

**CABINET – 31 JANUARY 2017**

**PROCEDURAL MATTERS**

**Member Question**

**Question (1) from Mrs Hazel Watson (Dorking Hills):**

The penultimate paragraph of p108 of the Revenue and Capital Budget report 2017/18 to 19/20, Item 8 of today's Cabinet agenda, states "The council is planning to make significant additional savings of £93m in 2017/18". These savings are included in the budget plans for 2017/18 in both the proposed budget with a 15% council tax increase and the substitute budget with a 4.99% increase, to be approved at the Cabinet meeting today. Please provide a detailed breakdown of the £93m savings and the services that will be reduced as a result?

**Reply:**

As I have said in my report, this council has a strong record of identifying and delivering savings over the last six years. This has totalled £450m. The £170m cut in government grant funding is making it even more difficult to achieve a balanced budget. However, this administration takes its responsibilities to the residents of Surrey seriously and the proposals to Cabinet today seek to balance the need for savings and greater funding to achieve a balanced and sustainable financial position, not just for next year, but for the future. That is why the cabinet has shared the savings proposals with the scrutiny boards over the last few months.

Appendix 4 of the report provides a high level analysis of the savings by each service area and as in previous years a full list will be published with the MTFP in March.

**Mr David Hodge CBE**  
**Leader of the Council**  
**31 January 2017**

**Question (2) from Mrs Hazel Watson (Dorking Hills):**

Can you please provide a list of the names and addresses of the 103 council-owned properties that are vacant within the county, the reason for vacancy, and the length of time for which they have been vacant, for each property?

**Reply:**

The county council holds 103 assets not in operational use, not 103 properties. This difference is important. These assets range from grass verges to common land to occupied estate that are managed by the property function.

Assets held under this list are for a variety of priorities ranging from service and council strategies, sites being developed, assets being prepared for disposal or revenue income generation, or in long term vacant management.

Part of the management of these assets sees property services look to identify lettings for these assets whilst they are held, although it depends on the condition and investment required by the county council to find interim users of the assets, as well as the markets desire to take on such leases, for what can be short periods of time due to future council requirements, which makes these opportunities challenging to let.

Assets being held to be developed to deliver better services to our residents and long term revenue efficiencies for Surrey, such as the Supported Living Accommodation at Alford requires the property to be held whilst planning consent is acquired and development work is carried out on the site.

In total there are only six identified assets that are in long term vacant management and not held and being processed through service need or to generate income, all of which have restrictions and minimal value on their own in isolation.

These are:

Strip of Land, Grosvenor Road, Epsom Downs.	Margin of land retained following disposal in Jan 2005 , held as future ransom and periodically land is licensed out for income
Land adjacent to Oak Tree Close, Guildford	Land acquired by Highways March 1994. As part of Highway scheme, no potential opportunities to dispose or create income at present.
Sheep Walk Pool End, Shepperton	Pond reverted back to SCC from Surrey Wildlife Trust in quarter three of 2016 Fishing Licences are being explored as an income generator
Manorial Waste, Green, Chobham	Predominately road verge, four areas are licensed out the remaining area is being reviewed for license opportunity. Land is unable to be disposed of due to legal restrictions.
Manorial Waste, Pennypot, Chobham	Predominately road verge, three small areas of land and licenses out. Land is unable to be disposed of due to legal restrictions.
Land adjacent to Bury Close, Horsell	Land acquired by Highways 2013. Clearance work completed and letting options being undertaken

**Denise Le Gal**  
**Cabinet Member for Business Services and Resident Experience**  
**31 January 2017**

**Question (3) from Mrs Hazel Watson (Dorking Hills):**

What is the gross investment return from rental income (both monetary amount and as a percentage of the amount invested) that would be earned from properties purchased outside Surrey and what are the direct and indirect costs (including management and property agents' fees) that will be incurred in managing the portfolio?

**Reply:**

The Investment Strategy was agreed by Cabinet in July 2013 as one of a series of responses to improve the financial resilience of the Council in the longer term. The council is developing a mixed and diversified portfolio to deliver income and in order to manage the inherent economic and market risks. The council has provided its subsidiary company, Halsey Garton Property Ltd, with equity and debt financing to facilitate the purchase of assets for their investment return and these assets complement the portfolio held directly by the council which is predominantly Surrey based. Income generated from these investments supports the delivery of the council's front-line services.

The Investment Portfolio is managed by a small team of staff who are supplemented by external specialist advisors when required. The council makes an appropriate charge to the property company for the professional services provided, to ensure that the full cost of the activity is recovered and that there is no subsidy. Managing agents are employed to undertake day to day asset management activities, such as collecting rent, however these costs are in the majority recoverable from tenants as part of their service charges.

The table below provides information about the non-Surrey based investment returns as requested and these are provided as a forecast for the current and next financial year and assuming no further acquisitions. Note that the returns for the current year are a part-year result since the investments have been purchased at different times throughout the year. The yield excludes any potential capital appreciation of the assets and is therefore based upon rental income only.

	2016/17 £'000	2017/18 £'000
Rental income	5,308	8,595
Management & administration costs	(329)	(553)
<b>Net Rental income</b>	<b>4,979</b>	<b>8,043</b>
Capital investment (£'000)		146,840
Investment return (simple yield)		5.5%

The overall investment returns are reported each month net of assumed funding costs and taxation as part of the Finance & Budget Monitoring report provided to Cabinet.

**Denise Le Gal**  
**Cabinet Member for Business Services and Resident Experience**  
**31 January 2017**

**Question (4) from Mr Jonathan Essex (Redhill East):**

Please provide a copy of the letter sent by Cllr David Hodge to all 11 MPs in Surrey, which he stated was sent "on our behalf" at the Council meeting dated 6 December 2016. Please also confirm what responses he has received on our behalf.

**Reply:**

This is a request for information which engages the provisions of the Freedom of Information Act and therefore it will be treated as such. The material you have requested will be supplied in accordance with those provisions.

**Mr David Hodge CBE**  
**Leader of the Council**  
**31 January 2017**

<b>Question (5) from Mr Jonathan Essex (Redhill East):</b>
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I understand from the budget briefing which I have received from the Council's financial team that of the £83m proposed savings/cuts set out in the 2016-2021 Medium Term Financial Plan (MTFP) document, that around £37m of these proposed savings/cuts are no longer expected to be deliverable.

Therefore:

- a) Please confirm whether this is indeed the case and provide full details (in the same level detail as in the current 2016-2021 MTFP document), clearly identifying which of the previously proposed £37m savings/cuts are no longer planned for the 2017/18 budget.
- b) I understand that the above means that to achieve the £93m planned savings/cuts for 2017/18 financial year, as required in both the proposed and substitute budgets included in these cabinet papers, there remains around £47m of savings/cuts unidentified to date. Please confirm whether this is a correct understanding and provide details of these additional savings/cuts proposed for this next year, broken down by directorate.
- c) Table 4 in agenda item 8 sets out a total of £61.5m demand pressures and £33.6m of market and service delivery pressures for the 2017/18 budget. Appendix 4 breaks this down by directorate but provides no detail as to how these numbers were arrived at. Please provide details of what these numbers include and are made up of by directorate to allow scrutiny of this £95.1m part of next year's budget.

**Reply:**

As I have said in my report, this council has a strong record of identifying and delivering savings over the last six years. This has totalled £450m. The £170m cut in government grant funding is making it even more difficult to achieve a balanced budget. However, this administration takes its responsibilities to the residents of Surrey seriously and the proposals today seek to balance the need for savings and greater funding to achieve a balanced and sustainable financial position, not just for next year, but for the future. That is why the cabinet has shared the savings proposals with the scrutiny boards over the last few months.

The purpose of this budget report is to set the overall envelope for the budget and agree the level of council tax, rather than the details of service budgets. Appendix 4 of the report provides a high level analysis of the savings and pressures by each service area and as in previous years a full list will be published with the MTFP in March.

**Mr David Hodge CBE**  
**Leader of the Council**  
**31 January 2017**

<b>Question (6) from Mr Jonathan Essex (Redhill East):</b>
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The petition <https://petitions.surreycc.gov.uk/SWTFunding/> on Surrey County Council's website sets out plans for staffing reductions relating to how Surrey Wildlife Trust manage land on Surrey County Council's behalf, as well as other nature reserves in Surrey.

- a) From the 1 March Surrey Wildlife Trust plans to replace the current 16 rangers who each manage particular sites across Surrey with just 8 positions: operating from one central depot with far fewer public-facing roles. How will this new staffing structure sustain and increase the level of volunteer engagement, and the quality and extent of sites managed?
- b) Please set out how this proposed reduction was/is agreed by Surrey County Council and how will the public will have a say before the final decision is made which could affect the standards to which our countryside is managed.

**Reply:**

- a) Surrey Wildlife Trust are undertaking a restructure of their countryside management staff to ensure that they have the capacity to continue to manage the County Council's Countryside Estate. There are 16 roles within the current structure which are at risk and they are creating 10 new positions. The new structure has six fewer posts, although there are some other potential opportunities for redeployment elsewhere in the Trust. The final number of redundancies will depend on how many existing staff want to apply for and are appointed to the new, different roles. The structure, which is currently out for consultation with the staff, comprises three teams, One will focus on the management on the ground of the sites, one will focus on public engagement and the third will focus on working with volunteers alongside the Trusts existing volunteer coordinators. The teams will be located centrally to give the service the flexibility of being able to send any of the staff wherever they are needed.

The aim is to have this new structure in place by 1<sup>st</sup> May 2017 and to continue to manage the sites to meet their contractual conservation obligations. The team as proposed will be set up in such a way that they will expect to continue to deliver the requirements of SCC as well as those required by habitat management grants.

- b) The Agreement with Surrey County Council is for the provision of a service on the Countryside Estate and as such the way that services are delivered is for Surrey Wildlife Trust to determine. The proposals were shared with the County Council and the new way of working agreed. It is a more efficient way of working in the current financial climate focusing on public engagement and ensuring that legal requirements are complied with. A consultation is currently underway with the staff affected and their views will be taken into account when the final structure is confirmed. The County Council has been assured that the standards of management will be maintained and will continue to monitor the delivery of the Agreement.

**Mr Mike Goodman**  
**Cabinet Member for Environment and Planning**  
**31 January 2017**

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