



Council Overview and Scrutiny Committee
12 September 2013

Business Planning 2014-19 Update

Purpose of the report: Policy Development and Review

To update the Committee on the financial context within which the Council is planning its budget; the Council's strategic response; and plans to ensure a balanced budget is realised over the life of the Medium Term Financial Plan 2014-19.

Introduction:

1. This paper provides the Committee with an update on: the context within which the Council is planning its budget for 2014-19; the strategic response; and plans to realise a balanced budget for 2014-19.

Challenges:

2. The Medium Term Financial Plan (MTFP) for 2014-19 is being refreshed. This is being done against a backdrop of the toughest financial challenge that has ever been faced by local government. Sustainable solutions need to be found so the Council can continue to ensure good outcomes and value for money for all residents.
3. The Council has a proven track record in dealing with challenging circumstances. The work since 2009 to improve performance and reduce costs within the organisation has placed it in a stronger position to manage in the current fiscal climate.
4. For example, the Public Value Review (PVR) Programme from 2009-12, aimed at reducing costs and improving performance identified £279m of savings to 2016 while drawing on the knowledge and experiences of residents to improve services. Examples of positive outcomes included personalised care packages for people with learning disabilities, and value being added to the role of the county's youth centres by providing Skills Centres to support young people not in education, employment or training (NEETs).

5. The Council's achievements have been recognised externally. In its most recent annual audit findings (reported to Audit & Governance Committee on 2 September 2013), the Council's new external auditors, Grant Thornton concluded that the Council demonstrates good financial resilience. The process for assessing this was rigorous, involving a number of internal stakeholder interviews and extensive review of supporting evidence. The report notes that '*...current arrangements for achieving financial resilience are adequate*' (the highest rating possible) and that '*the Council has systems in place to address future challenges*'. While the Peer Review conducted earlier this year concluded that the foundations had been laid for the Council now to 'take off' and continue to improve further.
6. However, public spending reductions, coupled with rising demand for Council services continue to present significant challenges which will need to be addressed as the MTFP is refreshed.

Strategic response:

7. In response to these challenges the Cabinet reviewed progress against delivery of the existing MTFP at its meeting in July 2013, following the Government's Spending Round 2013 announcement in June. (Annex 1 to this report summarises the MTFP 2013-18.)
8. Additional savings were agreed from 2014/15 onwards. The review identified further savings of £19.5m in 2014/15 and £56m for the four years 2014-18. The Cabinet also asked officers to continue working on developing further savings options.
9. These options will include:
 - a) Working with partners to achieve savings from joint working, for example via the **South East 7** partnership and building on existing successful arrangements with **East Sussex County Council**.
 - b) Working with partners through the Government's **Public Service Transformation Network** to deliver innovative solutions for example on improved collaboration between Surrey's "blue light" emergency services and a scaling up of the Supporting Families Programme. The outline business cases are due to go to the Cabinet in October 2013.
 - c) Developing new **models of delivery** such as social enterprises.
 - d) Continuing with **Rapid Improvement Events** to further improve efficiency.
 - e) Continuing to drive service transformation via the '**Shift**' framework.
 - f) Diversifying the Council's **income** sources in order to increase its financial resilience (see the separate report on the Council's Investment and Trading strategies).

10. The lessons learned through the PVR programme have increased the focus on co-design and co-delivery. The Council does not make decisions and then worry about the potential impact on residents and users. Rather it actively engages them in designing solutions that improve outcomes and value for money.

Conclusions:

11. While delivery of these activities will be neither easy nor straightforward, officers are confident that a coherent strategic response is in place to deal with the challenges that local government faces in Surrey and elsewhere.
12. As the Cabinet and Council continue the process of refreshing the MTFP, Select Committees will have the opportunity to feed in views through workshops planned throughout the autumn, and will be able to reflect on service budgets in early 2014. COSC will also wish to assess the cross-cutting impacts of budget decisions on residents.

Financial and value for money implications

13. As the Government's austerity policies continue to take shape, and demand for the Council's services continue to grow, the impact on the Council's ability to maintain and enhance service quality, while aiming to achieve a balanced budget will be significant. The business planning process is therefore crucial in assessing the strategic options that are most likely to strengthen the financial resilience of the Council, enabling continued delivery of public value for residents.

Equalities implications

14. Officers will carry out Equality Impact Assessments (EIAs) on identified savings proposals to understand their impact on groups with protected characteristics.

Risk management implications

15. A risk-based approach will be adopted to assess achievability of the delivery of activities that will contribute towards achieving the MTFP savings target for 2014-19. This will continue to be reflected in the Leadership Risk Register.

Implications for the Council's priorities

16. The Council's Corporate Strategy, which articulates its priorities, provides the foundation for refreshing the MTFP.

Recommendations:

17. That COSC regularly reviews progress as business planning continues over the autumn.

Next steps:

18. The Cabinet and Corporate Leadership Team will continue to work together on proposals that will feed into the refreshed MTFP 2014-19.
19. As the work continues, the Council will continue to engage with a range of key stakeholders, including residents, businesses, the Voluntary, Community and Faith Sector (VCFS) and trade unions, to seek feedback and share emerging proposals.
20. Members will continue to be involved including via Select Committees and Member seminars.

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Sources/background papers:

- 'Confident in our future' Corporate Strategy 2013-18
- [Medium-Term Financial Plan 2013-18, Quarter One 2013/14 Review, Report to Cabinet, 23 July 2013](#)
- [2012-13 Financial Resilience, Report to Audit and Governance Committee, 2 September 2013](#)
- [Public Value Review Programme Closing Report, Report to Cabinet, 27 November 2012](#)
- Local Government Association Corporate Peer Challenge: Surrey County Council Final Report, March 2013
- [Investment Strategy, Report to Cabinet, 23 July 2013](#)
- [Public Service Transformation, Report to Cabinet, 23 July 2013](#)
- [Strengthening the Council's Approach to Innovation: Models of Delivery, Report to Cabinet, 26 March 2013](#)