

**SURREY COUNTY COUNCIL****CABINET****DATE: 25 MARCH 2014****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER AND DEPUTY DIRECTOR FOR BUSINESS SERVICES****SUBJECT: MEDIUM TERM FINANCIAL PLAN 2014 TO 2019****SUMMARY OF ISSUE:**

The council set its budget envelope and council tax precept for the 2014/15 financial year on 11 February 2014. At the same time, the council also refreshed its Corporate Strategy 2014-19. Concurrently, the council also approved indicative budgets for the following four years, 2015/16 to 2018/19. This report now presents the detailed service revenue and capital budgets for 2014/15 and indicative budgets for the following four year period. After approval by the cabinet, the detailed budgets will be published as the 2014-19 Medium Term Financial Plan on the council's website. This will enable users to either view budget details interactively on-line, or access a hard copy of relevant sections by request.

This report also provides an update on the impact of the Final Local Government Financial Settlement (announced on 5 February 2014) and other subsequent Government announcements on grants, as well as the fees & charges to be levied for the use of council services during 2014/15.

The report also includes the proposals for directorates' proposals to support the delivery of the refreshed Corporate Strategy 2014-19.

The Leadership Risk Register, at the end of February, is also presented to the cabinet in this report for information.

**RECOMMENDATIONS:**

It is recommended that Cabinet:

1. approves the proposals for directorates' contributions to deliver the Corporate Strategy 2014-19.(Annex 1)
2. approves the detailed service revenue and capital budgets for the years 2014/15 and indicative budgets for 2015-19, including amendments resulting from the Final Local Government Financial Settlement and other Government funding changes announced after the 2014/15 budget was approved in February 2014; (Annex 2)
3. approves the publication of the service revenue and capital budgets as the 2014-19 Medium Term Financial Plan

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4. endorses the fees & charges approved under delegated powers and approves other fee and charge proposals (Annex 3)
  5. notes the work underway to secure the savings allocated to Adults Social Care in each year of the MTFP period. (Para 9)
  6. notes the requirement to re-profile the Adult Social Care savings across the period (Para 9) and approves the use of unused provisions and reserves to support that requirement:
    - a. the reduction of the council's potential loss on its investment in two Icelandic banks, leads to a reduction in the required reserve of £1.0m (Para 12)
    - b. the settling of the council's Mutual Municipal Insurance liability in late February 2014 leads to the release of £3.3m from the Insurance Reserve (Para 13)
    - c. the use of £5.4m from the Budget Equalisation Reserve (Para 14)
    - d. the use of £4.3m from the Economic Downturn Reserve (Para 14)
  7. receives a report in July 2014 on the detailed savings programme following a further review by the Chief Executive and Chief Financial Officer
  8. receives a report in July 2014 on the impact of the severe weather on services work programmes and the council's revenue and capital budgets
  9. notes the Leadership risk register (Annex 4)
  10. notes the Equality Impact Assessment of the savings proposals within the Directorate and service budgets. (Annex 5)

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

The 2014–19 MTFP is a five year budget that is aligned to the corporate strategy. It reflects assumptions about the current local and national financial, economic and political environment. Regular reporting through the year will enable progress to be effectively tracked and managed.

The Corporate Strategy 2014-19 sets out the council's key priorities, which are supported by contributions from each directorate to ensure the Council delivers great value to Surrey residents.

#### **DETAILS:**

##### **Corporate Strategy**

1. Each of the Council's Directorates has revised and updated a one-side document setting out its vision, objectives and priorities. These will demonstrate how they will support the delivery of the *Confident in our future*, Corporate Strategy 2014-19. As part of the Council's performance management arrangements, Strategic Directors and Cabinet Members will ensure that robust plans, personal objectives and tracking arrangements are in place to deliver the Strategies.

## Medium Term Financial Plan – Revenue Budget

2. The Medium Term Financial Plan 2014-19 (MTFP) identifies the resources required to achieve the objectives of the corporate strategy. The cabinet approved the indicative five year revenue and capital budgets on 4 February 2014. Following this, the Full County Council approved the 2014/15 budget envelope and set the council tax precept for that year. The MTFP, which is included as Annex 1, now provides the detail service revenue and capital budgets following further scrutiny during February and March 2014 through Select Committees. It also includes other changes due to further government announcements on grant funding.
3. The MTFP (2014-19) is based on the funding for Surrey County Council that the Government announced in the Final Local Government Financial Settlement for 2014/15 and the illustrative settlement for 2015/16, on 5 February 2014. The budget planning process has made assumptions on business rates and other government grants for 2015/16 onwards based upon projections of economic activity and central government spending forecasts from a variety of government and other established economic institutions.
4. In the autumn of 2013, the Government announced a fourth year of Council Tax Freeze Grant for those local authorities that froze or reduced their council tax from the 2013/14 levels. The grant offered is equivalent to a 1% rise and is payable for two years. In the Final Local Government Financial Settlement for 2014/15, the Secretary of State of Communities & Local Government confirmed the threshold for excessive council tax rises that would require a local referendum as being 2% or more for 2014/15.
5. Following due challenge, scrutiny and deliberation, the Full County Council approved a below inflation council tax rise of 1.99% for 2014/15 on 11 February 2014. This was in line with the council's strategy of taking a long term approach to assuring the financial resilience of the council at the same time as balancing the interests of local council tax payers with the users of local council provided services. For the remaining years of the MTFP, the council adopted the assumption of annual council tax rises of 1.99%.
6. The previous Medium Term Financial Plan (for 2013-18) set out service strategies and budgets to achieve total savings of £166m by 2017/18. The new MTFP for 2014-19 continues with these strategies and budgets, adjusted for known changes to service demand and progress of detailed savings plans. For 2014/15 the council faces increased demand for its services, particularly in social care along with the rising demand of school places along with increasing need to maintain county roads. The Full County Council has consciously increased reserves in recent years in anticipation of tough financial challenges (either through rising service demands or reducing funding levels) and agreed a strategy of smoothing expenditure across financial years, (through greater use of the budget equalisation reserve to carry monies forward across years). The Full County Council has agreed to apply £26m of reserves and balances in 2014/15 (£20m from the budget equalisation reserve). The Full County Council has agreed to apply £6m of reserves and balances in 2014/15 and £20m from the budget equalisation reserve.
7. Over the last three years the council has successfully met its savings targets of nearly £200m and is delivering significant further savings in 2013/14 of over £60m. As a result of further reduced central Government funding and the rising

demand for the council's services, particularly in social care, the detailed budget includes a requirement to find a further £253m over the next five years. Of this total £203m is through specific identified savings and additional income, £10m through the work of public service transformation, with the remaining £40m to be identified.

**Table 1: Table of income and expenditure efficiencies**

	2014/15	2015/16	2016/17	2017/18	2018/19	2014- 19
	£m	£m	£m	£m	£m	£m
Red	4	21	9	4	0	38
Amber	48	33	24	23	10	138
Green	21	3	2	0	1	27
Total savings	73	57	35	27	11	203
Public Service Transformation	0	10	0	0	0	10
Savings to be identified	0	0	7	12	21	40
<b>Total savings</b>	<b>73</b>	<b>67</b>	<b>42</b>	<b>39</b>	<b>32</b>	<b>253</b>

8. Since 2010/11 the council has held a risk contingency budget to mitigate against not achieving the savings and efficiency targets. As a result of the success in delivery of efficiencies, for 4 years, this contingency has not been used. From 2014/15 the approach is therefore being amended and this contingency reduced, to avoid unnecessary pressure on service budgets.
9. In view of this lower level of risk contingency and the challenge of delivering significant further efficiencies for several more years, the Cabinet has required the Chief Executive and Chief Finance Officer to establish a further mechanism to track and monitor progress for achieving the efficiencies across the whole five-year MTFP period. This mechanism will supplement the existing rigorous tracking mechanisms in place across services focused on in year savings.
10. The full programme for tracking efficiencies is still being developed, although the mechanism has reviewed the work underway to secure the savings in the Adult Social Care budget. This has confirmed that the strategies for savings being followed by the directorate are sound, and the detailed budget proposed in this paper adjusts the timing for delivery of the total savings: reducing the amount that can be delivered in 2014/15 but not affecting the overall total over the five years.
11. As a part of the good stewardship of its finances, the council holds reserves for known liabilities where the timing and amount is uncertain. Since the Full County Council agreed the level of reserves in February 2014, two possible liabilities where the council holds reserves have been favourably resolved.
12. The council held investments in two Icelandic Banks that collapsed in 2008. The council has been working with other creditors to reclaim these investments, and had set aside funds to cover any loss. Following the sale of the investments in one of the banks, Landsbanki, the Financial Investment Reserve can be reduced by £1.0m, leaving £0.6m.
13. The council has held a long standing liability and set aside funds in the Insurance Reserve in relation to its share of the Mutual Municipal Insurance

- (MMI), The final claims against MMI have now been settled and the levy paid by the council is less than provided in the Insurance Reserve. The conclusion of this has led the council to assess that the Insurance Reserve can be reduced by £3.3m.
14. The council holds the Budget Equalisation Reserve to balance its budget across years. This currently has a balance of £5.4m and is available for use to support the 2014/15 budget. The Economic Downturn Reserve was created in 2012 with the aim of ensuring the council has the resources to withstand a temporary fall in council tax revenues. This has been funded by the surplus on the council tax collection fund for the last two years and currently stands at £6.3m. The council tax base has grown by 0.5% on average for the last five years – despite the housing recession. Officers assess that a balance of £2m is required for Economic Downturn Reserve, which would be the equivalent to a 0.4% fall in the council tax base.
15. The impact of re-profiling the savings for Adults Social Care in 2014/15 can be funded on a one-off basis by using the reserves described above. These savings are projected to be recovered from 2015/16. Table 2 shows the forecast balance on reserves following the application of these reserves.

Table 2: Forecast Reserves and Balances 1 April 2014

<b>Earmarked revenue reserves</b>	<b>£m</b>
Investment Renewals Reserve	10.6
Equipment Replacement Reserve	1.0
Vehicle Replacement Reserve	5.2
Budget Equalisation Reserve	0.0
Financial Investment Reserve	0.6
Street Lighting PFI Reserve	6.2
Insurance Reserve	3.9
Eco Park Sinking Fund	11.6
Revolving Infrastructure & Investment Fund	20.3
Child Protection Reserve	2.2
Interest Rate Reserve	1.0
Economic Downturn Reserve	4.2
Business Rates Appeals Reserve	1.3
General Capital Reserve	4.6
<b>Total earmarked revenue reserves</b>	<b>72.7</b>
<b>General balances</b>	<b>19.9</b>

16. There have been changes to grant funding since the Full County Council meeting on 11 February 2014, as Government departments have published more details of provisional and final allocations. As in previous years, the principle adopted is that changes in funding are reflected in both the income and expenditure budgets of the relevant service.

17. The Government has confirmed allocations on eight grants since the Full County Council approved the budget envelope. In addition, information from the district and borough councils has enabled us to estimate potential receipts from other anticipated government grant income. These new or adjusted allocations are now reflected in the figures presented in this report, comprising:

- allocations that adjust grants assumed in the February budget report, (namely adjustments in respect of revenue support grant; areas of outstanding natural beauty; Police & Crime panels and SEN reform grant). These changes result in a net increase in income on these grants of £1.4m. Of this total, £1.3m has been included in the Central Income and Expenditure budget, pending Cabinet decisions on its use;
- confirmed the Waste PFI grant as it was stated in the February budget report;
- allocations now advised for grants that were not included in the February budget report total £2.2m. These are in respect of sums that could not be estimated at that time, so were omitted pending the receipt of more information and comprise the adoption reform grant (£1m), bus service operators' grant (£1.1m) and the south east protected landscape tourism grant (£0.1m). The adoption reform grant has been included in the Central Income and Expenditure budget, pending Cabinet decisions on its use. The other two grants have been allocated to the relevant service budgets;
- estimates for the new government grants to be received as a consequence of the new business rates discounts and reliefs introduced in the Autumn Statement 2013 are now included in the budget (£1.6m), though this is partially offset by a consequent reduction in business rates income (-£0.8m). Details of district and borough councils' forecast business rates collection fund balances for 2013/14 are also now available and need to be factored into the council's funding (-£0.3m). The net effect of these changes is a funding increase of £0.5m which has been applied to meet a prior funding commitment made by the Leader to Adults' Social Care, which is now included in the budget figures.

18. Table 3 – Net Revenue Income &amp; Expenditure budget

	13/14 £m	14/15 £m	15/16 £m	16/17 £m	17/18 £m	18/19 £m
Council Tax (incl collection fund)	-550	-571	-578	-593	-607	-622
Business Rates income	-44	-44	-47	-49	-51	-53
UK Government grants	-922	-858	-852	-856	-856	-860
Other income	-148	-152	-155	-159	-167	-171
<b>Total funding &amp; income</b>	<b>-1,664</b>	<b>-1,625</b>	<b>-1,632</b>	<b>-1,657</b>	<b>-1,681</b>	<b>-1,706</b>
Employment	313	312	309	310	312	315
Running Costs	177	182	167	175	178	181
Contracts & Care Packages	638	652	653	666	685	704
Capital financing costs	37	38	42	45	45	45
School expenditure	522	468	461	461	461	461
<b>Total expenditure</b>	<b>1,687</b>	<b>1,652</b>	<b>1,632</b>	<b>1,657</b>	<b>1,681</b>	<b>1,706</b>
<b>Net Budget</b>	<b>23</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

19. Table 4 – Net Revenue budget by directorates

	13/14 £m	14/15 £m	15/16 £m	16/17 £m	17/18 £m	18/19 £m
Adults Social Care	338	340	342	355	373	401
Children, Schools & Families	175	183	185	186	191	191
Schools	0	0	0	0	0	0
Customer & Communities	59	57	56	54	55	56
Environment & Infrastructure	125	129	128	130	132	137
Business Services	82	83	81	83	86	88
Chief Executive Office	15	14	14	14	16	15
Public sector Transformation network	0	0	-10	-10	-10	-10
Additional savings	0	0	0	-7	-19	-41
Central Income & Expenditure	-771	-780	-796	-805	-824	-837
<b>Net Budget</b>	<b>23</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Medium Term Financial Plan – Capital Budget

20. Since the February meeting of the council, the Government has provided confirmation of capital funding for the 2014/15 financial year, and provisional funding for 2015/16. There have been no changes to the amounts of grant and the capital programme and its funding remains as it was in the budget report.

21. Table 3 re-presents a summary of the capital budget. Annex 2 includes greater detail of capital schemes within each directorate. The tables within the detailed capital show the amounts the directorates are commissioning themselves and the capital programme that would be utilised by them. A large amount of the capital programme is commissioned by Business Services but other directorates like Children, Schools & Families benefit from the programme ie: school basic need.

Table 5: Capital funding

	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Funding:						
- Government Grants	83	90	91	77	74	<b>415</b>
- Third Party Contributions	3	5	8	9	10	<b>35</b>
- Revenue Reserves	5	4	1	2	3	<b>15</b>
- Borrowing	127	66	49	33	20	<b>295</b>
<b>Total capital funding</b>	<b>217</b>	<b>164</b>	<b>150</b>	<b>122</b>	<b>107</b>	<b>760</b>

Table 6: Capital expenditure

	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
	£m	£m	£m	£m	£m	£m
<b><u>Overall Summary</u></b>						
Schools basic need	105	69	72	49	32	327
Total recurring programmes	74	63	60	62	67	326
Total projects	38	32	18	11	8	107
<b>Total Capital Schemes</b>	<b>217</b>	<b>164</b>	<b>150</b>	<b>122</b>	<b>107</b>	<b>760</b>

### Severe weather budget implications

22. The severe weather and flooding that the county has faced since Christmas 2013 has led to substantial damage to the county council's assets, especially infrastructure such as road and bridges but other properties as well. During the crisis services across the Council have been focused on sustaining services to vulnerable residents at this difficult time and some existing programmes of work have been suspended and or postponed to allow resources to focus on the crisis.
23. As the recovery process continues, so does the activity to identify the total cost of the incident and repairs. This is expected to be millions of pounds and officers are working closely with central Government and other Surrey public services to ensure the council gains maximum support from various central Governments special funding sources, some announced only very recently. However, it is likely that some of the costs will have to be met from the council's own resources.
24. It is proposed to report back to the cabinet in July 2014 on the implications for existing programmes of work as well as the estimated cost of repairs and proposed funding of repairs to the council's infrastructure following the flooding and severe weather.
25. Work has already commenced on the term of reference for a Recovery task group.

### Medium Term Financial Plan – Publication

26. The MTFP will be available on the council's website as both an interactive document, allowing the user to 'drill-down' into service budgets, and an electronic version available for printing.



27. There will be three sections followed by a glossary of terminology and relevant abbreviations:
- Section 1 – Overview of the budget
  - Section 2 – Detail revenue and capital budget for all directorates
  - Section 3 – Relevant strategies and committee papers
28. Section 2 of the MTFP details the final budget proposals for each head of service, including changes from the current year's budget, savings, pressures and staffing. The section also includes the directorate strategies and general activity information.

### **Fees and Charges**

29. In addition to government grants, business rates and council tax funding, the Council plans to raise over £90m in fees and charges in 2014/15. The detailed budgets in Annex 2 analyse this income by directorate and the schedules in Annex 3 detail the charges proposed for 2014/15.
30. Some of the fees and charges itemised in the Annex 3 schedules and assumed within directorate budgets, are set within delegated authority, whilst others are subject to approval through this report. Including those within this report provides visibility and an opportunity for members' input to these charging decisions.

### **Leadership Risk Register**

31. The Leadership risk register is owned by the Chief Executive and shows the council's key strategic risks. The register is reviewed by the Strategic Risk Forum (chaired by the Chief Finance Officer) and then by the Continual Improvement Board (chaired by the Strategic Director for Environment and Infrastructure) on a monthly basis. The Audit and Governance Committee reviews the Leadership risk register at each meeting and refers any issues to the appropriate Select Committee.
32. The register is presented to the cabinet for information in Annex 4.

### **CONSULTATION:**

33. As recommended at the Cabinet meeting on 4 February 2014, during February and March 2014, the council's select committees have further reviewed and scrutinised the detailed service budgets that are now reflected in the MTFP 2014-19 detailed budgets.

### **RISK MANAGEMENT AND IMPLICATIONS:**

34. The MTFP (2014-19) includes £253m of savings and additional income to be made over the five-year period. The risk of achieving these savings have been assessed and reported in Section 2 of the MTFP. In view of the increasing challenge to deliver high levels of savings for several more years, the existing rigorous monitoring process in place for the in-year savings, is set to be

supplemented with a mechanism to rigorously review plans for delivery of all savings across the whole MTFP period. This process is being led by the Chief Executive and Chief Finance Officer.

35. The Council maintains an integrated risk framework to manage the significant challenges it faces and the associated emerging risks. The specific risks and opportunities facing the Council and recorded in the Leadership Risk Register are:
- erosion of the Council's main sources of funding (council tax and government grant)
  - delivery of the major change programmes and associated efficiencies;
  - delivery of the waste infrastructure; and
  - changes to health commissioning.
36. Annex 4 presents the current Leadership risk register. In view of the scale of risks facing the council the Leadership risk register will be reported quarterly to the Cabinet going forward.
37. As stated in the February 2014 Cabinet and Full County Council budget reports, the Chief Finance Officer is satisfied the revenue and capital budget, including increased risk contingency is sensible in view of these risks and the processes in place to monitor them.

#### **Financial and Value for Money Implications**

38. All the documented budgets and targets have been subject to a thorough value for money assessment.

#### **Section 151 Officer Commentary**

39. Throughout the budget planning and setting process, material financial and business risks have been assessed and are reflected in this report and its annexes. The Chief Finance Officer is working with the Chief Executive to further develop the full programme for tracking and monitoring efficiencies across the whole MTFP period. This mechanism will supplement the existing rigorous tracking mechanisms in place across services focused on in year savings.

#### **Legal Implications – Monitoring Officer**

40. There are no legal implications/legislative requirements arising directly from this report.
41. The Council has a duty under the Equality Act (2010) to consider the equalities implications of the proposals underpinning the MTFP. These are detailed in the "Equalities implications" section of this report. Further details are provided in Annex 5

#### **Equalities and Diversity**

42. An analysis has been undertaken of the equalities implications of the proposals presented in the MTFP for 2014-19. The aim of this analysis is to provide the Cabinet with information about the potential impact of the

proposals on groups with protected characteristics in Surrey. Where potential negative impacts have been identified, information is also provided about the actions that the Council is taking, or will undertake, to mitigate them.

43. Where the Cabinet is required to take further decisions around the implementation of savings proposals, or where proposals are not sufficiently developed to undertake an equalities analysis at this time, additional analysis will be presented to inform decision-making alongside the relevant Cabinet reports. There are a significant number of proposals included in this report for which savings are being assessed but on which decisions remain to be taken. As described above, EIAs will be prepared as more specific proposals to achieve these savings are brought forward but this does mean that the potential equality impacts of some savings which are now being assumed in the Budget have yet to be assessed. Directorates will also continue to monitor the impact of these changes to services and where appropriate will take action to mitigate additional negative impacts that may emerge as part of this ongoing analysis.
44. Equality Impact Assessments (EIAs) for a number of savings proposals in the 2014-19 MTFP are continuations of those undertaken for 2013-18. Where this is the case, the existing EIA has been reviewed by Directorates. For new savings proposals, or proposals with significant material changes, Directorates undertook a new EIA.
45. This section of the report provides information about:
  - the legal requirements around equalities;
  - the high-level findings of the analysis, including information about which new savings proposals have been assessed for equalities implications; and
  - how the findings of this analysis will be used.

### **Legal requirements**

46. Presenting this analysis for Cabinet consideration is regarded as good practice by the Equality and Human Rights Commission<sup>1</sup> and meets legislative requirements around equalities. Specifically in making financial decisions the Council's Cabinet must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to:
  - “eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.”<sup>2</sup>
47. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

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<sup>1</sup> Equality and Human Rights Commission – Making Fair Financial Decisions

<sup>2</sup> Equality Act (2010) Section 149(1)

48. “remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
49. take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
50. encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.”<sup>3</sup>
51. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - “tackle prejudice, and
  - promote understanding”.<sup>4</sup>
52. Compliance with the duties in section 149 may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.<sup>5</sup>

#### **Equalities analysis: overarching findings**

53. A summary of the savings proposals for each of the Council’s Directorates along with any EIAs which are new for 2014-19 and have not previously been made available to the Cabinet are presented as an annex 5 to this report. The full set of EIAs including those for savings which are ongoing and have previously been presented to the Cabinet are available on the Council’s website.<sup>6</sup>
54. Headline findings from the analysis show that:
55. A number of savings proposals in the 2014-19 MTFP for Adult Social Care are ongoing and where EIAs have previously been completed these have been reviewed and updated as necessary. **Older people and disabled people** are by far the largest client groups for social care and therefore a number of ongoing potential impacts have been identified for these groups. Overall there is a risk that the cumulative impact of changes may have a negative impact on people who use services and their carers, with changes in social care impacting people’s lives at the same time as for example, welfare reform and financial and demand pressures on public services.
56. In addition to the existing assessment, an EIA has been completed for a savings proposal relating to **Family, Friends and Community Support**. This project is a development of the Council’s ongoing commitment to personalisation which gives people choice and control over their lives. A number of potential positive impacts arising from this proposal have been identified, including: enabling and encouraging people to play an active part in their community; reducing the risk of social isolation; empowering people

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<sup>3</sup> Equality Act (2010) Section 149(3)

<sup>4</sup> Equality Act (2010) Section 149 (5)

<sup>5</sup> The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

<sup>6</sup> Full Equality Impact Assessments can be accessed at <http://www.surreycc.gov.uk/your-council/equality-and-diversity/Ensuring-our-decisions-are-fair>

- through a detailed discussion of their care needs; and ensuring staff are able to respond more creatively to people's care needs.
57. Identified potential negative impacts include: the potential for a lower level of funding to be available to meet people's assessed needs as a result of the savings; initial anxiety for care users resulting from changes to traditional care packages; risks about the standard, quality assurance and availability of care from family, friends and community networks; potential safeguarding issues; and pressures for care users and staff who will be required to adapt to new ways of working. A number of actions have been put in place to mitigate these potential negative impacts. Where care and support options involving family, friends and the local community do not prove possible, the local authority has a continuing duty to meet those eligible assessed needs and will continue to do so.
  58. One new saving proposal for **Business Services** has been identified as having potential equalities implications. This is the **Managed Print Service** project which will deliver a new print solution across the organisation. The EIA shows potential negative impacts for the protected characteristics of age and disability, with the most significant potential negative impacts identified for disabled staff. A range of mitigating actions has been developed, including an increased focus on engagement and training for individuals who will need to use the devices.
  59. Two new proposals for the **Chief Executive's Office** have required assessment of equality implications. The first of these is the **Communications Review**, which aims to reduce the amount of spending on printed communications through greater use of digital technology. This proposal could have a negative impact on those who are less able to access online information, a higher proportion of whom are older people, in particular older women, and people with physical and learning disabilities. However, these impacts will be minimal as the Council will continue to provide printed material where needed. The second proposal relates to disbanding the Council's **Olympic Legacy Team**, which is expected to have minimal impact on residents and mitigating actions are in place to support affected staff.
  60. There is one new saving proposal relating to **Public Health** within the Chief Executive's Office budget which relates to savings made through joint functions following the transition of Public Health to the Council. This has been assessed as not requiring an EIA at this point but will continue to be monitored for any potential equalities impacts as proposals develop.
  61. Two new savings proposals for **Children, Schools and Families** have been assessed as not having potential equality implications, these relate to the **funding transfer for DSG services and an adjustment** to previously estimated **demand pressure in safeguarding services**. One further saving has been identified relating to service realignment, this will not be implemented until 2015/16 and relates to proposals being developed through the **Public Value Programme** which are at an early stage. An EIA will be undertaken as the part of the programme's development.
  62. There are five savings proposals within the **Customers and Communities** Directorate which have been the subject of a new EIA. Of these, potential negative impacts have been identified in relation to reductions to the **Members Local Allocations** and **Community Improvement Fund**; this impact is

however expected to be minimal as the funding is a biddable sum which is not part of the main service offer and communities will be supported to access other funding sources. A second relates to a **restructure of the Heritage Service**, which is expected to have a positive impact particularly for younger people through the creation of entry level posts and apprenticeships.

63. The remaining proposals relate to the **Surrey Fire and Rescue Service**. Of these, potentially the most significant is the Spelthorne Fire Station reconfiguration. This is expected to have mostly positive impacts, with a small potential negative impact as a result of slightly decreased first response times within Elmbridge and Spelthorne, but remaining within the Surrey Response Standard of 10 minutes. This EIA was previously the subject of a decision by Cabinet on 4 February 2014. The remaining EIAs relate to staff at Surrey Fire and Rescue and are the subject of ongoing assessments. Where potential negative impacts have been identified mitigating actions are in place.
64. Four new savings proposals for **Environment and Infrastructure** have been identified as requiring an EIA. Of these, only one proposal has been assessed as being at an advanced enough stage for an EIA to be undertaken, this is the proposed saving for the Network Management Information Centre for which a new EIA has been completed. Two further proposals relating to Central Support and Transport Policy are also expected to have potential equalities implications relating to staffing changes and an EIA will be completed once the proposals have reached an appropriate point of development.
65. The fourth new saving proposal relates to the **Transport Review**, which has potentially significant equality implications. Savings for the Review are not planned until 2015/16. This proposal will be the subject to consideration by Cabinet in June 2014, when a full EIA will be presented. Consultation with groups with protected characteristic will take place as these proposals develop further to ensure any potential negative impacts are identified and mitigating actions put in place.

### Mitigation

66. As part of this equalities analysis work, Directorates have developed a range of mitigating actions that seek to offset negative impacts of savings proposals. In summary, the Council's approach to mitigating negative impacts of savings proposals within the MTFP has been to adopt one or more of the following:
- Using **co-design and consultation** with service users and staff to assist in the reconfiguration of services.
  - Undertaking detailed **needs assessments** to enable the Council to target services more effectively to vulnerable residents.
  - Undertaking **ongoing evaluation** of the impacts of changes to services to mitigate unforeseen negative impacts.
  - Providing **tailored information** to service users that are impacted negatively by savings proposals.
  - Ensuring that any changes to staffing levels or staff structures are completed in accordance with the **Council's human resources policies and procedures** and take account of the workforce profile.

### Using the equalities analysis findings

67. Cabinet should be aware that the public equality duty is not to achieve the particular outcomes set out in section 149 of the Equality Act or to take particular steps. It is instead a duty to bring the important matters identified in

section 149 into consideration as part of the decision making process. "Due regard" is a test of the substance underpinning decisions in the sense that they have been approached with rigour and an open and enquiring mind. This substance is demonstrated through EIAs and the changes that are made to proposals and services as a result of them. "Due regard" also means that the regard that is appropriate in making these decisions. So alongside the proper regard that Cabinet must give to the goals set out in section 149 they should also consider any other relevant factors and it is a matter for them to decide the weight to be given to these factors. In this case the most significant other matters are:

- the statutory requirement to set a balanced budget;
- the outcomes the Council is seeking to achieve, which are set out in the *Confident in Our Future: Corporate Strategy 2014 – 2019*;<sup>7</sup>
- the priorities within the Council's *Confident in Our Future: Fairness and Respect Strategy 2013 – 2018*;<sup>8</sup>
- the demographic pressures facing Surrey County Council that include a rising population, with projected increases in the number of older residents and children and young people. Increases in both these age groups will place additional demands on adult social care services and local schools;
- the Government's localism agenda which seeks to devolve the design and delivery of services to local communities, as well as require residents to take more responsibility for the services they receive; and
- central government's commitment to provide greater choice and personalisation in public services.

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

68. The MTFP (2014-19) will be published on the Council's website.
69. Progress against the Council's strategic priorities will be published quarterly on the Council's website. The Chief Executive will submit six-monthly progress reports to the Council meetings in July and December 2014. Select Committees continue to scrutinise work programmes and performance.
70. Cabinet to receive the Leadership risk register on a quarterly basis.

#### **Contact Officer:**

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Liz Lawrence, Head of Policy and Performance

#### **Consulted:**

Cabinet, all select committee members, Strategic Directors, Director of Public Health, Heads of Service, business and voluntary sector, residents and unions.

#### **Annexes:**

Annex 1 Directorate strategies

<sup>7</sup> The Council's Corporate Strategy can be accessed at <http://mycouncil.surreycc.gov.uk/documents/s11553/item%20-%20Corporate%20Strategy%202014-19%20-%20Annex%201%20-%20Corporate%20Strategy%202014-19.pdf>

<sup>8</sup> The Council's Fairness and Respect Strategy can be accessed at <http://www.surreycc.gov.uk/your-council/equality-and-diversity/fairness-and-respect>

Annex 2 Medium Term Financial Plan 2014-19  
Annex 3 Fees & Charges schedules 2014/15  
Annex 4 Leadership risk register  
Annex 5 Equality Assessment summary

**Sources/background papers:**

- One Country One Team, Corporate Strategy 2014-19, Report to Cabinet 4 February 2014
  - Revenue and Capital Budget 2014-19, Report to Council 11 February 2014
  - Revenue and Capital Budget 2014-19, Report to Cabinet 4 February 2014
  - Budget working papers
  - CLG revenue and capital settlement papers from CLG website
  - Government Equality Office (2011) Equality Act 2010 – Specific Duties to Support the Equality Duty. What do I need to know?
  - Government Equality Office (2011) Public Sector equality Duty. What do I need to know?
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