions from all two tier authorities on what they believe devolution would look like. The Leader also touched upon public service reform and the council's relationship with the NHS moving forward.

The Vice Chairman of the Children, Families, Lifelong Learning and Culture Select Committee, Jeremy Webster introduced the budget report in the absence of the Select Committee Chairman. In addition to a macro level review of the children, families, lifelong learning and cultural budget, the Select Committee chose to explore early help preventive spending and the impact of proposed funding changes on the voluntary, charity and social enterprise infrastructure organisations

as its deep dive topics. The Vice-Chairman spoke on the deep dive recommendations before turning to the recommendations on the overall CFLLC budget. The committee was convinced that the value of early help improves outcomes for children and also reduces statutory demand in the long term. The Committee recommended that this spend was protected from statutory pressures. The Select Committee wanted to undertake a deep dive on voluntary sector funding but scrutiny was inhibited when a briefing on these changes promised in October was not made available to the Committee. The Committee recognised the constraints on the Councils budget and urged the Cabinet to consider any and all opportunities to extend the budget envelope proposed for the Directorate to provide further discretionary funding being ring fenced for early years funding. The Leader thanked the Vice Chairman for his update stating that the councils primary priority is to discharge its statutory functions and secondly was around investment in prevention and early intervention. He noted that there would be some additional information within the Local Government Settlement around additional funding for children's preventative services. The Leader stated that the Council had no intention to reduce frontline staff.

The Vice Chairman of the Resources and Performance Select Committee, Steven McCormick introduced the budget report and recommendations from his Select Committee stating that the Committee had conducted a meticulous and comprehensive scrutiny of the Council's budget to ensure financial sustainability and efficiency. The Select Committee challenged officers on the deliverability of efficiencies, particularly those planned for 2024/25 and had been assured of a more rigorous governance framework to hold directorates accountable for these planned efficiencies. The Select Committee also scrutinised the Council's capital expenditure, noting the conscious effort to reduce capital financing costs in the revenue budget. Risk management had also been a focal point of the Select Committees scrutiny. The Select Committee also identified significant risks, including potential funding reform, the need to deliver efficiencies, and external economic factors such as inflation and interest rates. To mitigate these risks, the Council had established robust measures, including maintaining healthy reserves and a £20 million contingency fund, to ensure financial stability. The Committee had also scrutinised the transformation programme to ensure it will deliver long-term efficiencies.

The Leader explained that the Government had announced that from 2026 onwards there would be multi year settlements. A funding review consultation on this had been launched. Funding had been set aside for adult social care but would be distributed via a funding formula which accounts for areas of high levels of deprivation. The Leader explained that this new formula would mean that the Council would not receive any funding even though there was deprivation in the county. There was also an expectation that the Council should optimise the Council Tax it raises locally which would mean that the Council would be

expected to raise Council Tax to the maximum level every year. The Leader stated that he believed that the criteria for distributing funding needed to be widened or the Council would face very challenging times ahead. The Select Committees were thanked for all their input and work into to the draft budget which was welcomed.

**RESOLVED:**

1. That the Scrutiny of the 2025/26 Draft Budget And Medium-Term Financial Strategy To 2029/30 report be noted.

**187/24 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 6]**

There were seven decisions for noting.

**RESOLVED:**

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

**188/24 CABINET MEMBER OF THE MONTH [Item 7]**

A Cabinet Member of the Month update was provided by the Cabinet Member for Highways, Transport and Economic Growth. The following key points were made:

- The Horizon Road and pavement programmes were on track with over half of the planned programme completed by the end of September, equating to 92 miles of roads and 29 miles of pavements. In addition, 24 miles of roads had been resurfaced through our patching programmes and in response to several diesel spills. In addition to our resurfacing programmes, we have also completed 39,987 pothole repairs between 1st April and 30th November.
- A comprehensive environmental maintenance plan had been developed, which includes additional flailing works, as well as the introduction of our new "Roadside Rangers", who will focus specifically on improving the visual quality of the County's highways. Initially, two Roadside Ranger teams were established, but due to the success of this initiative, it has been increased to eight crews as of 25th November 2024.
- So far this year, nearly 12m bus journeys had been made. Underpinning patronage growth is our close partnership working with bus operators, which has seen joint investment in more zero emissions buses, coupled with Council investment for better local bus services and more DDRT, alongside the application of our BSIP funding from Government to support service enhancements. The Cabinet Member announced a new funding

award of £12m for 2025/26 that will be invested in better bus services delivering the aspirations set out in our BSIP.

- The Safer Travel Team had won Team of the Year at the national Modeshift Sustainable Travel Awards for the development and roll out of the Feetfirst Child Pedestrian Training programme. In the current academic year, we are expecting to train more than 6,000 year three pupils at over 120 schools across the county; nearly half the target cohort.
- In its first year of delivery, the Surrey Careers Hub increased performance across all Gatsby Benchmarks and reached its target of 90% of schools achieving at least 3 of these nationally recognised Benchmarks.
- The Leader commented that the team had been doing a good job in proactively dealing with potholes.

**RESOLVED:**

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

**189/24 SURREY SCHOOLS AND EARLY YEARS FUNDING 2025-26 [Item 8]**

The Cabinet Member for Children, Families and Lifelong Learning explained that the report sets out the recommended funding formula principles for Surrey's mainstream schools and the early years providers for 2025/2026. The funding of all Surrey schools (including academies) and the funded entitlement to early years nursery provision are provided from the council's allocation of Dedicated Schools Grant (DSG). Each local authority is required to consult on and maintain local formula arrangements to allocate DSG to mainstream schools and early years providers. The Safety Valve agreement includes a 1% block transfer from the schools' block of the DSG to the High Needs block in each year of the five-year term of the agreement. Although schools do not have formal right of approval over the request, the Council is required to consult schools and to share the outcome with the Secretary of State. Each local authority is required to consult on and maintain those local formula arrangements to allocate the DSG to our local schools. The Council consults through the schools forum, which is a statutory body which is consulted every year on how the grant should be allocated to each school. It was explained that the report did not address pupil premium or sixth form funding as this was covered by central government.

The Leader explained that the Council was yet to receive Capital funding promised by the government to enable us to build more school facilities. This was an integral part of the safety valve agreement. The Council would continue to push for this funding.

**RESOLVED:**

1. That Cabinet notes and supports the application to the Secretary of State to transfer 1.0% (which was equivalent to £8.4m in 2024/25) from the schools' block DSG to the High Needs block DSG, as set out in the safety valve agreement with the Department for Education (DFE).
2. That the Schools Forum's formula recommendations for schools as set out in Annex 3, is approved by Cabinet; and the decisions in Annex 4 implemented, subject to any changes required to comply with the DfE provisional schools funding settlement announced on 28 November 2024<sup>3</sup>. The proposals agreed by the Schools Forum for additional funding for mainstream schools with disproportionately high incidence of special educational needs and disabilities (SEND) are agreed.
3. That the introduction of additional funding for primary schools with temporary falls in rolls is supported by Cabinet as agreed by the Schools Forum.
4. That the principles of the early years funding formula, supported by the Schools Forum, is approved by Cabinet.
5. That authority is delegated to the Director of Education and Lifelong Learning in consultation with the Executive Director of Children, Families and Lifelong Learning and the Cabinet Member for Children, Families and Lifelong Learning to approve amendments to the funding rates in the schools formula and early years funding formula, as appropriate, following receipt of the DSG settlement and DfE pupil data in December 2024. This is to ensure that total allocations to schools under this formula remain affordable within the council's DSG settlement and to meet the DfE deadline of mid-January for submission of proposed school budgets to the DfE and the expected deadline for confirmation of early years funding rates, currently expected to be 28 February 2025.

**Reasons for Decisions:**

To comply with DfE regulations requiring formal council approval of the local funding formula for Surrey's primary and secondary schools and to allow budgets for schools to be submitted to the DfE by the deadline of 22 January 2025 and funding rates for early years providers to be set by the required deadlines.

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

## **190/24 CLIMATE CHANGE PROGRESS ASSESSMENT 2023/4 [Item 9]**

The Cabinet Member for Environment introduced the report which sets out the key findings of the third annual climate change programme progress assessment since Surrey County Council declared a Climate Emergency in 2019 and the Greener Futures Climate Change Delivery Plan 2021-2025 (the Delivery Plan) was published in 2021. The Cabinet Member explained that lots of positive change had been made in supporting residents and businesses to reduce their carbon emissions in line with the net zero 2050 target. It was explained that the team had gone above and beyond to help the Council deliver against the net-zero targets as set out in the Greener Futures Climate Change Delivery Plan and should be commended for the work undertaken. There was a recognition that inflation would impact work to combat climate change. The Leader requested that the Cabinet Member for Environment write to the Leaders of District and Boroughs explaining the work that had been done to support the Delivery Plan and how they could support this work. The Cabinet Member explained that the Greener Future Partnerships had been set up with District and Boroughs to tackle climate change but there had been some struggles.

### **RESOLVED:**

1. That Cabinet continues to deliver against the net-zero targets as set out in the Greener Futures Climate Change Delivery Plan 2021-2025– noting the key recommended areas of focus.
2. That Cabinet approves bringing forward the development of the next 5-year Greener Future Climate Change Delivery Plan (2026-31), for Cabinet consideration in 2025.

### **Reasons for Decisions:**

The Delivery Plan commits to undertaking an annual assessment of progress on the plan for Cabinet. Whilst it has not changed, the progress report identifies where the council and its partners need to focus attention to address the most challenging areas and ensure the Delivery Plan is as impactful and cost effective as possible and within the resources available. The Delivery Plan is also an opportunity to identify those areas where Surrey County Council and its partners need to lobby Government. The current Delivery Plan runs up to 2025/6 which triggers a substantial review of the programme and preparation of a new Delivery Plan, setting out the actions to be delivered over the next 5 years on the council's net-zero journey.

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

## **191/24 ANNUAL PROCUREMENT FORWARD PLAN FY2025/26 [Item 10]**

The Cabinet Member for Finance and Resources introduced the report explaining that the revised Procurement and Contract Standing Orders agreed by the Council in May 2019 (and further revised in March 2023) required the preparation of an Annual Procurement Forward Plan (APFP). The APFP had been developed for 2025/26 and Cabinet was being asked to approve the plan to allow implementation of the identified procurement activity. It was explained that Annex 2 indicated upcoming projects for 2026/2027 pipeline and were for information purposes only. Under the new Procurement Legislation (Procurement Act 2023), which comes into effect on the 24 of February 2025, the Council will be required to publish a Mandatory Pipeline Notice by 26 May each year, covering a minimum of 18-month overview of planned procurements over £2M. The Leader explained that Cabinet Members had been provided with a list of procurement projects in advance of the meeting and had an opportunity to go through each in detail with officers.

### **RESOLVED:**

1. That Cabinet gives Approval to Procure for the projects listed in Annex 1 – “Annual Procurement Forward Plan for FY2025 26” 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 appropriate projects will be presented to Cabinet or the Strategic Investment Board for approval of the business case.
5. That Cabinet notes projects identified in Annex 2 “Annual Procurement Forward Plan for FY 2026/27 Pipeline” are for information only.

### **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 FY2025/26.

- 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 FY2025/26.
- To inform Cabinet of projects identified for FY2026/27.

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

## **192/24 SURREY ENVIRONMENT PARTNERSHIP AND JOINT WASTE SOLUTIONS [Item 11]**

The Cabinet Member for Property, Waste and Infrastructure introduced the report explaining that the part 1 report sets out Surrey County Council's plans for the future of some administrative and project management services currently provided on behalf of Surrey County Council by the Joint Waste Solutions team. The published report required one clarification in paragraph 12b of the report, with reference to the re-procurement of the waste collection service. This paragraph should refer should state that the four authorities are working together to consider options for the delivery of waste collection services after the expiry of the Amey contract in 2027. A number of functions were transferred to Joint Waste Solutions including project management, communications and website hosting. The current arrangement was no longer felt suitable to meet the strategic needs of Surrey County Council in reducing its exposure to policy changes, namely the extended producer responsibility scheme and the emissions trading scheme. The Council supported the concept of closer partnership working with District and Boroughs and believed this could be better secured by the Council managing activities.

The Leader stated that there had been a number of discussions about this with District and Boroughs. A number of efficiencies could be delivered by bringing the service in-house which would not negatively impact service delivery.

### **RESOLVED:**

1. That Cabinet agrees the principle of SCC bringing back the Functions and associated funding to SCC and to delegate authority to the Executive Director for Environment, Property & Growth in consultation with the Deputy Chief Executive and Executive Director of Resources and the Director of Law and Governance to take such actions and decisions as are necessary to facilitate the manner and mechanisms through which this decision can be most suitably implemented.



### Reasons for Decisions:

- Surrey County Council ('SCC') transferred several of its activities ("Functions"), to encourage better recycling, to the JWS team in 2018 through an Inter Authority Agreement. As part of the process, six full time employees of SCC staff were TUPE transferred to SHBC to undertake the Functions for JWS.
- JWS is the partnership organisation which manages a joint waste collection contract with Amey on behalf of Surrey Heath, Elmbridge, Mole Valley and Woking Councils. Surrey Heath Borough Council ("SHBC") hosts JWS and provides line management and back-office functions (e.g. HR).
- The Functions transferred include activities to encourage better recycling by Surrey residents: communications and website hosting; data gathering and interpretation; project administration and governance; processing of some payments; and encouragement of food waste collections.
- The wider Surrey Environment Partnership ("SEP") forum includes all eleven District and Boroughs ('D&Bs') as the Waste Collection Authorities ("WCA") for Surrey, and the group comes together with SCC at a number of meetings over the year. These meetings are part of the Functions and will be organised by SCC going forward if this recommendation is approved.
- The current arrangement is no longer felt suitable to meet the strategic needs of SCC in reducing its exposure to policy changes. Policy measures will have a disproportionate impact on SCC as the Waste Disposal Authority ("WDA"). To mitigate these, SCC needs to: engage with the public (communications, recycling behaviour); have access to data; and to have financial control on project expenditure.
- SCC clearly supports the concept of partnership with the D&Bs and would like to see a closer and more effective relationship with all 11 Councils. However, SCC feels that as long as the Functions and SEP administration remains subsumed within JWS (and hosted by Surrey Heath BC) then the wider strategic needs of the SCC will not be met.
- The recommendation to SCC members is to relocate the Functions back into SCC, noting that this could involve the transfer of affected staff under TUPE transfers and some reorganisation of the service. Officers believe this would allow

JWS to focus on its needs, and for SCC to mitigate its exposure to potentially very costly waste policy changes.

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

## **193/24 2024/25 MONTH 7 (OCTOBER) FINANCIAL REPORT [Item 12]**

The report was introduced by the Cabinet Member for Finance and Resources. At the end of Month 7 the Council was forecasting an overspend of £17.7m against the 2024/25 revenue budget. This was a £0.9m improvement on the M6 position. All Directorates were continuing to work on developing mitigating actions to offset forecast overspends. The Cabinet Member gave an update on the areas where there had been a forecast overspend. In addition to the forecast overspend position, emerging risks and opportunities were monitored throughout the year. Directorates have additionally identified net risks of £11.1m, consisting of quantified risks of £11.9m, offset by opportunities of £0.8m. This is an increase in net risks of £0.6m from M6. In order to ensure ongoing financial resilience, the Council held a corporate contingency budget and over recent years had re-established an appropriate level of reserves. If the contingency budget was not required in full, then any balance would be transferred to reserves to further improve financial resilience and provide funding for future investment. At Month 7, capital expenditure of £332m was forecast for 2024/25. This was £10.9m more than the re-phased budget. The overall financial picture was still challenging but the Cabinet Member was confident that expenditure was under control.

The Leader thanked staff for all their hard work and support over the year. The Leader wished everyone a peaceful Christmas and New year.

### **RESOLVED:**

1. That Cabinet notes the Council's forecast revenue 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 information and for approval of any necessary actions.

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

**194/24 EXCLUSION OF THE PUBLIC [Item 13]**

**RESOLVED:** That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

**195/24 ANNUAL PROCUREMENT FORWARD PLAN FY2025/26 [Item 14]**

A part 2 report was presented by the Cabinet Member for Finance and Resources who provided a brief update on the commercially sensitive procurement projects within the annex.

**RESOLVED:**

See Minute 190/24

**Reasons for Decisions:**

See Minute 190/24

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

**196/24 SURREY ENVIRONMENT PARTNERSHIP AND JOINT WASTE SOLUTIONS [Item 15]**

A part 2 report was presented by the Cabinet Member for Property, Waste and Infrastructure who explained that the part 2 report recommends withdrawal of the administration and project management functions carried out by Joint Waste Solutions. These functions would be brought back in house to Surrey County Council. Further details were given around the contract and impacts of the changes.

**RESOLVED:**

See Minute 191/24.

**Reasons for Decisions:**

See Minute 191/24.

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

**197/24 PUBLICITY FOR PART 2 ITEMS [Item 16]**

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

Meeting closed at 3.21 pm

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**Chairman**

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 8 JANUARY 2025 AT 2.30PM  
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 OBE (Chairman)
- \* Natalie Bramhall
- \* Clare Curran
- \* Kevin Deanus
- \* Matt Furniss
- Marisa Heath
- \* David Lewis
- \* Sinead Mooney
- \* Mark Nuti
- \* Tim Oliver OBE
- \* Denise Turner-Stewart

Deputy Cabinet Members

- \* Maureen Attewell
- \* Steve Bax
- \* Paul Deach
- \* Jonathan Hulley

Members in attendance:

Cllr Fiona Davidson, Chairman of the Children, Families, Lifelong Learning and Culture Select Committee  
Cllr Jonathan Essex, Leader of the Green Party Group  
Cllr Robert Hughes, Chairman of the Resources and Performance Select Committee  
Cllr Catherine Powell, Leader of the Residents Association/Independent Group

**PART ONE  
IN PUBLIC**

**1/25 APOLOGIES FOR ABSENCE [Item 1]**

Apologies for absence were received from Marisa Heath.

**2/25 DECLARATIONS OF INTEREST [Item 2]**

There were none.

**3/25 RESPONSE TO THE ENGLISH DEVOLUTION WHITE PAPER [Item 3]**

The report was introduced by the Leader of the Council, who noted that the Government's English Devolution White Paper, published on 16 December

2024, and the subsequent letter from the Minister for Local Government and English Devolution set a clear direction for two-tier areas to move towards establishing unitary authorities as a means of delivering devolution.

He summarised the timetable set out by the Government, whereby all two-tier authorities were asked to submit interim local government reorganisation (LGR) proposals by March 2025, with final proposals in either May 2025 or Autumn 2025 depending on whether councils were accepted onto an accelerated programme. Councils on the accelerated programme would be expected to introduce shadow unitary authorities in May 2026, which would mean the potential postponement of the May 2025 elections. Any postponement of elections would be a decision for the Government requiring the laying of secondary legislation before Parliament.

The Leader highlighted the importance of ensuring that any proposals were in the best interests of Surrey residents. This would involve considerable work with district and borough councils, as well as partners in the NHS and Surrey Police. Discussions would need to start now if we are to achieve the March deadline. It was recognised that it would be a challenge to find a solution that all partners could agree on. The situation was complicated by the issue of debt in some district and borough councils, and it was proposed that the letter to the Minister would be amended to request that the Government write off the debt of such councils.

He went on to emphasise that the timetable had been set out by Government and was not the council's choice; however, there was a necessity to engage with the Government and use leverage in order to avoid a unitary solution being imposed. Work would begin to establish a steering group and working groups with the 11 district and borough councils, and officers had already been tasked with drawing up terms of reference for these.

The Leader added that the County Council had been given the opportunity that morning to debate the report at an Extraordinary Meeting, and had voted in favour of writing to the Minister.

The Cabinet expressed their support for the recommendations. Key points raised included:

- The importance of achieving the best deal possible for Surrey.
- The inevitability of the introduction of unitary authorities, and the importance of engaging with the Government early in the process in order to maintain some control.
- Many residents would appreciate the clarity of dealing with one council for all matters as the current two-tier system could be confusing.
- The Government would consult with local residents on any proposals, and local authorities would be expected to support this process.
- The collective debt of some district and borough councils, and the reduction in their revenue streams meant that timely action was required.
- The opportunity this presented to shape the future of Surrey and ensure that residents are better off in future.
- Postponing the May 2025 elections would enable detailed proposals to be drawn up and consulted on, freeing up officer time and avoiding the restrictions of the pre-election period. Even if the election were to go

ahead, proposals would still be required by the autumn, and a newly elected cohort of councillors would be required to mobilise very quickly to prepare proposals. The current cohort of councillors had the skills, experience and knowledge of their local areas and were best placed to take the work forward.

- Misgivings around the timetable were expressed, but it was accepted that this was not the council's decision.
- Holding an Extraordinary Council to discuss this issue had been a significant step forward and it was important for residents and staff that all elected Members were given the opportunity to express their views. Although there was disagreement about the postponement of elections, there were very few dissenting voices regarding the introduction of unitary local government.
- Surrey County Council has a strong record on public engagement which it will use to support the Ministerial consultation.
- The draft letter is diligent and considerate, and sets an appropriate tone.
- Devolution provides an opportunity to take action on matters important to residents, including integrated transport, congestion, planning and housing.
- The current local government structure has hampered delivery for residents in many areas.
- The 11 district and borough councils estimate that the combined cost of running the county council elections on behalf of SCC was around £2.5 million. This cost would be incurred by SCC if the elections were to go ahead, so postponement would represent a cost saving.
- The hard work of all SCC, district and borough council staff was acknowledged. The Leader noted that the uncertainty of this situation was unhelpful for staff, and that the sooner the position could be clarified, the better.

#### **RESOLVED:**

That the Cabinet:

1. Agreed that the Leader should respond to the Government as outlined in the letter set out in Annex 2, as amended below:

“A postponement of the county elections will also allow time to give consideration in any business case to how we can best manage the unique, significant financial risk of the level of debt currently held across the Surrey local government footprint. Any proposals for local government reorganisation will need to adequately consider how to ensure the sustainable operation of any new authority/ies ~~in the absence of exceptional financial support from Government or a level of write-off~~ **and we will request the government to write off those debts.**”

#### **Reasons for decisions:**

The English Devolution White Paper presents an important opportunity for Surrey County Council to bring more expansive and flexible devolved powers and funding into the county for the benefit of residents. As such it is recommended that Cabinet agrees to respond to the Minister's letter (Annex

1) requesting the postponement of the 2025 County Council elections to allow the Surrey County Council Leader time to work with district and borough Leaders to develop a proposal for local government reform that will unlock the benefits of further devolution for Surrey.

The function of deciding whether and how to respond to the Minister's letter of 16 December 2024 is an executive function as set out in the Constitution under Responsibility for Executive Functions (Part 3), the Cabinet has the power to provide formal response to any Government White Paper "...likely to lead to policy changes or have impact upon service not otherwise delegated to officers" (Scheme of Delegation 8.2 (L)).

*(In accordance with Standing Order 56.1 (Special Urgency), the Chairman of the Resources and Performance Select Committee has agreed that the decisions on this item cannot reasonably be deferred and therefore it is not subject to call in.)*

**4/25 EXCLUSION OF THE PUBLIC [Item 4]**

There were no Part 2 items.

**5/25 PUBLICITY FOR PART 2 ITEMS [Item 5]**

There were no Part 2 items.

Meeting closed at 15:30

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**Chairman**