MINUTES of the meeting of the **RESOURCES AND PERFORMANCE SELECT COMMITTEE** held at 10.00 am on 6 December 2024 at Council Chamber, Woodhatch Place, Reigate.

These minutes are subject to confirmation by the Committee at its meeting on Wednesday, 5 February 2025.

Elected Members:

*	Nick Darby
	Tim Hall
*	David Harmer
*	Edward Hawkins
*	Robert Hughes (Chairman)
*	Riasat Khan
*	Robert King
	Andy Lynch
*	Steven McCormick (Vice-Chairman)
r	John O'Reilly
*	Lance Spencer
*	Lesley Steeds (Vice-Chairman)
*	Hazel Watson

(* =present at the meeting)
(r=remote attendance)

41/24 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

The Chairman noted apologies were from Cllr Andy Lynch, Cllr Tim Hall, and Cllr John O’Reilly was attending remotely.

42/24 MINUTES OF THE PREVIOUS MEETINGS: 18 OCTOBER 2024 [Item 2]

The minutes were **AGREED** as a true and accurate record of the previous meeting.

43/24 DECLARATIONS OF INTEREST [Item 3]

No declarations were received.

44/24 QUESTIONS AND PETITIONS [Item 4]

Witnesses:
Simon Crowther, Executive Director of Environment, Property and Growth (EPG)
Diane Wilding, Director of Land and Property

Key points raised during the discussion:

1. The Chairman raised that one member question was received from Cllr Catherine Baart, the answer to which was published as a supplement to the agenda.

2. The Chairman raised that he felt the response did not specifically answer the reason for the statement in the draft budget for EIG

relating to Land and Property, that "all individual service estate transformation projects should be stopped". The Director of Land and Property explained that no existing projects would be stopped and that projects were being sense-checked to ensure that more community and customer-based programmes were being investigated. The Chairman asked whether the statement only gave part of the picture. The Director of Land and Property confirmed, and that the statement meant a review of all the current programmes.

3. The Executive Director of Environment, Property and Growth (EPG) added that the 2019 Asset and Place Strategy contained a direction to minimise the adoption or maintenance of single-use assets, meaning that Land and Property was seeking to identify opportunities to bring services together in fewer locations and minimise or optimise the Council's overall estate size, which could also reduce its carbon footprint. Land and Property were not seeking to impact the overall and agreed capital programmes.

4. A member asked when an updated Asset and Place Strategy could be expected. The Director of Land and Property explained that the Strategy was originally designed to cover up until 2025 and that the Strategy was always being reassessed, and ongoing improvements being made, which could be clarified in an update to the committee. The Executive Director of EPG added that the Land and Property team had a site-specific strategy for every property and that, by 2025, these could be aggregated to provide a picture of the current situation and what the picture by 2030 may look like.

5. The Vice-chairman requested that the Asset and Place Strategy be added to the Committee's Forward Work Programme. The Executive Director of EPG stated that an update regarding what had been achieved against the current Asset and Place Strategy (2019) could be provided as part of this.

Actions/requests for further information:

- The Scrutiny Officer to investigate adding consideration of the Asset and Place Strategy to the committee's Forward Work Programme.

45/24 CABINET RESPONSE TO SELECT COMMITTEE RECOMMENDATIONS [Item 5]

1. The Committee **NOTED** the Cabinet response to the Select Committee's recommendations.

2. The Vice-chairman brought attention to the Cabinet's response to the select committee's 'Workforce Costs' Deep Dive recommendation that '*[The select committee] recommends the model behind the Organisational Design Principles as well as their upcoming review*'. The Vice-chairman noted that information shared with the committee was a set of principles that detailed the number of 'spans and layers' proposed for the council workforce, though felt that it was not clear what updates to the organisation had been made and if all aspects of this organisation model were fully completed and implemented. The Vice-chairman requested clarification on these points at an upcoming

Forward Work Programme meeting with officers and Cabinet Members.

46/24 SCRUTINY OF 2025/26 DRAFT BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2029/30 [Item 6]

Witnesses:
David Lewis, Cabinet Member for Finance and Resources
Denise Turner-Stewart, Cabinet Member for Customer and Communities
Andy Brown, Deputy Chief Executive and Executive Director of Resources
Rachel Wigley, Director of Finance Insights and Performance
Nicola O'Connor, Strategic Finance Business Partner (Corporate)
Louise Lawson, Strategic Finance Business Partner for Resources, Land and Property and Economy and Growth
Adam Whittaker, Principal Strategy and Policy Lead
Liz Mills, Strategic Director of Customer Service Transformation
Simon Crowther, Interim Executive Director of Environment, Property and Growth (EPG)
Diane Wilding, Director of Land and Property

Key points raised during the discussion:

Prior to the discussion the Cabinet Member for Finance and Resources and Officers provided a slide presentation on the Draft Budget 2025/26 and Medium-Term Financial Strategy to 2029/30 (See Item 6 in the agenda, pages 27-38)

1. The Chairman asked if officers wanted to add anything further about rate retention levels. The Strategic Finance Business Partner (Corporate) outlined that council tax collection rates were informed by information from boroughs and districts. The collection rate was forecasted at 98.5% in the draft budget, and council tax growth was assumed at about 0.95%. In terms of business rates, upper tier authorities retained 10% of collections, they added, also noting that relief and additional business rate grants set by central government were also received.

2. The Vice-chairman requested more detail on how the £17.7 million (m) budget gap for 2025/26 would be closed, particularly regarding restructuring and staffing reductions. The Director of Finance Insights and Performance explained that the options included possible additional Government funding, finding efficiencies and driving down pressures, a council tax increase and the possible use of reserves for one-off expenditure. Opportunities from the Organisational Redesign programme were being explored. It was also noted that joining services together is being reviewed where possible, and that a recruitment and retention programme is also in place.

3. The Vice-chairman echoed officers' statement in the presentation that every 1% rise in council tax generates ~£9m in revenue and referred to the proposal of a 2% Adult Social Care Precept to cover the budget gap, in addition to the 2.99% Council Tax increase already assumed in the draft budget, giving a total proposed increase of 4.99%. The Vice-chairman asked for assurance that other options would be assessed

before considering a council tax increase. The Executive Director of Resources noted that the council was likely to receive less formula funding than previous years, with any redistribution to be considered via a methodology weighted through tax bases and deprivation, and that funding would likely move more significantly towards metropolitan areas, effectively forcing councils in areas such as Surrey to raise rates of council tax. One area of concern is employer National Insurance Contributions (NICs), noting that the council was informed that these would be funded directly for costs associated with SCC staff, though the level of grant was unknown and council's suppliers would still be impacted. He noted that the exact cost of this was not yet known. The Council's Corporate Leadership Team (CLT) was regularly considering how to drive additional efficiencies such as Full-Time Equivalent (FTE) reductions through organisational redesign, as well as how to reduce pressures. The focus on how to best contain the cost was also referenced, with the budget increasing by £108m as well as needing to deliver £57m in efficiencies.

4. A member asked whether the £57m of identified efficiencies to help close the budget gap are considered achievable. The Director of Finance Insights and Performance explained that delivery plans were expected to be in place for each of the identified efficiencies, as were mitigations for any risks highlighted, although it was accepted that the delivery of efficiencies could be difficult. Directorates had signed up to the efficiencies and a thorough review was undertaken by the select committees, she added.

5. The member was concerned that there was no certainty that the identified efficiencies are deliverable as there are still risks in the delivery plans. The member noted that some efficiencies proposed for 2024/25 proved to be undeliverable and were being pushed into 2025/26 and asked if the risk of efficiencies not being delivered was greater for 2025/26. The Director of Finance Insights and Performance noted it was getting increasingly difficult, which is why the Transformation Programme and Organisational Redesign is in place, as well as budget accountability statements and efficiency delivery plans. Where efficiencies were proved to be undeliverable, services were expected to look at alternatives and mitigations, she added.

6. The Vice-chairman asked if delivery plans were in place for the unachieved efficiencies from previous years, or if the delivery plans constituted a change in approach. The Vice-chairman asked how the committee could be assured of accountability around the achievability of identified efficiencies and what happened if they were not achieved. The Director of Finance Insights and Performance explained there was always an expectation that each efficiency would have a delivery plan, but it was now mandatory and being more rigorously enforced. Budget accountability statements had been in place since 2019, she added, which each directorate lead had signed to agree that their service would be delivered within the agreed budget. She clarified that, where this was not possible, directorates needed to find mitigations, and that some instances of overspend were out of the control of the service, such as those facing increased demand, which is why reserves are in place as a last resort.

7. The Vice-chairman asked for clarification around the delivery plans for previous years' efficiencies, and if the plans had been in place but not enforced. The Director of Finance Insights and Performance explained the expectation was for plans to be enforced but this was not necessarily done for all efficiencies in previous years and that a full plan was now being put in place. The 2024/25 budget monitoring report conveyed that the council had overachieved on some efficiencies, which was part of the mitigations. The Vice-chairman noted that there may be lessons to be learnt from previous years' efficiency plans, such as in cases where the savings were not achieved and asked if the budget accountability statements had previously been enforced. The Director of Finance Insights and Performance explained that budget accountability statements had been in place since 2019 and that 100% of them had been signed each year.

8. Regarding the delivery of efficiencies, the Cabinet Member for Finance and Resources noted that efficiencies in the draft budget had not been imposed on the organisation but were in fact devised and offered by the directorates. He suggested that it would perhaps be more insightful to consider the deliverability of specific efficiencies through the other select committees where they were under a specific service area not relating to Resources and Performance.

9. The Executive Director of Resources added that lessons could be learned from the past but suggested there was more value in considering how the council would enforce the efficiencies and delivery plans for 2025/26. Part of the final budget proposals involved considering the proposed savings and examining how directorates have RAG (Red-Amber-Green) rated them in terms of deliverability, interdependencies and risks. The budget was based on best the estimates available at the time of writing, they noted, before clarifying that there was oversight from the organisation where efficiencies were not being delivered.

10. Regarding changes to NICs, the Chairman asked how the council would mitigate the impacts this would have on contracted services, particularly from smaller organisations and charities. The Strategic Finance Business Partner (Corporate) explained that the government announced that local authorities would be reimbursed for this, but it was not yet known how the reimbursement would be calculated or allocated. The reimbursement was not extended to the council's providers, so price pressures are expected which are not currently built into the draft budget position. It was also noted that contract inflation was built into the draft budget, but it was not the council's responsibility to ensure that all providers are reimbursed for NIC costs.

11. The Chairman asked to what extent contract inflation was built into the draft budget. The Strategic Finance Business Partner (Corporate) explained there was a corporate non-pay inflation assumption of 2%, which is to be used when no further detail is available. Directorates built in contract inflation based on the terms and conditions of specific contracts and other market knowledge, she said.

12. Regarding the 2025/26 equality analysis, the Vice-chairman noted the concerns and themes of mitigations raised and asked if there were any further areas identified by residents, particularly regarding special educational needs and disabilities (SEND). The Vice-chairman also asked how the committee could be reassured that residents would be sufficiently protected by mitigations undertaken. The Principal Strategy and Policy Lead explained that the themes captured in the budget slides were positioned as cross-cutting, coming from multiple different equality analyses, including some relating to SEND. There was more work to do in line with the delivery of the efficiencies to further consult and engage residents, they said - an example of where this would be applied in practice was the Customer Transformation Programme, which had a commitment within its full impact assessment to Cabinet to ensure that people with protected characteristics would be consulted and involved in the testing of any new aspects of this programme.

13. The Vice-chairman asked if there could be a consistent approach towards completion of the Equality Impact Assessments and the templates used. The Principal Strategy and Policy Lead explained that officers were encouraged to use a consistent template.

14. Regarding the Fair Funding Review, the Vice-chairman asked if 'what-if' modelling had been undertaken. The Strategic Finance Business Partner (Corporate) explained that the new government had reaffirmed commitment to review the assessment of needs and funding reform, and that consultation on this issue was expected during 2025, and it was anticipated to impact from 2026/27. The policy statement gave the best indication so far in terms of intentions and considerations of the government relating to the funding reform, which was targeting areas of deprivation and lower tax bases, though it was likely that the council would see a significant reduction in its government funding through fair funding reform, they noted. They also clarified that, for the 2025/26 budget setting process, the Council had an independent review of the medium-term funding assumptions which helped to model several different scenarios, and that a level and timing of potential transitional funding from the government would be key to help smooth the impact of any loss on the Council's funding.

Finance & Corporate Services

15. The Vice-chairman asked for clarification regarding how the combination of the Finance and Corporate Services (FCS) and Customer, Digital and Change (CDC) directorates had affected those area's budgets and the overall 2025/26 council budget. The Vice-chairman also asked how the planed work of FCS and CDC would be funded across the medium term. The Executive Director of Resources explained there was no impact apart from a small saving resulting from the changes in the CLT restructure - the budgets that were under FCS and CDC had been consolidated and retitled 'Resources'. Proposals for next year's budget and the medium-term financial strategy (MTFS) would be funded the same as other services were, through council tax and government grants, he added.

16. The Vice-chairman asked about the rationale for combining FCS and CDC if there were little or no efficiencies created by the change. The Executive Director of Resources clarified that there was no immediate financial impact of combining the directorates, but that there would be future efficiencies made not only within Resources, but across the wider council due to the core functions that Resources provides, such as finance, procurement and communications.

17. In reference to slide 25 of the presentation, which showed that income inflation was expected to fall markedly from 2025/26 and remain lower for the remainder of the medium term, a member asked about the reasoning for this assumption, how robust the assumption was, and how the exact figures were calculated. The Strategic Finance Business Partner for Resources, Land and Property and Economy and Growth clarified this was an error and would be corrected in the final budget. The net impact was around £20,000.

18. The Chairman asked whether the inflation forecasts used were provided by the Treasury. The Strategic Finance Business Partner for Resources, Land and Property and Economy and Growth explained that the inflation levels estimated were corporate assumptions specific to local government, 2% for pay and, from 2026/27, 2% for non-pay, also.

19. Regarding slide 8, the Vice-chairman asked if the proposed efficiencies in staff reductions of £1.2m had all been identified and signed-off on as part of the budget accountability statements and efficiency plans. The Executive Director of Resources explained this was not the case because there is an HR process to complete regarding the restructure plans. There was a target and a discussion taking place, they said, but a consultation with staff affected by the efficiency was needed.

20. Regarding capital financing costs in the revenue budget, the Vice-chairman stated that there appeared to be a proposed reduction in the latest iteration of the capital programme. The Vice-chairman asked if the council was seeking to increase the capital expenditure in future years and asked how this affected the overall attitude to the investment and risk strategy in the capital programme. The Strategic Finance Business Partner (Corporate) explained that the council was consciously trying to reduce the cost of capital investment. Several years ago, it was recognised that the council's capital spend was quite low and was therefore underinvesting in some of its asset base. Therefore, there was a conscious drive to spend more capital to increase the quality of the asset base in the short-term, then eventually reduce spending again. This choice is thus in line with the council's original approach, she noted, before stating that there was now a high cost of capital, and the council needed to become accustomed to lower capital spending in comparison with the last few years. She explained that the review of the capital programme had focussed on statutory requirements and capital investment that generated ongoing revenue and efficiencies, and that borrowing and investment strategy risk was included within an annual capital

investment treasury management strategy, which the committee would have an opportunity to review.

21. A member raised concern around how the council was lowering capital spend and asked if it was because some of the capital items had been fully paid and was therefore dropping off the capital programme, or if the council was perhaps expecting rates to reduce. The Strategic Finance Business Partner (Corporate) clarified that the capital financing costs over the medium term are increasing every year, though less than before the council reviewed the capital programme. There are some borrowing costs that fell off as loans reached the end of their terms, and the council made assumptions around interest rates which are informed by market insight. She stated that interest rates are expected to fall over the next 12 months, but not by as much as was assumed 6 months ago, and not by a rate comparable to that at which they increased. The reduction was a reduction in the rate of increase, as opposed to an absolute reduction overall. They assured members that a very significant capital programme is still planned, which includes increased revenue costs associated with the borrowing to fund this – officers are simply trying to manage the steepness of this increase because of the direct impact it exerts on the revenue budget.

22. A member asked how the risk profile of this budget would be characterised, which risks caused the greatest concern and would be most likely to threaten the sustainability of the council's budget and financial position if they materialised, and how confident the officers were that robust plans were in place to mitigate these risks, and if evidence could be provided for this confidence. The member also noted that the risks could be in the form of unforeseen demand, an inability to realise identified efficiencies, or other external factors. The Executive Director of Resources stated that the council was in a relatively good financial position compared to the rest of the local government sector, though that there is still significant risk. He confirmed that he would draw out these risks in his Section 25 statement as part of the final budget proposals, noting that funding reform and associated potential loss of funding present a risk. He highlighted the need to deliver the current £57m of efficiencies and that these may increase, as well as the need to deal with overspends and demand and that there are areas outside the council's control, such as potential government policy changes. Normally, the council would receive a New Burdens Grant, but these were usually not enough to deal with the cost of that policy change, he noted. The economic situation and uncertainty, such as with inflation and interest rates, would potentially impact the council. The Dedicated Schools Grant and High Needs Block 'Safety Valve' Agreement and its delivery also present significant risks, he explained, before noting that there is current uncertainty around the override which could be removed on 31st March 2026, which had to be considered in the setting of the 2025/26 budget, though it was hoped that the override would be extended.

23. In terms of mitigations, the Executive Director of Resources explained that work had been done concerning the level of the council's reserves. The council needed to avoid using reserves to fund ongoing

spend, he stated, noting that the council would have more focussed oversight from leadership on the delivery of savings for 2025/26, including greater discipline around holding directors to account, ensuring efficiencies were being delivered and necessary interventions taken if savings are found not to be being delivered, in addition to regular budget monitoring. He reiterated that the Customer Transformation Programme is an enabler of efficiencies and that there is collective responsibility and accountability for savings' delivery among directors, which is also being improved through the Finance Academy. He then referred to the fact that the council holds a General Fund to deal with financial shocks and that an offsetting reserve is held, which is currently equal to the anticipated deficit outlined in the 'Safety Valve' Agreement. The risk was that the council did not hold to the 'Safety Valve' agreement, which would mean that the deficit would grow and need to be dealt with in future financial years.

24. The Cabinet Member for Finance and Resources noted that a £20m unallocated contingency was included in the budget. Despite challenges and pressures in the last few years, the council has managed to remain within budget. This historical performance should provide some reassurance, he said.

25. A member asked if there are any further monies set aside for contingencies and asked for further clarification regarding the £20m contingency in the budget. The Executive Director of Resources noted again the £20m contingency already built into the budget, and stated there would be a change in this approach in the final budget proposals in an effort to move the council towards a more sustainable position. There are linkages to how transformation would continue to be funded in the future, he added, where there was a chance to transition to a strategy of one-off funding for one-off activity that will deliver efficiencies or outcomes. He clarified that there was no 'back pocket' of money set aside, but centrally held budgets for difficult to forecast expense, such as budgets held for severance costs and redundancies.

26. The Vice-chairman asked if there was confidence that the budget could be balanced without the use of reserves and asked about the possibility of the £20m contingency being seen and used unhelpfully as a 'backstop'. The Executive Director of Resources explained that using reserves to balance the budget is an option, but that the council was not planning to use reserves to fund ongoing spend, though the budget proposals include proposals to draw on reserves to fund activity such as transformation. In terms of the final budget proposals, the risk assessment would be used to see what the level of General Fund reserves should be. In terms of the £20m budget contingency, it was changing to what is effectively a contribution to reserves to enable the future funding of transformation, he said. With this, there was greater importance to delivering efficiencies in-year, as services will be expected to deliver a balanced budget and not draw on the £20m contingency reserve, he added. However, it would still be there as a 'backstop' and therefore if services did overspend or certain efficiencies were not delivered, the £20m contingency reserve would need to be drawn on.

Customer, Digital & Change

27. The Cabinet Member for Customer and Communities raised the importance of the committee not just looking at the costs and savings of the Customer Transformation Programme, but also the returns on investment and improvements it is expected to deliver. The imperatives of the programme were to put the customer at the centre, she added, before referencing the monthly Cabinet check-ins on the progress of the programme and that the Full Business Case will come before this select committee in February. The Cabinet Member shared successes achieved thus far, including trials in the Locality Hub, enhanced centre management in the Merstham Hub, extended Digital Inclusion work in Walton Library, development of the Community function team in North Guildford, the Customer and Solutions Hub website improving self-service, and improvements to the issuance of Blue Badges. She also referred to the fact that 'FixMyStreet' had gone live and that an 80% satisfaction rate had been received for this service through the 'Happy Or Not' survey.

28. The Chairman raised the fact that the Customer Transformation Programme required a draw down of £3.4m from reserves in 2024/25, totalling a requirement of £11m this year. The Chairman asked what the projected cost of the wider transformation programme was, and over what period the projected savings and improvements would be delivered. The Strategic Director of Customer Service Transformation explained that the £11m was from the one-off reserve spending approach, in addition to this there was £12.1m worth of expenditure built into the medium-term financial strategy. This is the total investment required this year for delivery, with £4.8m of ongoing efficiencies expected this year, in addition to around £25m worth of cost containment relating to the 'Safety Valve' Agreement and Additional Needs and Disabilities. It was expected that the benefits of the whole transformation programme would build over the medium term, they added, before noting that for 2025/26, £5.5m worth of efficiencies has been factored in, relating to the Organisational Redesign. In relation to the major parts of the Transformation Programme, £8m was being invested into the Adults programme through to 2026/27 and built-in efficiencies of £83m will be delivered over that period. Additionally, for Children's Additional Needs and Disabilities, £11m is being factored in and over the period £114m of efficiencies linked to the cost containment are expected.

29. A member asked how the Full Business Case would assure the committee that the costs of transformation are proportionate to projected savings, and asked whether officers could assure the committee that the proposals provided return on investment throughout the rest of the medium term. The Strategic Director of Customer Service Transformation explained that the Full Business Case would return to the committee to ensure members are fully sighted on its proposals, that there had been one internal process for approval of the initial draw down of funding and there would be the second internal stage gate review process which would continue to scrutinise the investment and the benefits. The Customer Transformation Programme had been reviewed, they added, which included ensuring that the lessons learned were preserved. They then

referred to the Transformation Board chaired by the Chief Executive, which takes monthly reports on the programme's progress, and the way that the business case was being delivered. Updates would also be provided at Informal Cabinet meetings, they noted.

30. The Vice-chairman asked what the justification was for using a £3.4m draw down of reserves for the Customer Transformation Programme. The Strategic Director of Customer Service Transformation explained that the business case contained a range of required investments to deliver the programme, none of which would translate into base budget requests or requirements, that benefits may be seen in the base budget, and that the MTFS would demonstrate this over time. Those types of investments were in things such as the expenditure to upgrade and review the website, upgrading the Customer Relationship Management technology and the technologies required to support and automate processes to support project activity, personnel changes to draw teams together and drive through benefits, and activities intended to redesign processes & customer journeys. They confirmed that these were not things that would carry forward into business-as-usual operational activity and were only one-off activities.

31. A member referred to an £8m investment into Adult Social Care which would lead to savings of £83m, and an £11m investment into Children's Services, with expected savings of £114m. The member asked if these figures were built into the MTFS. The Strategic Director of Customer Service Transformation confirmed that they are.

Land & Property

32. A member asked for clarification around the upcoming combination of the Environment, Property & Growth (EPG) and Highways, Infrastructure & Planning (HIP) directorates, how this could contribute to a better experience for residents, and how the directorates would continue to carry out their duties. The Interim Executive Director of EPG explained that the previous directorate was named 'Environment, Transport and Infrastructure', which took on two additional teams in December 2023 with the arrival of Land & Property and Economy and Growth. This directorate became known as EIG. This was established in December 2023, in addition to ETI. They explained that two Interim Executive Directors were appointed in July 2024, with one covering both the Environment, Property & Waste, and Economy and Growth teams, and another responsible for the Highways, Planning, Major Infrastructure Projects and Business Support teams. Operationally, the two directorates function as one and operational activities continue in tandem - the scope of the directorate has not changed since December 2023. Therefore, there should be no impact on residents from these changes, and the plan to deliver the services was not influenced by the interim changes, they added. Opportunities to restructure as a new directorate that were not taken forward from December 2023 are being reconsidered, they confirmed.

33. The member asked how the combining of directorates would help and improve the services, noting that a visible improvement was desired. The Interim Executive Director of EPG explained that means

transforming the directorate into one are being reviewed alongside how accountabilities could be realigned within the directorate in order to be more effective – this prioritises the alignment and consistency of accountabilities across the leadership team in an effort to ensure a logical structure, with functions focusing on delivery, ensuring recognition of the different skills sets across the team and co-locating them where it is rational and coherent to do so. They explained that the team are therefore considering internal means of transforming the leadership team and making the service offerings more coherent, though there are some areas that require transformation. Land and Property went through a transformation exercise in the last 18 months, they noted, and the Economy and Growth team is currently restructuring. They also referred to plans to bring together other teams under a combined environment and planning function.

34. A member asked about Land and Property's capital receipts expectations. The Interim Executive Director of EPG explained the target for capital receipts that was set in the Asset and Place Strategy was to deliver £150m of capital receipts by 2030, and between 2019 and 2024 they have met this target - there is also a plan/allocation within the MTFS to deliver £46m of receipts in the next two years. Land & Property will therefore exceed the £150m target that was put in place in 2019.

35. The member referred to a Cabinet report for a specific property disposal and asked for further information regarding the offers and decision taken. The Director of Land and Property explained she would need to look at the specific example to comment and report back to the select committee. The Executive Director of Resources raised the fact that the report the member was referring to is a Part 2, exempt paper and suggested dealing with the discussion outside of this meeting.

36. The Interim Executive Director of EPG, in response to the member, explained that there is an overall target for disposals of £46m over three years.

37. In reference to slide 3 of the presentation which referred to "Place and communities support to improve outcomes for residents", a member asked if officers could explain what this meant and provide some examples. The member also asked what impact this had for residents and what costs were associated with these forms of support. The Interim Executive Director of EPG explained that this included many different types of activity and initiatives. For example, some of their hub schemes where new premises were established or existing ones refurbished, where they would co-locate services into a new or refurbished building, property-led/-enabled outcomes, for example in Weybridge, Staines and Merstham. The Strategic Director of Customer Transformation added that, under this piece of work they were also drawing together a wide range of existing activity, for example towns and villages work, the community activity team and work under the Customer Transformation Programme relating to the hubs being developed under the council's library infrastructure. All of this is intended to maximise the use of resources and space,

equipping staff to be capable of helping communities more than at present, she said.

38. A member asked about the maintenance and ongoing revenue spending on property and asked whether this was reducing. The member noted that they felt the disposal of properties should bring a corresponding reduction in revenue spend, and he had not seen this reflected in the figures. The Director of Land and Property explained that the maintenance backlog was extensive and that there was an imperative to reduce the estate. The disposal programme was fast-paced and would continue, he said, before noting that, all vacant properties that were held for strategic and operational purposes were being reviewed to ensure that they are being held for sufficiently good reason as security costs, maintenance costs and backlogs were a pressure in Land and Property. Disposals and amalgamation of properties would be progressed at speed next year due to the revenue pressures, she added.

39. The Vice-chairman asked about the size of the maintenance backlog, in both monetary and property terms, and when it could be reviewed. The Director of Land and Property explained that the Land and Property team were due to receive the condition and life cycle reports from strategic partner Macro, who would also advise on the required maintenance work across the estate. Once this was received, they said, the team would clarify the most serious maintenance works requiring delivery. They explained that their maintenance programme was currently £30m per year, that capital spend was split between schools and operational non-school properties, and that a programme was being undertaken on community schools - re-roofing, replacing classrooms, and more. Once the condition and life cycle reports were received, an accurate account of what needs to be done and which properties would be held in the future could be provided, and this could be shared with the select committee once it has been assessed the financial obligations of the council clarified.

40. The Vice-chairman asked where he could find previous reports on the council’s maintenance backlog. The Director of Land and Property stated the reports from 2019 and 2021 could be shared with members, though the information was not as in-depth as desired, which is why the council commissioned Macro to provide a full report on the estate’s lifecycle conditions, in particular.

41. The Vice-chairman requested to see the internal report and suggested it to be added to the committee’s Forward Work Programme. The Vice-chairman expressed concern that there had not been an internal report since 2021.

42. A member raised that they felt it is important to understand how great the scale of capital maintenance was and how it was growing or declining over time, as well as what was anticipated in the next few years. The Director of Land and Property explained that this is a priority for Land and Property. They are assessing every building in terms of its efficiency, condition and future use, they said, noting that some of these portfolios and buildings are being considered for disposal, and that the team seek out modernised buildings where the

maintenance backlogs are less substantial. It was noted that they had increased the investment and are proactive in monitoring Asset Management Plans for each building so that they fully understand its life cycle and whether it is fit for purpose. This information could be supplied, she said.

43. Regarding the reason why the maintenance report was not updated last year, it was clarified that the team had to deal with the priority issues of RAAC and asbestos, which caused delay in the life cycle and maintenance surveys.

44. A member asked about the relationship between different services and the Land and Property team. The Director of Land and Property explained that services were asked what their requirements and needs were for the estate, which are fully considered by the Land and Property team, with an options appraisal then carried out, which was then reported back to the service. It was intertwined with the MTFS and funding supplied for different projects, they said. Land and Property try to cover the needs of the service but must be realistic in terms of the options available, the estate and the cost. The Interim Executive Director of EPG stated that the relationship between services and Land and Property was a client-provider relationship, and that Land and Property has to operate as a corporate landlord while also supporting the services.

RESOLVED:

1. The Select Committee welcomes the council's work to deliver a balanced budget in an extremely challenging financial context through aligning revenue budgets, capital investment and transformation plans within both Directorates and the organisation and recommends that this integrated approach continues to be employed in future years.

2. The select committee appreciates the importance of ensuring continued financial resilience to protect services for residents and the important progress made to close the budget gap to the remaining £17.4m, but recognises that the Council will need to make difficult decisions to close the gap that is likely to continue to grow over the remainder of the medium term.

3. The select committee welcomes the completion of Equality Impact Assessments for proposed budget efficiencies. The Committee notes that they are in different stages of completion and that further work is required to fully complete them to a high and consistent standard (using the agreed template and process). **The select committee recommends that this continues to be assessed as part of its work overseeing Equalities & Diversity.**

4. The select committee welcomes the reduced capital financing costs in the revenue budget, but **voices concerns about the deliverability of the scale of the remaining capital programme, and risks that this may therefore pose** to key priority areas of investment.

5. The select committee endorses the council's attitude to risk and the budget's risk profile, and **recommends that work continues to**

revise overall risk downward across the medium term (recognising the work of the Audit and Governance Committee to monitor risk). The Committee notes the significant risk associated with <u>transformation programmes</u> and has continued concerns about siloed working and effective governance and oversight across the programmes at the heart of the Council's efficiencies savings (noting the experience with MySurrey) and urges the S151 officer to prioritise focus in this area.

6. **Accountability for delivery of efficiencies:** The Committee supports the additional focus on good governance and <u>increased oversight of the delivery of savings</u> through implementation of efficiency delivery plans and robust monitoring to hold directorates to account; and looks forward to reviewing the success of this approach.

7. **The Committee notes concern about the Maintenance backlog and requests to review past and current maintenance reports in more detail.** *(Possibly via a Task & Finish Exercise)*

Actions/requests for further information:

- Officers to provide delivery plans for the planned budget efficiencies of previous years that were not achieved.

- The Principal Strategy and Policy Lead to provide information clarifying the consistency of approach in the formatting and completion of Equality Impact Assessments used at different project stages, and where there may be any scope for additional improvement.

47/24 FORWARD WORK PROGRAMME AND RECOMMENDATION TRACKER [Item 7]

1. The Chairman raised that the 'Customer Transformation Programme Update' was on the Forward Work Programme for the select committee's February 2025 meeting, and there were discussions around what else would be added for that meeting.

2. Reference was made to bringing a paper on the *MySurrey*/Unit 4 Stabilisation Board work to that meeting of the select committee.

3. The Cabinet Member for Finance and Resources stated that the Audit and Governance Committee had asked for a report to be produced around *MySurrey* in January, and that the committee should be careful to not duplicate this effort.

4. The Committee **NOTED** the Recommendations and Actions Tracker.

48/24 DATE OF THE NEXT MEETING [Item 8]

The Chairman noted the date of the next meeting was 5 February 2025.

Meeting ended at: 12.25 pm

Chairman