

Children, Families, Lifelong Learning and Culture Select Committee Draft Report

2022/23 Draft Budget Report and Medium-Term Financial Strategy to 2026/27

13th December 2021

Introduction – 2022/23 Draft Budget and Medium-Term Financial Strategy

Purpose and content

- Set out to Select Committee the 2022/23 Draft Budget and MTFs, setting out:
 - 2022/23 budget gap
 - 2022/23 – 2026/27 Council summary position
 - Detailed Directorate progress (pressures and efficiencies)

The process to date

- Establish Core Planning Assumptions and funding projections
- Convert the assumptions into the Draft Budget position
- Identify efficiencies to contribute towards closing the gap for 2022/23 and the medium-term
- Draft budget presented to Cabinet 30th November with a gap to close before final budget is approved in January

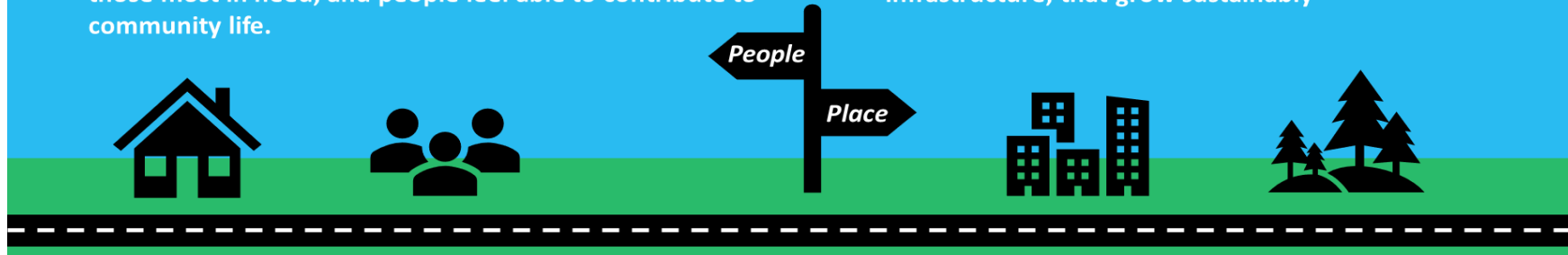
Next Steps

- Closing the gap
 - Refine core planning assumptions, funding assumptions and Directorate gaps
 - Finalise efficiency and transformation proposals
- Finalise the 2022/23 – 2026/27 Capital Programme
- Consultation with residents on draft proposals and Equality Impact Assessments
- Final Budget to Cabinet in January 2022
- Final Budget to Council February 2022

Our Focus for the Next 5 Years: 2022–27: Community Vision 2030 and Priority Objectives

We want Surrey to be a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and no one is left behind.

- ★ Children and young people are safe and feel safe and confident.
- ★ Everyone benefits from education, skills and employment opportunities that help them succeed in life.
- ★ Everyone lives healthy, active and fulfilling lives, and makes good choices about their wellbeing.
- ★ Everyone gets the health and social care support and information they need at the right time and place
- ★ Communities are welcoming and supportive, especially of those most in need, and people feel able to contribute to community life.
- ★ Residents live in clean, safe and green communities, where people and organisations embrace their environmental responsibilities
- ★ Journeys across the county are easier, more predictable and safer
- ★ Everyone has a place they can call home, with appropriate housing for all
- ★ Businesses in Surrey thrive
- ★ Well connected communities, with effective infrastructure, that grow sustainably



Council, partners, citizens and businesses working together to design and deliver services at a community level.

Supporting local business grow and provide sustainable benefits to the communities that they serve.

PRIORITY OBJECTIVES

Growing a sustainable economy so everyone can benefit

Support people and businesses across Surrey to grow during the economic recovery and re-prioritise infrastructure plans to adapt to the changing needs and demands of residents at a time of financial challenges.

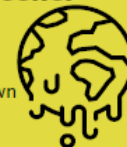
Tackling health inequality

Drive work across the system to reduce widening health inequalities, increasing our focus on addressing mental health and accelerating health and social care integration to reduce demand on services while improving health outcomes for residents



Enabling a greener future

Build on behaviour changes and lessons learnt during lockdown to further progress work to tackle environmental challenges, improve air quality and focus on green energy to make sure we achieve our net zero targets



Empowering communities

Reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey's future



2022/23 Draft Budget

- The table shows the overall picture for the Council for 2022/23 against estimated funding
- Pressures, efficiencies and funding will continue to iterate over December
- In particular, funding estimates are subject to clarification as our understanding of Government Funding, Council Tax and Business Rates estimates continue to develop
- Local Government Finance Settlement (**inc detail on SCC share of £1.6bn new funding**) expected mid-December
- Draft budget includes net pressures of £71.7m offset by an assumed funding increase of £2.4m and efficiencies of £49.8m, leaving a net gap of £19.5m. Detailed pressures and efficiencies are set out in subsequent slides

Directorate	Base Budget £m	Pay and Contract Inflation £m	Demand and other pressures £m	Efficiencies £m	Total Budget Require- ment £m	Budget Envelope (initial allocation of funding) £m	Gap £m
Adult Social Care	377.2	15.5	22.6	(19.4)	395.8	369.6	26.2
Public Service Reform and Public Health	34.0	0.2	0.2	(0.3)	34.0	34.0	0.0
Children, Families and Lifelong Learning	219.7	11.3	5.0	(13.8)	222.3	220.1	2.2
CFL - DSG High Needs Block	23.8	0.0	3.4	0.0	27.2	18.5	8.6
Environment, Transport and Infrastructure	140.3	3.5	2.5	(6.5)	139.8	137.5	2.3
Community Protection Group	37.3	1.5	0.8	(0.2)	39.4	36.6	2.9
Customer and Communities	11.0	0.6	0.1	(0.8)	10.9	10.8	0.2
Prosperity, Partnerships and Growth	1.3	0.0	0.2	0.0	1.5	1.3	0.3
Communications, Public Affairs and Engagement	1.7	0.0	0.2	0.0	1.9	1.7	0.2
People and Change	6.6	0.1	0.0	(0.2)	6.6	6.4	0.1
Resources	69.2	1.9	1.4	(3.6)	69.0	68.4	0.6
Central Income and Expenditure	82.6	6.0	(5.4)	(5.0)	78.2	86.3	(8.1)
Directorate Total	1,004.7	40.7	31.0	(49.8)	1,026.6	991.1	35.5
Central Funding	(1,004.7)		(2.4)		(1,007.1)	(991.1)	(16.0)
Council Total	0.0	40.7	28.6	(49.8)	19.5	0.0	19.5

2022/23 Draft Council Efficiency Programme

- Efficiencies are rated on risk of acceptability/achievability – £11.1m is currently categorised as red – achievable, but challenging and/or complex to deliver
- Stretch targets for efficiencies are consciously included to ensure full ambition is quantified – corporate contingencies are in place to manage the risk of delivery
- The categorisation is similar to the equivalent point in the 2021/22 budget process, which rated £2.0m green, £28.1m amber and £10.8m as red
- Detail and business cases for the acceleration of Track 2 efficiencies (see slides 10 and 11) will be developed prior to inclusion in the final budget report

	Green £m	Amber £m	Red £m	Total £m
Adult Social Care	3.1	13.8	2.5	19.4
Public Service Reform & Public Health		0.3		0.3
Children, Families & Lifelong Learning	1.4	4.6	7.8	13.8
CFL - DSG High Needs Block				0.0
Environment, Transport & Infrastructure	1.1	4.6	0.8	6.5
Community Protection Group		0.2		0.2
Customer & Communities	0.3	0.5		0.8
Prosperity Partnerships & Growth				0.0
Comms, Public Affairs & Engagement				0.0
People & Change		0.2		0.2
Resources	0.1	3.5		3.6
Acceleration of Track 2 Efficiencies		5.0		5.0
Total Efficiencies	6.0	32.7	11.1	49.8

2022-2027 Medium Term Financial Plan

- Directorates were tasked with costing the core planning assumptions and scenarios to arrive at a **pressures and efficiencies** for the MTFS from 2022/23 to 2026/27 to include alongside the Draft Budget
- **Draft estimates of likely funding over the medium-term** from Council Tax, Business Rates and Government Grants have been developed – these will need to be updated for funding announcements expected in December
- Track 2 of the Twin Track programme will lead to a fundamentally different approach to identifying and managing efficiencies in a cross-cutting way, so the Directorate gaps for 2023/24 onwards, presented here, are intended to be indicative rather than definitive
- The Capital Programme will continue to be refined to present the final programme to Cabinet in January, recommended to full Council in February

2022-2027 Council Summary Position

- The table shows the overall picture for the Council against estimated funding
- The estimates in some cases are indicative at this early stage and will require review
- 2022/23 shows a gap of £19.5m, growing to £157.4m over the 5-year MTFS
- Funding estimates are based on the most likely outcome but will be kept under review
- Indicative funding in the table, below, will be updated as a result of Spending Review analysis

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Brought forward budget	1,004.7	1,026.6	1,040.7	1,056.1	1,088.3	
Directorate Pressures	63.5	38.3	37.4	37.2	33.9	210.3
Increased borrowing costs of Capital Programme	8.4	7.2	8.8	10.9	9.4	44.7
Identified Efficiencies	(50.0)	(31.4)	(30.7)	(16.0)	(9.3)	(137.3)
Total Budget Requirement (after other measures)	1,026.6	1,040.7	1,056.1	1,088.3	1,122.3	
Change in net budget requirement	21.9	14.1	15.5	32.1	34.0	117.6

Opening funding	1,004.7	1,007.1	996.0	986.5	974.3	
Funding (reduction) / increase	2.4	(11.1)	(9.6)	(12.2)	(9.3)	(39.8)
Funding for Year	1,007.1	996.0	986.5	974.3	964.9	

Overall Reductions still to find	19.5	44.6	69.7	114.0	157.4	
Year on Year - Reductions still to find	19.5	25.1	25.0	44.4	43.4	157.4

Reserves

- The table below shows the current reserves balance of £196.7m and movement over the course of 2020/21
- No significant movements are planned for 2021/22; however unused contingency at outturn will be added to reserve
- **When added to amounts in reserve, total contingency available for 2022/23 is c£58m, plus any unused from 2021/22**
- In addition to earmarked reserves, the Council holds a General Fund balance of £28.0m

	Balance at 31/03/20 £m	Movement in 2020/21 £m	Balance at 31/03/21 £m
Investment Renewals	5.2	(0.1)	5.1
Equipment Replacement	3.9	(0.5)	3.3
Budget Equalisation	44.4	40.0	84.4
Streetlighting PFI Fund	2.5	(0.6)	1.8
Insurance	10.7	(0.1)	10.6
Eco Park Sinking Fund	27.7	(4.6)	23.1
Capital Investment	5.0	2.4	7.4
Interest Rate	1.0	0.6	1.6
Economic Prosperity	11.7	0.0	11.7
Revolving Investment & Infrastructure Fund	11.1	0.0	11.1
Business Rate Appeals	28.6	0.0	28.6
Transformation	1.8	(0.7)	1.1
COVID-19 Emergency Fund	24.2	(18.1)	6.1
CFLC Inspection and System Improvements	1.3	(0.6)	0.7
Subtotal before DSG High Needs Block Deficit	179.0	17.7	196.7
DSG High Needs Block	48.6	34.5	83.1
DSG High Needs Block Offset Reserve	(48.6)	(34.5)	(83.1)
Total General Fund Reserves	179.0	17.7	196.7

Consultation and Engagement - next steps

Resident budget priorities research – headlines

From September to October, we worked with Lake market research to better understand residents' priorities for how we spend our budget

Headlines:

- Residents want **funding for services that support vulnerable residents protected**, and are more likely to agree with a rise in council tax and ASC precept to achieve this.
- They support **shifting investment to early intervention and prevention**.
- They want **council services to join up more effectively** to improve broader outcomes.
- Residents most at risk of being left behind in Surrey **should be at the heart of the decision-making process**.
- There is significant demand for residents **to be more involved in decision-making and delivery** affecting local places.
- More guidance wanted from the council and partners to **help residents make practical changes** to make a difference in their local place and communities.
- Residents want the Council to lobby Central Government to provide more support for Surrey to transition to a greener future.

An Executive Summary was published with the Draft Budget giving more detailed feedback (Annex C).

Draft 2022/23 budget – proposed approach to consultation

We propose moving to a new phase of engagement to test the draft 2022/23 budget with residents and other stakeholders.

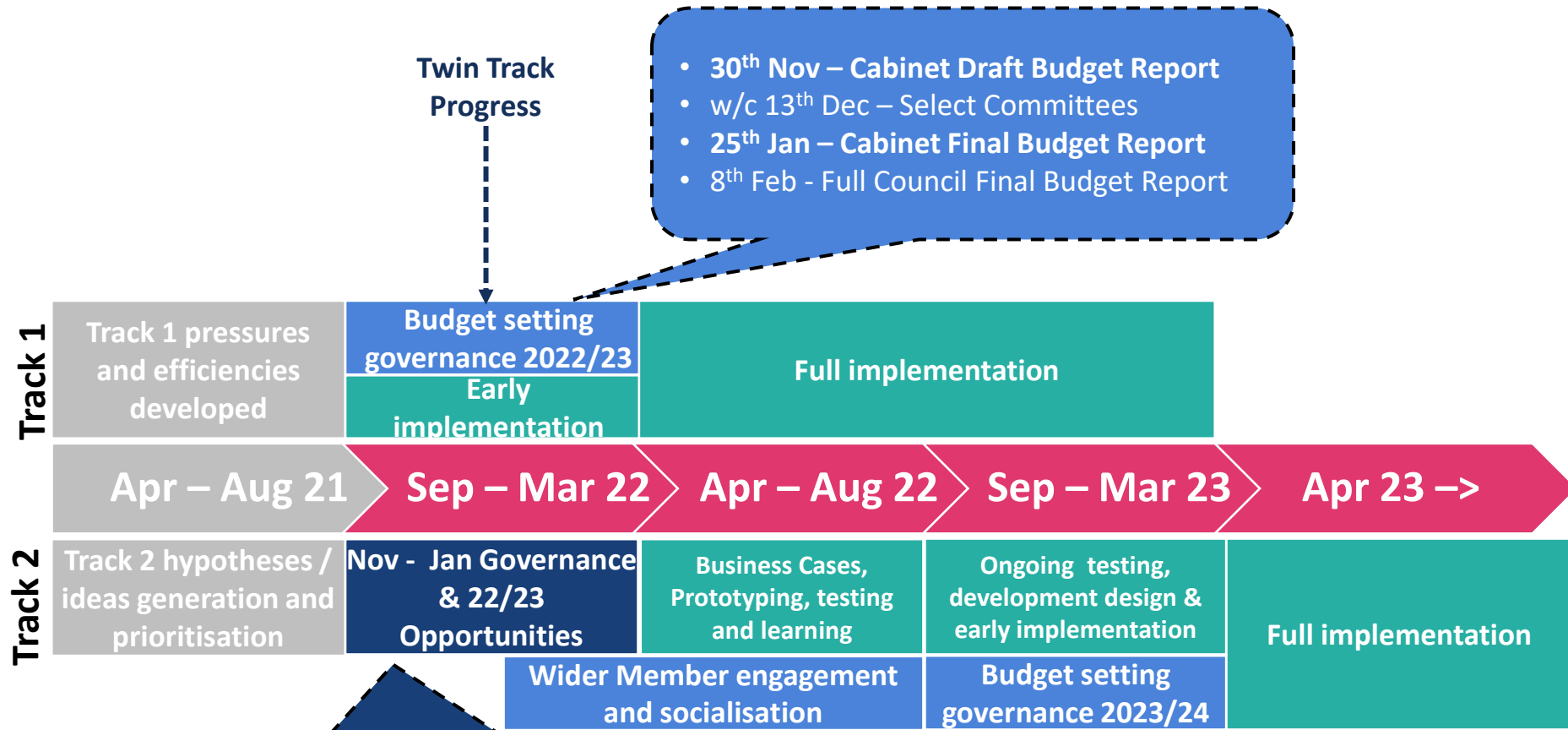
This will include:

- A **call for evidence** setting out key draft budget proposals such as any proposed increase to council tax, planned efficiencies and headline investments from our capital programme.
- It will be **open to all stakeholders** to respond including residents, partners, elected Members and staff. Proposed engagement period is 30 November to 28 December.
- This will help us to **anticipate support and resistance to the draft budget's proposals** from stakeholders and prepare to respond to this.
- This will be complemented **with face-to-face/virtual engagement with key stakeholders**, using existing meetings where possible.

What are the benefits of this approach?

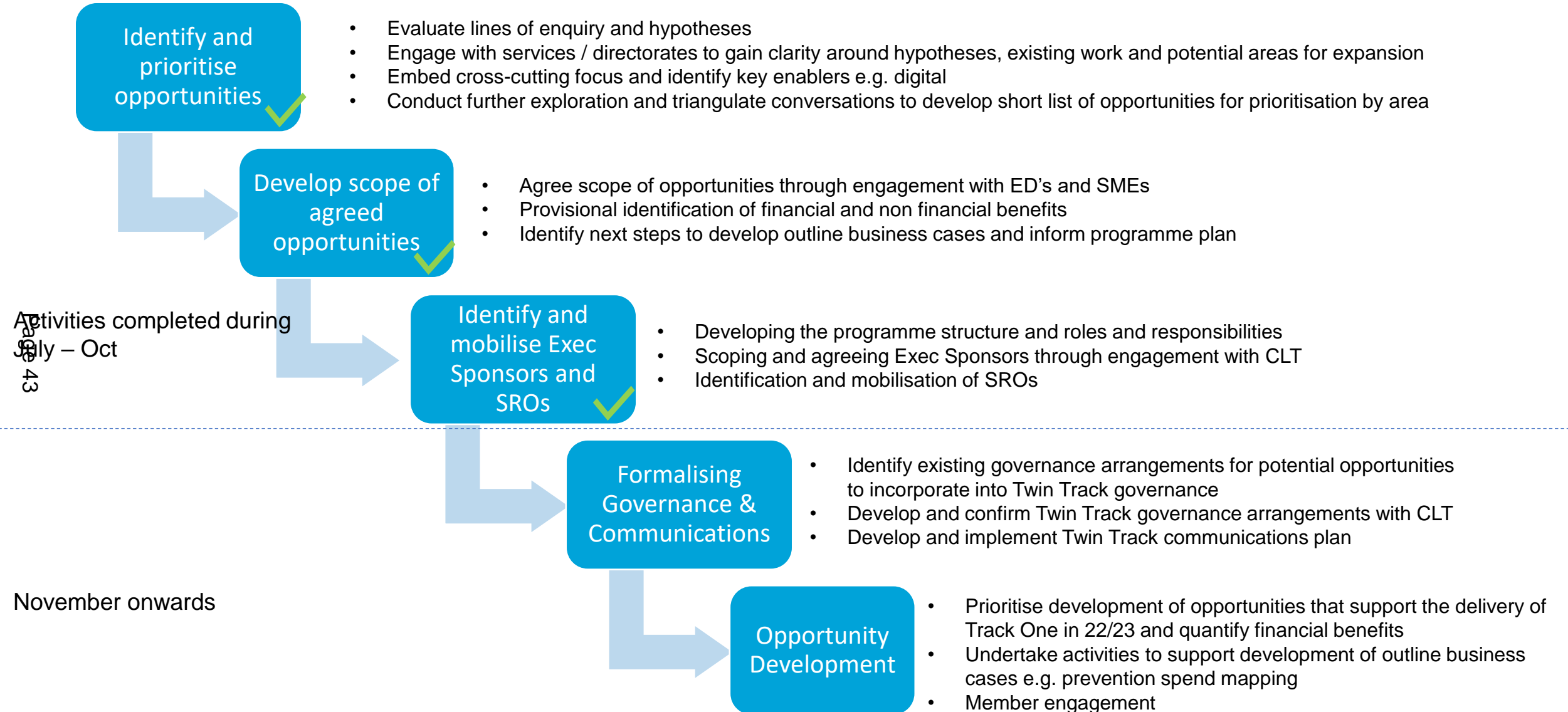
- Responds to Select Committees' concerns about the need for an open engagement process on the budget for residents;
- Gauges feedback on actual proposals (Lake work dealt in hypotheticals)
- Helps services mitigate against any adverse impacts on residents as efficiencies delivered
- Highlights risks and/or tensions that may affect delivery of track 2 of the Twin Track, e.g., opportunities requiring significant partnership working
- Helps shape messaging for the final budget

Overall Twin-Track Timeline



- Formalising Twin Track Governance and roadmap
- Finalise scope for ambition and benefits of TT opportunities, building a more accurate financial / outcomes picture
- Prioritise development of opportunities with potential to support Track One to deliver in 22/23
- Develop and implement TT communications plan

Track 2 Update



Directorate Pack - CFL

Summary of Services Provided by Directorate

CFL is responsible for delivering statutory social care services and early help support for children and families. This includes services for children in our care and care leavers, service for Unaccompanied Asylum Seeking Children, Fostering and Adoption services, Children's Homes, the Virtual School, the Hope Service for young people with mental health needs, Early Help services and social work services for children in need, children subject to child protection plans and Children with Disabilities.

In social care we are implementing the Family Safeguarding Model, which integrates support from different professional specialisms alongside social work, to ensure the children and their family have the right support at the right time. The Corporate Parenting Board ensures that SCC is fulfilling its responsibility as the 'Corporate Parent' to achieve the best for children and young people in our care and care leavers.

The Directorate also works in partnership with local education providers to ensure Surrey children, young people and adults have access to education, and to ensure vulnerable learners are supported to achieve their full potential. This includes school admission and transport arrangements, services for children with special educational needs and disabilities, Active Surrey, School Place Planning – identifying future school places to meet demand, Surrey Adult Learning and Surrey Outdoor Learning and Development (SOLD).

We also operate an integrated commissioning function that commissions services from third party providers to meet children's social care, education and health care needs.

How is the service budget spent – breakdown of major services

The table to the right, shows the main service areas within CFL in the current budget.

The net expenditure budgets do not show the expenditure funded through the Dedicated Schools Grant (DSG) which is held within ELL. This accounts for another c£1bn of expenditure including the schools, high needs, early years and central services blocks.

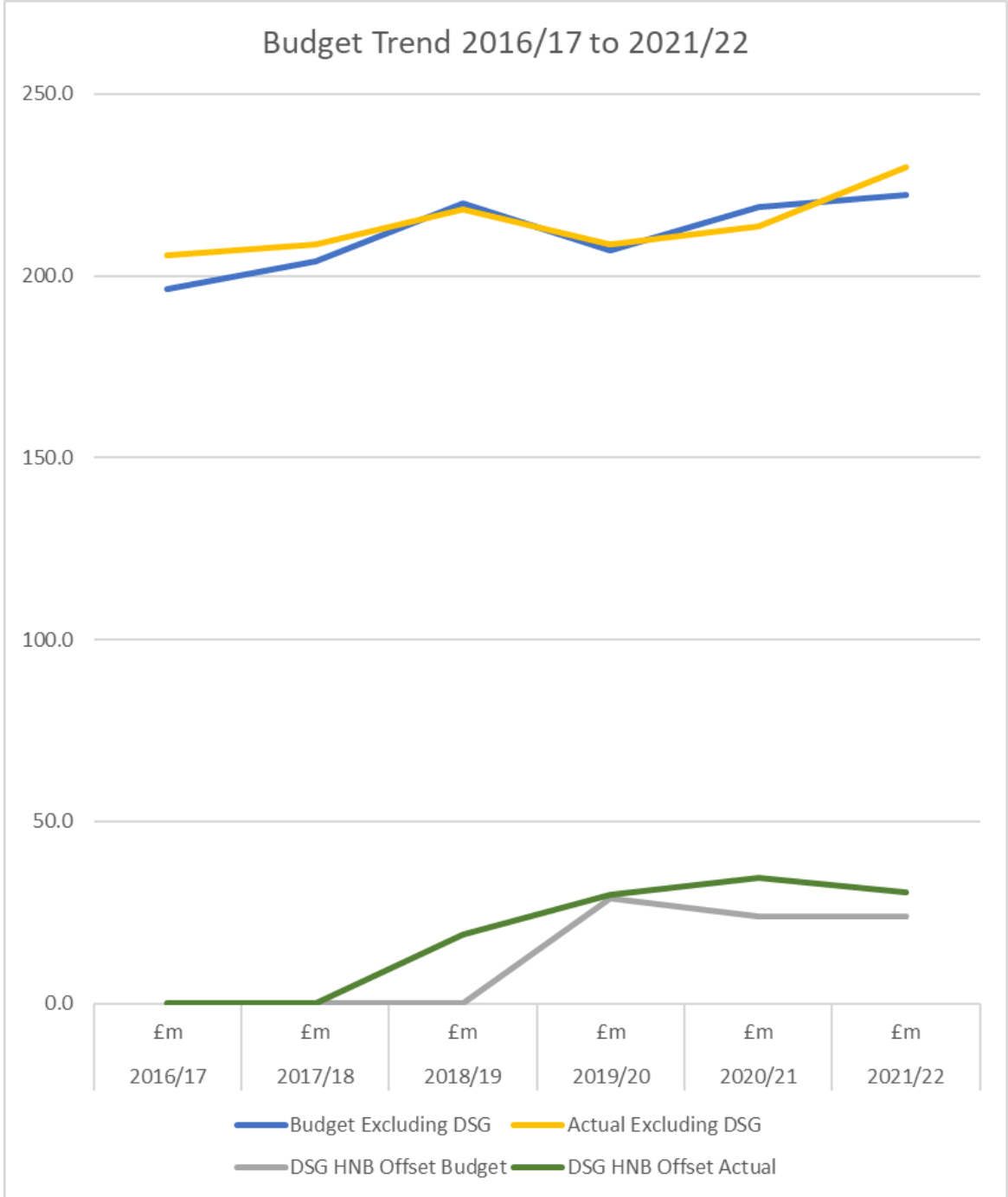
Key areas of expenditure

- The ELL budget includes the £24m contribution to a High Needs Block Offsetting reserve
- Commissioning contains the £40m budget for Home to School Transport (both SEND and mainstream)
- Within FR and CP c£60m of the budget relates to the cost of social care placements for children
- Net spend on staffing within FR, CP and Q&P accounts for a further c£65m of the budget

	Full year budget £m
Education, Lifelong Learning (ELL)	46
Family Resilience (FR)	33
Corporate Parenting (CP)	103
Quality and Performance (Q&P)	9
Commissioning	52
Total	243

Directorate budget and spend – trend data

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m	£m
Budget Excluding DSG	196.4	204.1	219.9	207.1	219.0	222.1
Actual Excluding DSG	205.8	208.5	218.3	208.6	213.5	229.8
Variance Excluding DSG	9.4	4.4	(1.6)	1.5	(5.5)	7.7
DSG HNB Offset Budget			0.0	28.9	23.8	23.8
DSG HNB Offset Actual			19.0	29.9	34.4	30.7
DSG HNB Offset Variance			19.0	1.0	10.6	6.9



Explanatory Notes

- Prior to 2019/20 there was no specific budget in place to account for the General Fund contribution to a DSG High Needs Block reserve
- The non-DSG outturn in 2020/21 was impacted by circumstances caused by COVID-19. The most significant being an underspend of £7.5m on Home to School Transport due to the significant reduction in routes as a result of the lockdown periods.
- The reduction in non-DSG budget between 2018/19 to 2019/20 was linked to the reconfiguration and restructure of the directorate as part of the service improvement programme, the majority of the reductions being in social care placements and staffing.

Service strategy headlines for 2022-27 MTFS

The overall aim of the Children, Families and Lifelong Directorate is to ***root children and families in our hearts and minds***. Our purpose is to ensure that Surrey's children and families have access to a range of services that tackle inequalities, support independence and enhance lives. We support families and enable children and young people to be safe and feel safe, be healthy and make good choices about their wellbeing.

CFL's 2022-27 MTFS strategy is focused on the key areas of transformation and financial pressure within the Directorate. The transformation and improvement of Children's Services within the Council (following the Ofsted inadequate rating in 2018) continues to be a primary focus of the Directorate's work, but there are other emerging financial issues this strategy looks to address.

Expenditure on placements within both Education and Children's Social Care is the cause of the main cost pressures within the directorate. SEND expenditure through the DSG High Needs Block (HNB) continues to impact on the Council's General Fund. Significant work has been undertaken as part of this budget cycle with IMPOWER to revise the latest trajectory for volumes of EHCPs and SEND expenditure.

Within Children's Social Care, significant **staffing pressures** remain due to the current level of agency workers, particularly for social worker posts. A number of approaches in the MTFS are designed to increase the proportion of permanent staff or employ agency staff in a more efficient manner.

Changes continue to be made to **Integrated Commissioning** that will strengthen the way we integrate, deliver and continue to develop our Integrated Care System (ICS) to improve outcomes for our young residents. It aims to drive forward and support agile decision making and effective use of resources, with a key focus on self-care, prevention, early intervention and building resilience.

2021-26 MTFFS Budget Summary for Children, Families and Lifelong Learning

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	219.7	219.7	222.3	226.3	231.5	236.8	
Directorate Pressures		16.4	8.6	9.6	9.5	6.3	50.3
Identified Efficiencies		(13.8)	(4.5)	(4.4)	(4.2)	0.0	(26.9)
Total Budget Requirement		222.3	226.3	231.5	236.8	243.1	
Change in net budget requirement		2.6	4.1	5.2	5.2	6.3	23.4

Opening Directorate budget envelope	219.7	220.1	220.5	221.0	220.1		
Share of funding reductions and borrowing costs		0.4	0.4	0.4	(0.8)	(2.3)	(1.8)
Budget envelope for the year		220.1	220.5	221.0	220.1	217.9	

Overall Reductions still to find	2.2	5.8	10.6	16.7	25.2	
Year on Year - Reductions still to find	2.2	3.6	4.8	6.1	8.6	25.2

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Overview

The pressures and efficiencies within CFL (excluding SEND) are focused on a number of key areas. The impact of COVID-19, underlying demand and referrals within Social Care and the ability of the current transformation programmes to mitigate expenditure will contribute to remaining within the budget envelope.

Levels of agency staff, particularly in Social Care remain high which is causing a continual financial pressure. Increasing the level of permanent staff, or reducing the cost of agency workers will support reducing financial pressures for these costs.

Overspends in both these areas within 21/22 are impacting on the budget gap for 22/23 so any further changes to them in-year will impact on the level of efficiencies required.

Significant progress has been made in closing the gap within the directorate. These proposals contain varying levels of risk and reliance on external partners in terms of their delivery.

2021-26 MTFS Budget Summary for the DSG High Needs Block

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	23.8	23.8	27.2	17.5	4.8	(2.5)	
Directorate Pressures		25.8	15.0	14.2	12.9	11.9	79.8
Identified Efficiencies		(22.4)	(24.7)	(26.8)	(20.3)	(19.7)	(113.9)
Total Budget Requirement		27.2	17.5	4.8	(2.5)	(10.3)	
Change in net budget requirement		3.4	(9.7)	(12.6)	(7.4)	(7.8)	(34.1)

Opening Directorate budget envelope	23.8	18.5	13.3	8.0	2.7		
Share of funding reductions and borrowing costs		(5.3)	(5.3)	(5.3)	(5.3)	(2.7)	(23.8)
Budget envelope for the year		18.5	13.3	8.0	2.7	0.0	

Overall Reductions still to find	8.6	4.2	(3.1)	(5.2)	(10.3)		
Year on Year - Reductions still to find		8.6	(4.4)	(7.3)	(2.1)	(5.1)	(10.3)

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Overview

Pressures within the High Needs Block are a national issue driven by the increase in demand from changes in legislation not being matched by increases in funding. The Council's SEND transformation programme has been established to ensure appropriate focus and scrutiny is in place for this high risk area.

Considerable work has been undertaken to update and validate the latest trajectory in relation to SEND expenditure. This indicated that while the position over a five year period was consistent, the pattern of spend in each year was different to those in the previous MTFS. The first two years of the MTFS would incur higher spend but see reductions from 24/25 onwards as demand growth slows and additional capacity created through the SEND Capital programme allows more targeted use of Non Maintained Independent (NMI) provision.

Current assumptions are that High Needs Block (HNB) grant will continue to increase at 8% as has been the case in recent years. Further impacts from the overdue central government SEND review have the potential to impact assumptions around funding or demand in future years.

Summary of General Fund budgeted pressures

Pressure	2022/23 £m	Total MTFS £m
Looked After Children (LAC) Demand/inflation	5.8	23.8
Contract inflation	2.0	8.6
Staffing	8.0	17.7
Other	0.5	0.2
Total budgeted pressures	16.4	50.3

Planned efficiencies

Efficiency Proposal	2022/23 £m	Total MTFS £m	2022/23 RAG
LAC Demand/Inflation - Reuniting children with their families where appropriate to do so	0.2	0.4	Red
LAC Demand/Inflation - No Wrong Door and Family safeguarding impact on Looked After Children numbers	2.6	10.8	Red
LAC Demand/Inflation - Cost differential of providing specialist placements in-house compared to external residential	0.9	0.9	Red
LAC Demand/Inflation - Reduced unit costs of commissioning bed spaces via block contract	1.0	1.0	Yellow
LAC Demand/Inflation - Stop covering additional cost for 18-25 year olds, with no prior SCC contact, placed by D&Bs in SCC beds when the previous agreement comes to an end.	0.3	0.3	Red
LAC Demand/Inflation - Lower unit cost of placing in in-house fostering provision	0.3	0.3	Red
EYES/LIFT - Financial efficiencies from the introduction of new Childrens IT and payment system	0.3	0.6	Yellow
Home to School Transport - Containment of projected inflation through improved route planning and procurement	1.4	5.8	Green
Quality and Performance - staffing	0.2	0.2	Red
Staffing - Reduced agency cost from increase in permanent staffing numbers	0.7	0.7	Yellow
Staffing - Reduced agency cost from reduction in days worked, to align with permanent staffing patterns	0.7	0.7	Yellow
Staffing - Reduction in overall allocation set aside for retention payments based on current take up	0.2	0.2	Yellow
Staffing - Reduction in agency costs through joining agreement to limit rates of pay in line with neighbours	0.9	0.9	Yellow
Review the support for NEET services which are currently above the statutory requirement. Ensure focus remains on specialist work (15% reduction)	0.1	0.1	Yellow
Home to School Transport - Development of in-house provision in conjunction with community transport	TBC	TBC	Yellow
Social Care Transport - Move from current spot purchasing approach to more centralised commissioning approach	0.1	0.1	Yellow
Review of grant allocations	0.2	0.2	Red
Applying grant as a one-off mitigation	0.5	0.5	Yellow
Staffing - re-alignment if Vanguard bid is successful. Staffing proposals will be considered against the potential impacts on the service improvement programme.	1.1	1.1	Red
Review of ELL operational budgets and in-year underspends to reduce spend	0.3	0.3	Yellow
Staffing - Merging teams, increasing spans of control and reducing leadership capacity. Staffing proposals will be considered against the potential impacts on the service improvement programme.	0.9	0.9	Red
UASC - Negotiation with the Home Office around funding for UASC infrastructure costs not covered by current grant funding	1.1	1.1	Red
Total	13.8	26.9	

Draft Capital Programme

The Proposed Capital Programme sitting within CFL totals £2.7m over 5 years. This consists of two schemes, foster carer grants (£1.1m) and Adaptions for Children with Disabilities (£1.6m).

As well as those budgets directly managed by CFL, there are a number of other projects which sit in other directorates (property - resources) but relate to CFL. The most substantial being;

- Schools Basic Need, £30.5m in 22/23 and £134.7m in total over 5 years – grant funded
- Recurring Capital Maintenance Schools, £11 in 22/23 and £84m in total over 5 years
- SEND, £16.9m in 22/23 and £60.8m in total over 5 years – This is phases 1-3 of the programme expanding capacity within Surrey maintained and special schools
- Looked After Children Schemes, £2.1m in 22/23 and £31.5m in total over 5 years
- Surrey Outdoor Learning, £5.2m in 22/23 and £5.2m in total over five years – Thames Young Mariners development

In addition, there are a number pipeline schemes, which are dependent of further business cases in order to be included in the capital programme. The largest of these include the following indicative allocations:

- SEND Phase 4, £60m allocation over 5 years
- Pupil Referral Unit (PRU) schemes, £22m allocation over 5 years

Directorate Pack – Customer & Communities

Summary of Services Provided by Directorate

A mix of statutory services, core functions, income generating services and key enablers for future ways of working:

Community Partnerships: Over 50,000 residents reached through online community engagement; 1,215 comments/ideas for Your Fund Surrey (£100 million capital fund) posted on Commonplace map; increasing member involvement in local engagement; administering Member Communities Allocation Fund

Customer Services: Over 200,000 calls; 8 million web visits; 16,000 Blue Badge applications, 80,000 emails and 18,000 twitter mentions received in a year

Libraries: 52 libraries + History Centre; 4,631,871 items borrowed (in 2019/20); 2,905,618 visits (in 2019/20); 303,692 registered borrowers (2019/20); 1,000 events held each month; over 142,000 views of online events

Registration: circa 18,000 births, 11,000 deaths & 3,300 marriages and civil ceremonies per year; top 3 nationally for birth and top 5 for death registrations; over 90,000 new & copy certificates issued

Heritage: Public downloads of digitised images: 10,136,302-page impressions in 2020/21 - 34% increase from 19/20 (3rd in CIPFA ranking); 3,266 public enquiries; over 10,000 images added to online catalogue

Surrey Arts: 3,495 young people accessing instrumental and vocal tuition in 2020/21; music hub working with 356 schools; number of young people participating in ensembles: 894

How is the Directorate Budget Spent

The Net budget for the Directorate for 2021/22 amounts to c£11m. This includes significant income budget in excess of c£10m across Cultural Services.

Income to the Directorate comes primarily from weddings (from providing registrars services at both registry offices and licenced venues), income from music lessons provided by Surrey Arts in schools and income from archaeology services, fines and reservation charges in libraries and blue badge fees in customer services.

All areas have undergone significant improvements over the last 3 years and significant cost reduction. For example the Libraries Service net budget has reduced by 30% and the Customer Services budget by over £400k.

	Expenditure	Income	Net budget
	£m	£m	£m
Directorate Leadership	0.4	-	0.4
Libraries	7.6	1.1	6.4
Surrey Arts	4.4	4.2	0.1
Heritage	1.3	0.5	0.8
Registrations	2.0	3.1	- 1.1
Active Surrey	1.5	1.5	-
Community Partnerships	1.5		1.5
Customer Services	2.9	0.2	2.7
	21.6	10.6	11.0

Service Strategy Headlines

- Although a newly formed Directorate, all areas have undergone (or are undergoing) significant improvement & cost reduction. The ambition is not only to ensure the sustainability and quality of service delivery, but to think creatively about how services are delivered.
- COVID-19 has had a significant impact on achievable income levels over the past 18 months; specifically, within Cultural Services. Current budget planning assumption is that income returns to pre-COVID levels; any sustained impact would put the delivery of services within agreed budget envelopes under pressure.
- In addition to working to ensure that income levels return to pre-COVID levels, the Directorate has identified additional budget pressures relating to inflation and unachievable prior year efficiencies which it has had to identify efficiencies to off-set.

Looking into the medium term, further efficiencies are anticipated through driving forward key transformation programmes to continue to adapt and improve services to meet the changing needs to our residents and ensure financial sustainability:

- **Customer Experience** - Making people's experience of dealing with the Council quicker, easier, and better by shaping a new relationship with our customers, managing their enquiries in a more efficient, proactive, and connected way and increasing our use of digital self-serve technologies;
- **Libraries and Culture Transformation** - delivering a modern and efficient set of services across Libraries, Arts and Heritage reducing net cost and increasing impact for communities in Surrey; and
- **Enabling empowered communities** - Providing the foundations, delivery arm and a learning approach to reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey's future.

2021-26 MTFS Budget Summary for Customer & Communities

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	11.0	11.0	10.9	11.4	11.9	12.5	
Directorate Pressures		0.7	0.5	0.5	0.5	0.6	2.8
Identified Efficiencies		(0.8)	0.0	0.0	0.0	0.0	(0.8)
Total Budget Requirement		10.9	11.4	11.9	12.5	13.0	
Change in net budget requirement		(0.1)	0.5	0.5	0.5	0.6	2.0

Opening Directorate budget envelope	11.0	10.8	10.6	10.3	10.1		
Share of funding reductions and borrowing costs		(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(1.2)
Budget envelope for the year		10.8	10.6	10.3	10.1	9.8	

Overall Reductions still to find	0.2	0.9	1.6	2.4	3.2		
Year on Year - Reductions still to find		0.2	0.7	0.7	0.8	0.8	3.2

Significant progress to close the gap has been made, the overall gap/reductions still to find are £0.1m. However, there remains risks and challenges to the delivery of the proposed budget envelope for the Directorate for the coming year:

- Cultural service budgets contain a significant proportion of income from fees and charges. These were disproportionately impacted by lockdown due to the inability to open services. Bringing those income levels back to pre-pandemic levels is a risk for longer term sustainability within the service
- Sustained demand relating to the community helpline and test and trace, within customer services, places a risk on the ability to deliver transformation within the service and the ongoing delivery of efficiencies

Opportunities to further contribute to the Council's medium term budget challenge in future years exist in relation to the following activities underway:

- Enabling empowered communities - by handing more powers and resources directly to communities, designing services locally with them, and making it easier for everyone to play an active role in the decision making
- Customer Experience – aiming to enhance our relationship with our customers, managing their enquiries in a more efficient, proactive and connected way and increasing our use of digital self-serve technologies
- Transforming the library service

Summary of budgeted pressures

Pressure	2022/23 £m	Total MTFS £m
Non-pay inflation	0.0	0.0
Pay inflation	0.5	2.6
Additional NI contribution	0.1	0.1
Impact of the non-achievement of efficiencies in 2020/21 in respect of the vacancy factor within libraries service	0.1	0.1
Total budgeted pressures	0.7	2.8

Planned efficiencies

Efficiency Proposal	2022/23 £m	Total MTFS £m	2022/23 RAG
Libraries Service Restructure – full year effect of the libraries service re-structure	0.2	0.2	
Cultural Services Efficiencies – a number of planned activities to drive out efficiencies, including a comprehensive review of the Heritage Service, extending the number of teaching weeks for Surrey Arts, review of charging models for Registrations and review of supplier contracts with in the Libraries services.	0.4	0.4	
Planned end to historic grant contribution to Watts Gallery	0.1	0.1	
Community Partnerships – Re-set of staffing and non-staffing budgets to support new ways of working.	0.1	0.1	
Total	0.8	0.8	

Draft Capital Programme

The draft Capital Pipeline contains £34m of investment to enable the libraries transformation programme.

This is a five-year programme of work to modernise library settings across Surrey to;

- enable libraries to meet the changing needs of communities,
- support wider strategic priorities,
- ensure library assets fit and sustainable for the future.

The overall approach to this programme was discussed at Cabinet in November 2021. Individual detailed business cases will subsequently be developed and brought forward for agreement as the programme is progressed. These will be based upon service analysis and prioritise key locations based on need and opportunity.

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