

CABINET- 26 January 2021

CABINET RESPONSE TO THE SCRUTINY OF 2021/22 DRAFT BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2025/26

Recommendations:

1. In order to understand the long-term benefits of its capital investments the final 2021/22 - 2025/26 MTFS presented to Council by the Cabinet in February should include clarity on the expected outcomes, benefits or measures of success of the capital programme
2. The Cabinet to work with each district and borough council to agree the assumptions about receipts for council tax and business rates to ensure the 2021/22 County Council budget is based on robust figures

Kay Hammond

Chairman of the Children, Families, Lifelong Learning Select Committee

Nick Harrison

Chairman of the Resources and Performance Select Committee

Bernie Muir

Chairman of the Adults and Health Select Committee

John O'Reilly

Chairman of the Community, Environment & Highways Select Committee

Response:

1. Cabinet welcomes the report and recommendations from the Select Committees and values the important role that scrutiny plays in arriving at a robust set of budget proposals. Both recommendations have been reflected in Cabinet's budget recommendations to Council.

Capital Programme Outcomes

2. The Capital Programme plays a key part in achieving the Council's corporate priorities; as well as delivering service plans, the Transformation Programme and efficiencies in the revenue budget. Additionally, a number of schemes are designed to safeguard homes and businesses and grow a sustainable economy; improving the lives of Surrey residents and securing the longer-term sustainability of the Council's funding.
3. The 2021/22 Final Budget and Medium-Term Financial Strategy to 2025/26 sets out these benefits, alongside the robust evaluation process that capital proposals follow before inclusion in the budget. Business cases are considered by Strategic Capital Groups for Property, Infrastructure and IT and then Capital Programme Panel (which brings together a thorough review of all business cases for the entire Council) before being recommended to Cabinet for approval. This evaluation process draws out costs, benefits, risks and deliverability and these factors are presented to Members as part of Cabinet reports seeking approval for each scheme.
4. Cabinet's capital budget recommendations capture intended outcomes on a programme-wide basis, with major allocations explicitly linked to corporate priorities and the Community Vision for 2030.

5. Alongside the approved budget, the capital pipeline includes proposals developed to a stage where they can be earmarked against a flexible funding allocation built into the wider Capital Programme. The pipeline allows projects to be approved during the year, subject to the same robust process for business case approval as approved schemes. The detailed benefits and outcomes of these schemes will be documented when they are presented to Cabinet for approval.

Council Tax and Business Rate Assumptions

6. Covid-19 has led to an extraordinary year for Council Tax and Business Rates. Usually stable, both now represent a key challenge in the development of a predictable budget. As recognised by the Select Committees, District and Borough Councils play a key part in determining the budget for both sources of funding; particularly in respect of Council Tax where the County has no choice but to set its budget according to District and Borough estimates.
7. An increased level of engagement with District and Borough Council colleagues rightly reflects the increased uncertainty, volatility and risk of collection and the impact this has on our funding. Enhanced engagement this year includes:
 - Monthly sharing of Business Rates and Council Tax collection rates, modelled to project the full-year outcome
 - Analysis shared across all District and Boroughs; with fortnightly discussions amongst Section 151 Officers
 - Regular information sharing on the impact of Government Covid-19 mitigation measures
 - Jointly commissioned expert advice to set out the risk of reduced Business Rates resulting from Covid-19
 - Focussed workshops on technical aspects of the collection fund
8. Continued and early engagement with District and Borough Councils has led to early information sharing of tax base information for 2021/22 for all eleven Councils, reflected in these budget proposals. Legislation allows District and Borough Councils until the end of January to finalise their estimates. Whilst no material change is expected, officers will continue close liaison until the numbers are confirmed.

Response to wider aspects of the Select Committees' report

9. Cabinet welcomes the opportunity to respond to the wider findings of the Select Committees, in particular to the Children, Families, Lifelong Learning & Culture Committee's comments on efficient utilisation of funding.

Children, Families, Lifelong Learning & Culture

10. Along with many other Local Authorities Surrey County Council has a significant overspend in the High Needs Block in order to support increasing demand for Special Educational Needs and Disabilities. Improvement in practice along with our investment in the Early Intervention Fund and a new Graduated Response approach is building capacity in schools to enable an earlier response to children's needs.
11. Many of the Early Intervention projects are in their infancy and some have not started yet, for example the new Child and Adolescent Mental Health Services (CAMHS) contract will start from April. Following implementation, we will be able to assess how

thresholds for support are applied and the impact on providing for need. In 2020/21 the pandemic has increased need and families who have not previously accessed SCC services are now using our services.

12. Our capital investment programme will provide places in county and closer to home for our children and young people whilst also reducing unit cost and improving outcomes. We also continue to engage with Government to make the case for increased funding to support Special Educational Needs and/or Disabilities provision.
13. We are relentlessly focusing on better services which will deliver better outcomes and be better value. This is evidenced by the recent review of the Special Educational Needs and/or Disabilities: Accelerated Programme Plan where DfE and NHS colleagues confirm that we have made clear and sustained progress and our work is having a positive impact on the quality of service delivery in Surrey.

Communities, Environment and Highways:

14. The Select Committee raised a concern on the deliverability of an efficiency relating to Highways insurance claims; drawing attention to the impact of Covid-19 on reduced claims in 2020/21. Cabinet acknowledge that improving trend has benefitted this year from the travel restrictions imposed by the pandemic, however the efficiency reflects a reduction in insurance claims over recent years linked to the benefits of increased investment in the network and a reduced impact from severe weather events.

**Reply from Mr Mel Few
Cabinet Member for Resources
26 January 2021**

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