

Annex 1

Cabinet Member for Property and Business Services response to Corporate Services Select Committee budget recommendations (6 December 2017)

01 March 2018

- a. It was noted that the net budget for total Property costs was £21.588m of which £13.181m was for building running costs. For property services to investigate energy efficiency measures and utilities costs within Surrey's buildings in a bid to reduce costs. (See Annex 1 for more details).

Response to recommendation a: *We have been working on a detailed spreadsheet of the running costs of all buildings occupied by the County. This is nearing completion and will be useful as part of the discussions around the future use of all of our buildings. Included in that piece of work will be a review of ways of making the buildings more energy efficient. There is already a regular review of the cost of the utilities that are purchased by Surrey.*

- b. For property services not to contribute £200k to the office furniture replacement reserve in 2018/19. As per the latest information given by the Orbis Lead and Section 151 Officer, the Committee has not been able to confirm the total amount in the reserve at present but has been informed that this is in the region of £600k.
- c. To reduce funds in the office furniture replacement reserve as a whole.

Combined response to recommendation b and c: *The equipment fund is established following the Making a Difference programme, to ensure that the council has sufficient funds to replace equipment over a period of years as it wears out. An annual contribution to a fund smooths out this funding so that it does not fall unevenly in any one year. The aim of the fund is to be at a level of £1.5m. Currently the fund has a balance of £1.1m. However, given the council's current budget pressures, the cabinet agreed to not make the contribution in the current financial year and also to extend this into 2018/19. This is not expected to have impact on the ability to replace necessary equipment in the short / medium term.*

- d. Strategy and Performance savings of £72k for 2019/20 to be brought forward into 2018/19.

Response to recommendation d: *The budget approved by the Cabinet and the Council includes a saving for Strategy and Performance of £140,000 in 2018/19 in relation to restructuring the service. This is being achieved through bringing forward by a year the planned saving of £72,000 from 2019/20.*

- e. For the property and communications teams to explore income generating opportunities in their respective services.

Response to recommendation e: *This will be looked at as an opportunity, though in respect of the property team there is no spare capacity at present and indeed there is a need for additional resource to deliver the current projects. Property services are delivered through Orbis*

and as such there is a cost sharing arrangement already, albeit that doesn't generate 3rd party revenue.

- f. For Heads of Services to identify cost-effective measures by introducing time-recording and cross-charging across services. For example, time-recording and cross-charging for legal services.

Response to recommendation f: *There is definitely a need for complete transparency on the costs of delivering services. Introducing cross charging may end up adding a layer of administration but the point is a fair one particularly in relation to support from legal services. We will investigate further the feasibility and cost benefit.*

- g. For officers to keep service budgets within 2.0% inflation. It was noted for the Orbis managed budgets that non-pay inflation pressures for 2018/19 were based on a 2.5% forecast.

Response to recommendation g: *In setting the budget the council reviews the inflation estimates for the UK economy from a range of forecasters, including the Bank of England and the Office for Budget Responsibility. The average forecast for the year to March 2019 was 2.5%. While a lower rate of inflation may be used in budget setting, this runs the risk of creating a budget pressure in 2018/19.*

- h. For officers to investigate opportunities to generate income through the provision of back office services to Academies.

Response to recommendation h: *Orbis are already pursuing this*

- i. For officers to consider reducing the earmarked reserve for Orbis within the invest to save fund. This reserve currently stands at £4.2m.

Response to recommendation i: *The Invest to Save fund is a council-wide reserve to enable investment in projects that will reduce the cost of future service delivery. £4.2m was earmarked for Orbis in 2015. A recent review of the need for this level of investment, as part of the Orbis business plan refresh work, has shown that this could be reduced to £1.5m for 2018/19 and be met from the Orbis revenue budget. This frees up Invest to Save funding that may be needed for investment in other services' transformation plans in the future.*

- j. As a result of the scrutiny of the revised Orbis business plan, the Committee noted that Orbis delivered its savings target which was a 17% average reduction in costs compared to 2015/16 net budgets. This was primarily through a reduction in senior management posts. As services across Orbis continue to converge, new savings targets should be set to account for further integration.

Response to recommendation j: *This will be picked up as part of the revised Orbis business plan.*