

**SURREY COUNTY COUNCIL****CABINET****DATE: 24 MARCH 2015****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE****SUBJECT: MEDIUM TERM FINANCIAL PLAN 2015 TO 2020****SUMMARY OF ISSUE:**

The Cabinet approved the council's corporate strategy for the period 2015 to 2020 at its meeting on 3 February 2015. This paper proposes the supporting strategies from individual services showing the goals and actions that services will deliver in 2015/16.

The full County Council meeting set the budget envelope and council tax precept for the 2015/16 financial year on 10 February 2015. At the same meeting, it approved indicative budgets for the following four years, 2016/17 to 2019/20 and refreshed the Council's Corporate Strategy 2015-20. Since then, there have been a number of changes to Government grants following the final Local Government Settlement leading to budget changes. This report details these changes and presents the detailed service revenue and capital budgets for 2015/16, including fees and charges, and indicative budgets for the following four financial years.

This paper reports on the Equality Impact Assessments that support the changes in service budgets.

After approval by Cabinet, the Council will publish the detailed budgets as the Medium Term Financial Plan (MTFP) 2015-20 on its website. This will enable users – budget managers and residents - to either view budget details interactively on-line, or request a hard copy of relevant sections.

**RECOMMENDATIONS:**

It is recommended that Cabinet:

1. approves the 2015/16 service strategies that will deliver the Corporate Strategy 2015-20 (Annex 1);
2. approves the detailed service revenue and capital budgets for the years 2015/16 and indicative budgets for 2016-20 including amendments resulting from the final Local Government Financial Settlement and other Government funding changes announced since 10 February 2015 (Annex 1);
3. approves the match funding of the Brooklands Motor Museum contribution totalling £225,000 over five years (paragraph 18);
4. approves the initiative to increase volunteering from the New Models of Delivery Budget, costing £75,000 in 2015/16 and also in 2016/17 (paragraph

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- 19);
  5. approves the publication of the service revenue and capital budgets as the Medium Term Financial Plan 2015-20;
  6. endorses the fees & charges approved under delegated powers and approves other fee and charge proposals (Annex 2);
  7. notes the Equality Impact Assessment of the savings proposals within the directorate and service budgets (Annex 3).

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

The 2015–20 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. The setting of a five year budget is a key element of the Council's multi-year approach to financial management. Regular reporting through the year will enable progress to be effectively tracked and managed.

The Corporate Strategy 2015-20 sets out the Council's key strategic goals of wellbeing, economic prosperity and residents' experience. The service strategies provide the detail on the goals and actions to achieve these strategic goals.

#### **DETAILS:**

##### **Corporate and service strategies**

1. The Cabinet endorsed the Council's five year strategy – *Confident in Surrey's future* – at its meeting on the 3 February 2015. To support the strategic goals within the strategy - wellbeing, economic prosperity and residents' experience, each of the Council's services has produced a single page for inclusion in the MTFP which sets out its purpose, challenges, key actions and budget summary for 2015/16. These illustrate how they will support the delivery of *Confident in Surrey's future*. As part of the Council's performance management arrangements Strategic Directors, Heads of Service and Cabinet Members will ensure that robust plans, personal objectives and tracking arrangements are in place to deliver the key actions.
2. Each of the service strategies is included within Annex 1.

##### **Medium term financial plan – revenue budget**

3. The Cabinet approved the indicative five year revenue and capital budgets on 3 February 2015 and following this, the Full County Council approved the 2015/16 budget envelope and set the council tax precept for that year. The Medium Term Financial Plan 2015-20 (MTFP) identifies the resources required to achieve the goals of the corporate and service strategies. The MTFP, which is included as Annex 1, provides the detail service revenue and capital budgets following further scrutiny during by Select Committees. It also includes other changes due to further government announcements on grant funding.
4. The MTFP (2015-20) is based on the funding for Surrey County Council that the Government announced in the final Local Government Financial Settlement for 2015/16, on 5 February 2014. The budget planning process has made assumptions on business rates and other government grants for 2016/17 onwards based upon projections of economic activity and Central Government

spending forecasts from a variety of government and other established economic institutions.

5. In the autumn of 2014, the Government announced a fifth year of Council Tax Freeze Grant for those local authorities that freeze or reduce their council tax from 2014/15 levels. The grant offered is equivalent to a 1% rise. In the final Local Government Financial Settlement for 2015/16, 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 2015/16.
6. Full County Council approved a council tax rise of 1.99% for 2015/16 on 10 February 2015. 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 an uplift equivalent to known increases in demographic demand across the MTFP period.
7. Over the last four years the Council has successfully met its savings targets of over £257m and is delivering significant further savings in 2014/15 of over £72m. 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 £273m of funding or savings over the next five years. Of this total, the Council has identified £146m specific savings projects.
8. The Council's gross revenue budget for 2015/16 is £1,671.4m, an increase of £20m over 2014/15. The reasons for this are pressures across all services, but especially in social care, totaling £59.4m, being off-set by savings of £67.1m. The Council has taken on new responsibilities that are funded by government grant. These include the Care Act, Independent Living Fund and Public Health 0-4 Commissioning and total £18.2m. In addition, the Council has been successful in securing additional funding through bidding for funding. These include Local Sustainable Transport Fund, Transformation Challenge Award, Fire Transformation and the Counter Fraud Fund, which totals a further £4.9m. From the funding from the council tax collection fund surplus, the Council has made a contribution of £4.6m to the Economic Downturn Reserve.
9. Table 1 analyses the savings required in the MTFP by risk of achievement as follows:
  - a rating of green means services have developed plans and the savings will be achieved with little internal or external obstacles;
  - a rating of amber indicates there are significant barriers to the savings being realised and services are developing plans to overcome these;
  - a rating of red indicates there are severe challenges and barriers to achieving the savings; and
  - a rating of purple is for savings that are not on-going and are for one year only.

Table 1: Efficiencies

	2015/16	2016/17	2017/18	2018/19	2019/20	2015-20
	£m	£m	£m	£m	£m	£m
Red	0.4	0.0	0.0	0.0	0.0	0.4
Amber	36.2	35.0	17.1	4.9	4.7	97.9
Green	17.2	6.0	5.7	3.5	3.0	35.4
Purple (one-off)	13.2	-0.8	0.0	0.0	0.0	12.4
Total savings	67.1	40.2	22.8	8.3	7.7	146.3

10. In view of the challenges of delivering significant further efficiencies for several more years, the Cabinet has required the Chief Executive and Director of Finance to continue to support and monitor progress for achieving the efficiencies across the whole MTFP period. The challenge reinforces the existing rigorous tracking mechanisms in place across services focused on in year savings.
11. The Director of Finance and Chief Executive have regular support sessions with Strategic Directors and Heads of Service to confirm that the strategies for savings are sound. The detailed budget proposed in this paper outline the estimated timing for delivery of the total savings across the five years.
12. As a part of the detailed budget, Annex 1 includes the numbers of full time equivalent staff (FTES). The table below summarises the number of FTES by service. There has been a reduction in FTES included in the budget of 22.7, which partly reflects the requirement to make savings in 2015/16, but also there have been increases in staffing to reduce reliance on more expensive IT contractors and external solicitors. These also reflect planned savings.
13. Staffing transfers also account for a reduction of 220.6 less FTE posts within Adult Social Care. The most significant reason is the transfer of 244 FTES to Surrey Choices, a local authority trading company that has taken over responsibility for operating a range of in-house services for people with disabilities. In a similar, but opposite transfer, Trading Standards will work in partnership with Buckinghamshire County Council from 1 April 2015, which will see staff transfer to SCC, who will act as the employing organisation for the partnership.
14. An increase in demand, and income, for school meals, especially due to the roll out of free school meals has led to an increase in staff for Commercial Service within Schools and Learning. The inclusion of additional staff for child protection in the budget, which is met from an earmarked reserves has caused an increased the FTES for Children's Services. In Highways and Transport, an additional 20 FTES are required to deliver the planned capital programme together with increases in FTE funded by income for the Highways Permit scheme.

Table 2: Full Time Equivalent Staff

<b>Service</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Change</b>
Adults Social Care	2,145.3	1,924.7	-220.6
Schools and Learning	1,263.0	1,397.0	134.0
Children's Services	1,053.0	1,108.2	55.2
Surrey Fire and Rescue Service	689.5	675.0	-14.5
Cultural Services	532.2	520.0	-12.2
Highways and Transport	293.0	313.0	20.0
Shared Service Centre	208.0	242.0	34.0
Information Management and Technology	198.0	221.0	23.0
Environment	218.0	216.0	-2.0
Property	175.0	177.0	2.0
Customer Services & Directorate Support	154.6	137.0	-17.6
Legal & Democratic Services	119.5	130.3	10.8
Human Resources and Organisational Development	159.0	104.0	-55.0
Finance	101.0	101.0	0.0
Trading Standards	52.6	75.0	22.4
Procurement	59.0	57.0	-2.0
Strategic Services	52.0	52.0	0.0
Public Health	51.6	50.8	-0.9
Policy & Performance	41.6	42.0	0.4
Community Partnership & Safety	24.8	24.0	-0.8
Communications	22.0	23.0	1.0
Emergency Management	12.0	12.0	0.0
Strategic Leadership	2.0	2.0	0.0
Coroner	1.0	1.0	0.0
<b>Total</b>	<b>7,627.6</b>	<b>7,604.9</b>	<b>-22.7</b>

15. As there are a number of uncertainties about the policies of a new government after the May 2015 General Election, the council has approved a review of the MTFP in the summer of 2015. This review will consider the policies of the new government and the impact of other external changes on the council's finances for 2016 onwards. In addition, this will be an opportunity to review the progress of savings in the first quarter of the year.

#### **Changes to Government funding and the revenue budget**

16. Following the approval of the revenue budget at full County Council meeting on 10 February 2015, 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 two grants since the full County Council approved the budget envelope. These are the Revenue Support Grant (RSG) and New Homes Bonus grant, which increased by a net amount of £0.6m. These adjusted allocations are now reflected in the figures presented in this report, with this additional funding being used to reduce the use of the

Budget Equalisation Reserve to support the revenue budget for 2015/16 to £3.7m (from £4.3m).

18. Brooklands Motor Museum in Weybridge has been successful in securing funding of £4.7m from the Heritage Lottery Fund for the Brooklands Aircraft Factory and Race Track Revival project. As a part of the match funding for this, the Council will be providing £125,000 in 2015/16 and then £25,000 per year over the next 4 years. This is funded from within the budget guideline and is reflected in the detailed budget pages.
19. As a part of the Council's community leadership, it is supporting an initiative to increase volunteering across the county. This will involve the employment of a new member of staff, supported by an apprentice. This is expected to cost £75,000 per year in 2015/16 and 2016/17. This cost has been included within the New Models of Delivery budget.

### **Medium term financial plan – capital budget**

20. The Council has been faced with a significant increase in the county's school population and has been lobbying central government for additional funding to provide the necessary school places. These efforts have succeeded in attracting the following grants announced by the Department for Education (DfE):
  - £41.3m Schools Basic Need Top-up grants (£13.2m in 2015/16 and £28.1m in 2016/17);
  - £31.4m indicative allocation of Schools Basic Need funding for 2017/18, which is £1.4m greater than forecast; and
  - £1.7m additional payment towards new primary schools and whole primary school expansions in 2017/18.
21. Since the Council's February meeting, the Government has provided confirmation of schools maintenance capital funding for the 2015/16 financial year, and provisional funding for 2016/17. The grant is £2.0m greater than forecast in 2015/16 and £2.7m more in 2016/17. As these are schools allocations from DfE, the additional grant will be reflected in increased expenditure.
22. The budget report highlighted the need to identify match funding for the Local Growth Deal Transport schemes and the alleviation of flooding. Although it enables access to more resources, match funding requires investment by the Council from within its own capital resources and has to be achieved in the face of reducing grant funding from Central Government. The updated capital budget includes match funding for the first three tranches of Local Growth Deal schemes and flood alleviation schemes (including the River Thames scheme). These have been funded through a £1m per year contribution from the Economic Regeneration capital budget, by virement of £5m per year from Highways Maintenance budget from 2018 to 2021 and a phased reduction in the Local Area Committee capital allocation of £0.5m in 2016/17 rising to £2.0m by 2019/20). The revised Highways & Transport budget is shown in detail in Annex 1.
23. Property Services has reviewed the delivery of their capital programme in light of 2014/15 levels which reflect the competing demand for resources to deliver the Schools Basic Need (SBN), recurring programmes and projects. This has

led to re-profiling of expenditure on non-schools building maintenance and school projects, excluding SBN, from 2015/16 into 2016/7 and 2017/18.

24. There are also some small changes to the use of reserves in funding the capital programme, which together with the increased grants has led to a reduction in the need to borrow to fund the capital programme. The five year programme now stands at £696.0. This is a small increase from the budget report's total of £694.4m. However for 2015/16, the in-year budget has reduced from £185m to £176m.
25. Table 3 re-presents a summary of the capital budget. Annex 1 includes greater detail of capital schemes within each service.

Table 3: Capital funding and summary expenditure

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Capital funding	£m	£m	£m	£m	£m	£m
Grants	88.3	114.0	85.1	70.0	53.9	411.3
Reserves	7.6	3.4	6.8	2.4	2.6	22.8
Third party contributions	3.7	6.3	7.0	7.2	7.2	31.4
Borrowing	76.6	58.8	40.2	31.5	23.4	230.5
<b>Total</b>	<b>176.2</b>	<b>182.5</b>	<b>139.1</b>	<b>111.1</b>	<b>87.1</b>	<b>696.0</b>

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Capital expenditure	£m	£m	£m	£m	£m	£m
Schools Basic Need	75.2	95.3	58.7	40.9	19.8	289.9
Highways recurring programme	32.0	32.6	32.2	30.3	29.3	156.4
Property & IT recurring programme	24.3	26.0	26.1	24.7	25.4	126.5
Other capital projects	44.7	28.6	22.1	15.2	12.6	123.2
<b>Total</b>	<b>176.2</b>	<b>182.5</b>	<b>139.1</b>	<b>111.1</b>	<b>87.1</b>	<b>696.0</b>

### Treasury management

26. In 2007 the Council placed a total of £20m deposits with two Icelandic banks, which subsequently failed. The Council deposited £10m with Landsbanki on 30 October that year, £5m with Glitnir on 31 October and a further £3m on 1 November, also with Glitnir. Of this £20m, the Council's exposure was £18.5m, with the balance attributable to the Police and Crime Commissioner for Surrey. The Audit & Governance Committee has received regular reports on the prospects for recovery of the deposits that are at risk and the efforts being made by the Local Government Association (LGA) and its legal advisors in this regard.
27. In January 2014, an auction of the Landsbanki deposit ensured that a recovery in the amount of £9.6m from this particular bank was complete. With regard to Glitnir, £8.4m of the principal deposit had been repaid, with the balance being held in an escrow account awaiting repayment subject to the lifting of capital controls by the Central Bank of Iceland. It has always been unclear when such controls would be lifted or whether there would be penalties imposed on any eventual repayment, thus not receiving the full amount back.
28. On 10 February 2015, the Central Bank of Iceland held an auction of its Icelandic Krona deposits in exchange for Euros. UK local authorities were

invited to partake in this process with their Glitnir deposits. The Leader authorised the Council to take part in the auction.

29. The Council was due £2.2m in principal and accrued interest. The council was successful in selling its remaining deposit, incurring costs of £0.1m to complete this auction transaction. Following currency conversion from Euros, £1.6m was received into the council's HSBC account on 16 February 2015. The council still owes the Icelandic Winding Up Board (WUB) £0.2m as a result of a successful court appeal process by the WUB regarding the exchange rates employed on the Glitnir installments received to date.
30. A provision has been made within the Council's accounts for an irrecoverable amount regarding the Icelandic bank debt totalling £0.6m. This provision covers the majority of the shortfall on the sale of the Glitnir deposits and the fees and the remaining £0.2m will be funded from the Central Income & Expenditure budget in 2014/15.
31. Table 3 shows the Council needing to borrow £76.9m in 2015/16 to support the capital programme. The council borrows from the Public Works Loan Board, which is part of HM Treasury. The interest rates are linked to the market rates for the yield on UK gilts. Recent geo-political events have led interest rates to fall to an all time low and to take advantage of this the Director of Finance has authorised the borrowing of £60m in two tranches in advance of the anticipated borrowing dates.
32. Against the forecast rates for the remainder of 2015 and the assumptions within the MTFP, the borrowing of these monies early will lead to significant savings over the long term for the Council in future interest payments. There will be a small cost in 2015/16 and the following year, but this can be accommodated through the provision in the budget for the opportunity to borrow early.

### **Medium term financial plan – interactive and publication**

33. 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. The electronic drill-down into service budgets has been linked to the external website presentation by using the same categories. There has been a conscious effort to enhance the resident's experience by using consistent terminology throughout all external financial publications for the public (council tax information, interactive MTFP and Annual Report).
34. A printed version of the MTFP will be available to order from the Council's main website. As in the current year, this will enable the reader to choose which pages to print.
35. The MTFP will present the strategy for each service followed by an analysis of the service's budget including changes from the current year's budget, savings, and pressures and staffing.

### **Fees and charges**

36. In addition to government grants, business rates and council tax funding, the council plans to raise over £90m in fees and charges in 2015/16. The detailed budgets in Annex 1 analyse this income by service and the schedules in Annex 2 detail the charges proposed for 2015/16.



37. In October 2014, the financial regulations were amended to state that every year Cabinet must review and agree the schedule of fees and charges to be applied in the next financial year. Cabinet notes fees and charges agreed under delegated authority. Some of the fees and charges itemised in the Annex 2 schedules, and assumed within service 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.
38. Fees and charges are reviewed each year and select committees will be asked to review them over the next twelve months.

#### **CONSULTATION:**

39. As recommended at the Cabinet meeting on 3 February 2015, during February and March 2015, the Council's select committees have further reviewed and scrutinised the detailed service budgets that are now reflected in the MTFP (2015-20) detailed budgets.

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

40. The MTFP (2015-20) includes £146m of identified savings and additional income to be made over the five-year period. The MTFP also includes an assumption that council tax will rise to match increases in demand. The risk of achieving these savings have been assessed and reported in 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 Director of Finance.
41. 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 0-5 commissioning within Public Health.
42. As stated in the February 2015 Cabinet and full County Council budget reports, the Director of Finance 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**

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

## SECTION 151 OFFICER COMMENTARY

44. 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 Director of Finance and Chief Executive have regular support meetings with priority head of services to confirm that the strategies for savings are sound. The detailed budget proposed in this paper outline the estimated timing for delivery of the total savings across the five years.

## LEGAL IMPLICATIONS – MONITORING OFFICER

45. There are no legal implications/legislative requirements arising directly from this report.
46. 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 and Diversity section of this report.

## EQUALITIES AND DIVERSITY

### Background

47. An analysis has been undertaken of the equalities implications of the proposals presented in the MTFP for 2015-20. 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.
48. 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 scored 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. Consideration will need to be given at that time as to whether there should be any changes to the projected savings figures as a result of the consideration of any equality implications.
49. Equality Impact Assessments (EIAs) for a number of savings proposals in the 2015-20 MTFP are continuations of those undertaken for 2014-19 and previous. Where this is the case, the existing EIA has been reviewed by Services. For new savings proposals, or proposals with significant material changes, Services undertook a new EIA.
50. 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

51. 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>
52. 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:
- “remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - 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;
  - 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>
53. 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>
54. 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>

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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)

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

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

## Equalities analysis: overarching findings

55. A summary of the savings proposals along with any EIAs which are new for 2015-20 and have not previously been made available to the Cabinet are presented as Annex 3 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>
56. A number of savings proposals in the 2015-20 MTFP for Adult Social Care are ongoing and as such the savings have been grouped under five heading (Family, Friends and Communities, Demand Management, Procurement and Commissioning, New Models of Delivery, and Establishment Management) to assess the cumulative and individual impacts of savings. 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.
57. Analysis has shown that the majority of the proposals in 2015/16 will have a neutral or positive impact on people who use services and their carers as a result of the mitigating actions identified throughout the business planning process. However, a number of the savings may potentially have a negative impact on people who use services and their carers across one or more of the nine protected characteristics. A range of mitigating actions has therefore been developed, including where care and support options involving family, friends and the local community do not prove possible, the County Council has a continuing duty to meet eligible assessed needs and will continue to do so.
58. Additional mitigating actions include ensuring practice continues to focus on the outcomes for the individual and that monitoring of outcomes, quality and equity continues to ensure this is happening; continuing to promote carers assessments to ensure carers have adequate support, targeting recruitment; and continuing to work as part of Local Joint Commissioning Groups to plan for the seamless implementation of local integrated community-based health and social care services.
59. One new saving proposal for Business Services has been identified for equalities consideration. This is attributed to building running costs and this is part of the Making a Difference project. An EIA for this project was already previously completed; it has been reviewed and sufficiently analyses the equalities implications for the additional savings associated with building running costs to be realised in 2015/16. The previous EIA shows no potential negative impacts for groups with protected characteristics and positively impacts disability, pregnancy and maternity, and carers.
60. Four new proposals for the Chief Executive's Office have required a new or updated EIA. The first of these is the additional savings through the Communications Review, achieved through greater use of digital technology and reducing traditional advertising. An EIA was originally completed for the

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<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>

2014-19 MTFP and to be applicable for 2015/16 the original EIA has been updated. These proposals 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. Office of National Statistics figures show that 42% of males aged 75 years and over had ever used the internet, compared with 26% of females.

61. The second proposal is a restructure of libraries' staff. Working age people may be disadvantaged by a reduction in evening opening hours at some libraries and this change reflects changes in the pattern of visits and lack of use during evening opening hours. The potential negative impacts of the change in pattern of opening hours will be mitigated by ensuring that where opening hours have changed, another library is open nearby.
62. The current age and distribution of staff in the library service does not reflect the Surrey community. The service particularly wishes to recruit more men, younger staff and a more diverse work force, and recruitment will focus on this.
63. For staff this proposal could have negative impacts as the change in shift patterns for employees could adversely affect employees with caring and childcare responsibilities. In addition, a cluster model (whereby individual libraries within a certain geographical area can be joined together as a group or cluster) has impacts for travel and parking costs. The review offers opportunities by allowing greater flexibility and variety in job roles, shift patterns and the potential to reduce hours or job share. This is likely to be positive for all staff and in particular, staff with disabilities and women returning to work after caring responsibilities.
64. There is a further saving with regard to the libraries' service, however the proposals for this are not currently defined and so an EIA will be completed at the appropriate developmental stage.
65. The third proposal, a reduction in the contingency budget for by-elections, has been assessed as having no impact on groups with protected characteristics or staff. Trend data shows that on average a budget only needs to be held for one by-election per year. The fourth proposal, a 5% reduction in the Policy and Performance Service budget will be achieved through planned utilisation of vacancies and cost reductions. This has been assessed as having no impact on groups with protected characteristics or staff; and rigorous prioritisation of work across the service will ensure this.
66. Two new savings proposals for Children, Schools and Families have been assessed as requiring a new EIA. The first relates to the reduction in funding for Services for Young People. There is a negative risk that bespoke provision for groups who have protected characteristics will be reduced. To mitigate against the potential negative impacts, the Service will ensure that the impacts of the savings are actively monitored through management information, engagement with staff, partner organisations, service users, potential service users and their families.
67. The second saving is a proposed reduction of commissioned services for Surrey schools, which are currently contracted to a provider organisation to deliver. The contracted provider is contracted to continue to deliver the same outcomes for schools, as such there is no identified negative impact for school pupils, staff in SCC maintained schools, residents or contracted staff. There are a number of savings such as those around Early Years and additional income

target from Commercial Services where proposals are still to be determined and therefore equalities analysis will be taken at an appropriate time during 2015/16.

68. There are two savings proposals within Customers and Communities which have been the subject of a new EIA. The first of these is a reduction in the Directorate Support Team's budget. As the savings will mostly be achieved by work prioritisation and not filling vacancies there are very few negative impacts. However, there are potential negative impacts that could occur as a result of moving office or change in work hours with disability, pregnancy and maternity and carers being particularly affected. Mitigating actions include following SCC policy around employment rights, flexible working and taking a case by case approach with the needs of staff.
69. The second of these is for the removal of the Local Committee Capital Allocations budget. This will result in reduced opportunity for investment in more disadvantaged communities, which has particular potential for impact on Age and Disability characteristics. However to mitigate this, joint training with Surrey Community Foundation and others is being delivered, enhancing the skills of officers in advising and signposting potential applicants on other sources of funding.
70. Thirty two savings proposals for Environment and Infrastructure have been identified as having potential equalities impacts. A number of the savings are continuations from 2014-19 MTFP or previously. There are three savings related to the Directorate's restructure. The original EIA for this project has been reviewed and remains valid for the savings in 2015/16. The remaining savings are not currently at a stage where it is possible to do an EIA and so they will be completed in the future. This includes: Transport Review (May 2015), Highway Winter Maintenance (September 2015) and Planning & Development.
71. Three of the savings have a new EIA and they are all from Waste Services. The first is Waste Kerbside Improvement Programme, which may have negative impacts for disability and race due to differing communication needs, such as residents with a visual impairment or those who do not have English as a first language. In addition, there are potential negative impacts in terms of the range of volunteering activities for disabled residents available through the Surrey Green Network. These will be mitigated by using appropriate communications methods to reach residents as well as appropriate adjustments made for volunteering opportunities.
72. The second is Joint Healthcare Waste Collection and Disposal Contract, which is likely to have positive impacts for carers and those they care for by being able to use general waste to dispose of their healthcare waste and there being a consistent service across Surrey, with customer service led by healthcare waste professionals. However the changes mean carers and those they care for need additional general waste capacity, which they will be supported to get. When communicating the changes, the individual needs of residents who need to dispose of healthcare waste will be considered.
73. The third is review of the Third Party Recycling and Furniture Reuse Credits Policy, which may see some organisations that work with young, elderly, ill and vulnerable people no longer receiving the credits. The non-statutory scheme involves the payment of monies per tonne to approved Third Party organisations that collect recyclable and reusable materials from residents'

homes and divert them away from landfill to recycling and reuse. However it is anticipated that credits form a minor part of their total funding and organisations will be communicated and consulted with as well as being given a year's notice of the changes.

74. There are further savings for the Surrey Fire and Rescue Service, of which some of these are continuations from 2014-19 MTFP or previous and therefore EIAs have already been completed. These have been reviewed and remain applicable to budget proposals over 2015/16. Some further projects, such as workforce reforms, are known to require EIA assessment in the future and as such equality analysis will be completed at an appropriate developmental stage.

### Mitigation

75. As part of this equalities analysis work, services 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; and
  - 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

76. 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 Surrey's Future: Corporate Strategy 2015 – 2020*;<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.

#### **OTHER IMPLICATIONS:**

77. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

<b>Area assessed:</b>	<b>Direct implications:</b>
Corporate Parenting / Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Public Health	No significant implications arising from this report.

<sup>7</sup> The Council's Corporate Strategy can be accessed at [http://new.surreycc.gov.uk/\\_data/assets/pdf\\_file/0004/44932/Annex-1-Corporate-Strategy-2015-20v-final.pdf](http://new.surreycc.gov.uk/_data/assets/pdf_file/0004/44932/Annex-1-Corporate-Strategy-2015-20v-final.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>



<b>Area assessed:</b>	<b>Direct implications:</b>
Climate change and carbon emissions	<p>An update to the Council's Carbon and Energy policy for the period 2015 to 2019 is subject to Cabinet approval within this meeting. A primary outcome of that policy is a reduction in carbon emissions from the Council's own estate, along with managing the Council's energy costs. The investment and savings figures referred to in the MTFP are consistent with this policy update.</p> <p>In addition to this, many of the Council's financial commitments to schemes in the areas of waste management, transport and flood alleviation will make a positive contribution to reducing emissions and/or a proactive response to managing the impacts of climate change.</p> <p>The Transport Review will also consider environmental/carbon impacts alongside accessibility (social) impacts, whilst achieving the savings set out in the MTFP. A carbon impact assessment and mitigation measures will be presented alongside the proposal to Cabinet on 26 May.</p>

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

78. The MTFP (2015-20) will be published on the Council's website.
79. 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 2015. Select Committees continue to scrutinise work programmes and performance.

#### **Contact Officers:**

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#### **Consulted:**

Cabinet, all County Council Members, Strategic Directors, Director of Public Health, Heads of Service, Business and Voluntary Sectors, Residents and Unions.

#### **Annexes:**

Annex 1 Service Strategies and Detailed Revenue and Capital Budgets 2015-20

Annex 2 Fees & Charges schedules 2015/16

Annex 3 Equality Impact Assessments

**Sources/background papers:**

- Confident in Surrey's future, Corporate Strategy 2015-20, Report to Cabinet 3 February 2015
- Revenue and Capital Budget 2015-20, Report to Council 10 February 2015
- Revenue and Capital Budget 2015-20, Report to Cabinet 3 February 2015
- 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?