

**ADULTS AND HEALTH SELECT
COMMITTEE
22/01/2020**



**SCRUTINY OF REVENUE AND CAPITAL
BUDGET 2020/21**

Purpose of report: Scrutiny of 2020/21 Draft Budget

Introduction:

1. Attached is the 2020/21 Draft Budget Report, setting the Council's plans for a balanced budget for 2020/21 and the financial strategy over the medium-term to 2024/25.
2. This report focusses primarily on Revenue income and expenditure. However, it does contain some information on proposed capital investment. The Final Budget Report to Cabinet on 28 January will include a full five-year Capital Programme.
3. In the main, this is a budget that contributes to the Council's delivery of financial stability and resilience. This is the second of a three-year turnaround programme. Last year halted the weakening of Reserves and this year builds on that taking more of a medium to long-term perspective. It supports the Council's plans for significant investment in capital spend in the community, and transformation to build effective and responsive front-line services for residents.
4. Included in the Draft Report is an explanation of the work to develop the budget; the national funding context and the Provisional Local Government Finance Settlement. This is the latest announcement by Central Government in December 2019 with respect to our funding for 2020/21. A number of assumptions have been proposed for the medium-term and will be validated and updated annually as new information emerges.
5. The Final Budget Report will also include the outcome of the Final Settlement which will confirm our funding from Central Government for 2020/21. We are not anticipating the Final Settlement to change from the Provisional one.
6. A comprehensive model of income and expenditure underpins the Draft Budget. This modelling supports the identification of efficiency plans (supported by transformation) taking into account Directorate pressures, as shown in the attached annex.

Context:

7. In contrast to the growing stability in the Council's internal financial position, the national landscape has been dominated by uncertainty. This has been caused (directly or indirectly) by the only

recently broken impasse over Britain's departure from the EU over the last 12 months.

8. Widely expected announcements around reforms to Local Government funding, namely the Fair Funding Review, were unable to be progressed by Government. The on-going uncertainty also resulted in the anticipated three-year Comprehensive Spending Review being reduced to a one-year 'fast-tracked' Spending Round (SR'19). This meant that there was no multi-year Local Government Finance Settlement, which therefore made planning over the medium-term difficult and so we have had to make a number of assumptions about future years' funding.
9. SR'19 proved to be largely positive for the Council allowing the continuation of a series of grants and some new funding, confirmed by the Provisional Settlement. This additional funding coupled with efficiency proposals set in this report has allowed the Council to set a balanced budget, in an environment where demand for services continues to grow.

Budget Scrutiny:

10. Each Select Committee should review the attached Draft Budget, in the context of their individual Directorate(s), exploring significant issues and offering constructive challenge to the relevant Cabinet Members and Executive Directors.
11. Members should consider how the 2020/21 budget supports the Council in being financially stable whilst achieving Directorate priorities and the Council's Vision for 2030. The budget aims to balance a series of different priorities and risks, and between investment, efficiencies and increases in the rate of Council Tax. It is appropriate for the Committee to consider how successful the budget is in achieving this.

Conclusions:

12. The provisional Local Government Finance Settlement in December 2019 included additional funding for the Council. This, alongside efficiency/transformation proposals proposed in this report, will enable the delivery of a balanced budget in 2020/21.
13. This backdrop will create a base from which Council can deliver significant investment in the community over the next five years.

Recommendations:

14. That each Select Committee agrees a set of recommendations to the Cabinet, pertinent to their area, which will be included in the Final Budget Report to Cabinet in January 2020.

Next steps:

15. The recommendations resulting from Select Committee scrutiny process will be compiled and reported to the Cabinet meeting on 28 January 2020.

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Annexes:

Annex A – 2020/21 Pressure and Efficiencies by Directorate

Annex B – Detail 2020/21 Revenue Budgets

Sources/background papers:

- [Provisional local government finance settlement: England, 2020 to 2021](#), 20 December 2019
- [Organisation Strategy 2020-25 and next phase of transformation](#), Report to Cabinet, 29 October 2019
- [A Community Vision for Surrey in 2030](#), Report to Council, 9 October 2018

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