

CABINET- 31 JANUARY 2023**CABINET RESPONSE TO THE : SCRUTINY OF 2023/24 DRAFT BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2027/28**

Recommendations from the Council's Select Committees:**Joint recommendations:**

1. That findings from Equality Impact Assessments are included in the draft budget reports provided to Select Committees by December 2023.

Cabinet Response:

As part of work to further integrate and improve the council's approach to strategic planning we are working to embed a culture of ensuring equality, diversity and inclusion is factored into decision making. We therefore commit to undertaking initial equality analysis earlier in the budget setting process for 2024-25. This will enable the inclusion of draft equality analysis (i.e. potential likely impacts and potential likely mitigations which could be put in place) to be shared with the Budget Task Group and Cabinet in November 2023 and to the Select Committees in December 2023 and part of the Draft Budget scrutiny process.

If there are any significant changes made to the draft budget when setting the final budget, additional EIAs may be required and will be presented alongside the final budget papers. Full final EIAs are produced when the final decision on the change is made, so these will be finalised as appropriate depending on where that decision is made.

As in 2023-24, a cumulative equality impact assessment of the final budget for 2024-25 and individual EIAs of efficiencies will be presented in the final budget papers for 2024-25.

2. Requests, following the details of the Local Government Finance Settlement, the Section 151 Officer provides a written briefing note (by email) to all Members with details of any impact on the Council finances and Draft Budget 2023-24.

Cabinet Response:

The Provisional Local Government Finance Settlement was released on 19th December 2022. A briefing on the initial analysis and impact on the Council's funding position was circulated by Finance to all Members on 20th December and full implications are included in the final budget proposals being presented to Cabinet in January 2023 and Full Council in February 2023.

Adults and Health Select Committee

Adult Social Care:

1. That the Accommodation with Care & Support Strategy is allocated sufficient budgetary resources for the delivery of Extra-Care and Supported Independent Living facilities to remain on schedule.

Cabinet Response:

There are two aspects of budgetary resource required in order to enable the Accommodation with Care & Support (AwCS) programme to continue to progress effectively.

Firstly, funding is required for the revenue cost of the team of staff to provide the dedicated expert capacity to plan for and manage the development of the new schemes. Funding for the programme has been confirmed corporately in the proposed 2023/24 final budget, and the cost of the programme is planned to be incorporated into ASC's base budget from 2024/25.

Secondly, affordable funding sources are required for the financing of the capital investment costs associated with the development of the new accommodation, and for the ongoing operating costs of new ASC settings developed as part of the programme.

To date the Council has already approved and confirmed funding for 6 Extra Care Housing (ECH) developments for older people that are anticipated to deliver circa 370 of the 725 target for additional ECH affordable units, and 3 Supported Independent Living (SIL) schemes for people with a learning disability and / or autism.

Work continues in identifying suitable SCC owned sites to meet the demand for new ECH for older people, SIL for people with a learning disability and / or autism and people with mental health problems and short breaks respite accommodation for people with a learning disability and / or autism. As with the sites already approved, plans and the business case for any further proposed developments, including SCC's proposed capital investment and how this will be funded, will be presented to Cabinet for review and sign off. ASC will also ensure the Adults & Health Select Committee is regularly briefed on progress.

2. That sufficient budgetary plans and resources are in place to effectively support Discharge-to-Assess processes.

Cabinet Response:

The Council continues to work closely with Integrated Care Board (ICB) partners to ensure sufficient funding is in place to support effective Discharge to Assess (D2A) processes across Surrey.

As set out in recent briefings to the Adults & Health Select Committee, a new D2A model in Surrey was introduced from 1st July 2022. One of the key changes

in order to ensure a sustainable model within available resources was to stop funding care under D2A for those people with the means to privately fund their own care under current Care Act regulations. The new model has also meant that directly from the point of discharge the care of those people with complex social care needs requiring long term support in care homes is now funded directly by ASC and the care for those people with a potential primary health need is funded by ICBs under a Continuing Health Care discharge pathway. This ensures that available D2A capacity is focused on those people with the potential for skills gain and recovery with the aim of supporting them to be able to live in their own homes with greater independence, and as such a reduced requirement for ongoing funded care services.

In September 2022 the then government announced a £500m national Discharge Fund. Funding is split across local authorities and ICBs and must be pooled in the local authority area's Better Care Fund (BCF). The combined funding due to be received across SCC, Surrey Heartlands ICB and the Surrey element of Frimley ICB is £8.6m. Together with existing funding in Surrey's BCF allocated to fund D2A and temporary monies agreed between SCC and ICBs for D2A this should provide sufficient funding for D2A in 2022/23. Discharge grant monies are also being used to contribute towards some of the costs of long term care home placements funded by ASC directly from discharge, supporting discharge out of mental health in-patient settings and funding members of staff in Surrey's acute hospitals to help support private self-funders source ongoing care arrangements.

The Council is committed to working collaboratively with its ICB partners to maintain an effective and sustainably funded D2A model in Surrey. A pressure of £5.2m has been included in ASC's proposed 2023/24 budget in recognition that it is likely to be necessary for SCC to continue contribute to funding part of the cost of D2A in the next financial year. Although SCC's discharge grant funding for 2023/24 has been confirmed as £1.6m (£1.7m less than in 2022/23 due to the government changing the way funding is allocated between authorities in 2023/24), funding allocations have not yet been published for ICBs. SCC will work closely with its ICB partners to agree how D2A will be appropriately funded in 2023/24 once ICB discharge grant funding allocations have been published.

3. That there is a coordinated approach between in-house, day services, and transport services for Learning Disabilities and Autism, and for this to be used toward determining pressures and efficiencies for this area.

Cabinet Response:

ASC works holistically to ensure a coordinated approach in its future planning for how best to meet the needs of people with a learning disability and / or autism who require support in the community during the day. There are a range of support options available across SCC in-house LD services, services provided by SCC's Local Authority Trading Company Surrey Choices and those offered by independent sector providers.

In line with ASC's vision to promote people's independence and wellbeing and commitment to strengths based practice the focus of ASC's strategy on developing more innovative support services during the day based in the community rather than traditional building based day care. Linked to this ASC seeks to enhance the provision of travel training for residents with support needs. This will enable people with a learning disability and / or autism to maximise their independence and potential. However, ASC recognises that people with a learning disability and / or autism have a wide range of levels of need and it will remain important to maintain sufficient capacity of high quality more traditional building based day care services for people with more complex needs. ASC seeks to commission day care services as close as possible to where people live to limit the time and cost required for travel to and from these services.

Going forwards ASC will continue to closely monitor the demand requirement for day services and associated transport across the range of different levels of need for people with a learning disability and / or autism and ensure its commissioning strategy is designed to maintain an appropriate mix of care and support services in line with this demand.

Children, Families, Lifelong Learning & Culture Select Committee

The Select Committee wishes to make workforce recruitment and retention the priority for budget expenditure in Children's Services, and with that in mind recommends the Cabinet ensures:

1. It is costed whether increasing the salaries of permanent staff in line with neighbouring authorities, to incentivise recruitment and retention, would reduce the spend on agency staff by a similar or greater amount, and if this is the case that it ensures salaries are competitive.
2. Market rate supplements are used for social worker positions and other hard-to-recruit areas that remain unfilled in social care and SEND. These should be reviewed by the Service after 12 months.
3. In the event pay inflation is higher than expected, the Council should prioritise funding for roles related to social care and SEND.

Cabinet Response:

Current pay assumptions for the Children, Families & Lifelong Learning Directorate for budget planning purposes match those applied corporately across all directorates. For 2023/24 that equates to a 5% uplift on 2022/23 staffing budgets. This pay inflation will be allocated across individual teams following the results of the formal Surrey pay award, if rates of salary increase vary across different bands, grades or roles.

During 2021/22 a retention payment policy was introduced with linked efficiencies based on reducing the level of agency staff.

The 2023/24 budget includes specific funding for the following areas linked to recruitment and retention;

- Retention payment scheme as mentioned above £0.5m
- Apprenticeship scheme £0.1m
- ASYE training and cover whilst training staff £1.0m

The latest recruitment and retention options are being considered alongside the wider pay and reward review due to be implemented in 23/24.

Communities, Environment & Highways Select Committee

1. Broadly supports, based on the information provided, the budget proposals for those areas that fall within its remit, noting the assurance that all the savings/efficiencies identified will not lead to deterioration in the services provided to residents (subject to the Local Government Finance Settlement anticipated on 21 December 2022).
2. Recommends an uplift in the Highways Capital Programme to reflect the very high inflation specifically facing the service and its contractors, particularly in the Members' Highways allocation.

Cabinet Response:

The Member's Highways Allocation budget is £8.1m for 2023/24, £100k per councillor. Actual inflation experienced will depend on the type of work carried out and the required materials.

The capital programme is at affordability level, so it is not possible to increase the overall budget in relation to schemes that incur a revenue borrowing cost without putting further pressure on the revenue budget. However, the impact of inflation on the ability to deliver the schemes Members have identified as priorities is acknowledged. In response, it is proposed that where costs of already identified schemes are now deemed unaffordable within the Members allocation, additional capital funding will be identified to ensure delivery. No additional schemes will be considered, but the funding required to ensure the delivery of already identified schemes will be managed within the overall capital programme budget.

We will keep this position under review and assess the ongoing impact of inflation going forward as part of future budget setting processes.

3. Will continue to closely monitor performance throughout the year to be satisfied that expectations derived from the budget will be met in practice.
4. Asks the relevant Cabinet Members/Services that a briefing note highlighting any impact on the Council's budget, which could impact the areas under this Select Committee's remit, be circulated to the Committee following the Local Government Finance Settlement.

Cabinet Response:

The Provisional Local Government Finance Settlement was released on 19th December 2022. A briefing on the initial analysis and impact on the Council's funding position was circulated by Finance to all Members on 20th December and full implications are included in the final budget proposals being presented to Cabinet in January 2023 and Full Council in February 2023.

5. Notes that Surrey County Council currently receives only ten per cent of Business Rates paid by Surrey businesses. The Committee asks Cabinet to re-lobby the Government and all Surrey Members of Parliament (MPs) to increase the amount of Business Rates that come to the Council.

Cabinet Response:

Noted – Business Rate retention is a key element of the much delayed, Fair Funding Reforms (FFR). Government have confirmed that FFR will not be implemented within the current Parliament.

Resources and Performance Select Committee

In appreciating the work undertaken to prepare the Draft Budget 2023/24 and MTFSS to 2027/28, the Resources and Performance Select Committee:

1. Requests Cabinet to include clearer timescales for achieving proposed efficiencies – with income, costs and expenditure assumptions where relevant (e.g. Enterprise Resource Planning/SAP; Land and Property; Transformation, Twin Track programme etc.) – is provided in the Final Budget 2023-24.

Cabinet Response:

Efficiency proposals include a significant range of activities, from those that can be easily implemented with immediate effect and others than will take time to deliver and are more stretching/ambitious. Timescales for delivery therefore vary across the efficiency programme. is not possible to have detailed plans in place for all efficiencies at this stage due to the stretch targets included in some places.

Directorates commit to efficiencies that they consider deliverable, the budget envelope approach means that where they cannot deliver as planned they are required to identify an alternative to mitigate any resulting overspend in the year. We hold a corporate contingency budget to further protect against non-delivery of efficiency targets and this enables us to be ambitious in our efficiency targets included in the budget.

2. Asks that the work on benchmarking data on corporate costs be prioritised by Cabinet and presented to the Budget Task Group by September 2023 and to this Select Committee with the next year's Draft Budget.

Cabinet Response:

A group, with officers from various south east county councils, has been set up to review and share benchmarking on corporate costs. An initial report is anticipated to be ready for summer 2023.

3. Expresses concern about increasing the cost of providing Free School Meals; asks Cabinet to consider the impact on schools budget; and continue to lobby the Government to compensate schools.

Cabinet Response:

The proposal was included to recognise the increase in cost experienced by the service, which if not funded through increased charges would become a corporate pressure to be met by the Council. Given there was no increase in the funding rates provided to the schools, the proposal has been reviewed and removed from the final budget proposals.

This will be reviewed throughout the financial year, with an opportunity to reinstate the efficiency from the new academic year in September 2023 if deemed appropriate.

4. Invites Cabinet to continue to ensure that the impact of inflation in service provision and contracts – including the cost of borrowing and any increase in interest rates – is reflected in the Final Budget 2023-24.

Cabinet Response:

The final budget continues to include significant pressures resulting from the high inflation environment. For 2023/24 specifically, the budget proposals include both the anticipated impact of inflation for 2023/24 and in addition pressures relating to the difference between the inflation experienced in the current financial year and the assumptions made when setting the 2022/23 budget. Inflationary pressures are based on specific market insights, terms written into contracts and where no alternative intelligence exists based on a corporately determined rate (10.8% for 22/23, 7.3% for 2023/24).

A corporate contingency budget exists to manage the risk of inflation levels being higher than the budget assumptions.

5. Asks Cabinet to review the Capital budget in light of provisional Local Government Finance Settlement as well as the significant inflationary pressure which seems likely to continue for some time; and carefully consider whether the Capital budget needs an inflationary uplift to reflect predicted costs and the potential for value engineering or revise the list of projects in the Capital programme to fit the budget.

Cabinet Response:

The impact of inflation on the capital programme was considered when preparing the proposed capital programme for 2023/24 – 2027//28. The focus was on re-prioritising, reprofiling timing and value engineering schemes, in order to ensure the objectives can continue to be delivered without requiring significant unaffordable increases to the capital allocations. The impact of inflation on programme delivery will be kept under review by the Capital Programme Panel and reported on a monthly basis to CLT & Cabinet.

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6. Asks Cabinet and the Section 151 Officer that detailed budget impact assessments, including Equality Impact Assessments (EIAs), are presented in the Final Budget 2023-24 papers. For the next year's budget setting process, the Select Committee reiterates that this process needs to take place early and EIAs of the next year's Draft Budget 2024-25 are provided to the Budget Task Group in November 2023 and to the Select Committees in December 2023 with the Draft Budget papers; making sure resources, guidance and processes associated with EIAs are refreshed by September 2023 and promptly reflected into a) the Council's budget setting process next year; and b) the Council's developing Equality Diversity and Inclusion Strategy – a final version of which needs to come back to this Select Committee for feedback and scrutiny before it is presented to Cabinet for approval.

Cabinet Response:

The cumulative equality impact assessment (EIA) of the final budget 2023-24, alongside individual EIAs of efficiencies are presented to this Cabinet within the final budget 2023-24 papers.

As part of work to further integrate and improve the council's approach to strategic planning we are working to embed a culture of ensuring equality, diversity and inclusion is factored into decision making. We therefore commit to undertaking initial equality analysis earlier in the budget setting process for 2024-25. This will enable the inclusion of draft equality analysis (i.e potential likely impacts and potential likely mitigations which could be put in place) to be shared with the Budget Task Group and Cabinet in November 2023 and to the Select Committees in December 2023 and part of the Draft Budget scrutiny process.

If there are any significant changes made to the draft budget when setting the final budget, additional EIAs may be required and will be presented alongside the final budget papers. As in 2023-24, a cumulative equality impact assessment of the final budget for 2024-25 and individual EIAs of efficiencies will be presented in the final budget papers for 2024-25.

Full final EIAs are produced when the final decision on the change is made, so these will be finalised as appropriate depending on where that decision is made.

The resources and guidance associated with equality analysis and EIAs are being reviewed and will be shared with officers in early 2023.

The Select Committee will be engaged in the work to develop the EDI Strategy, and this will build on the previous engagement with the committee to develop the council's EDI action plan.

7. Requests, following the details of the Local Government Finance Settlement, the Section 151 Officer provides a written briefing note (by email) to all Members with details of any impact on the Council finances and Draft Budget 2023-24.

Cabinet Response:

The Provisional Local Government Finance Settlement was released on 19th December 2022. A briefing on the initial analysis and impact on the Council's funding position was circulated by Finance to all Members on 20th December and full implications are included in the final budget proposals being presented to Cabinet in January 2023 and Full Council in February 2023.

**David Lewis
Cabinet Member for Finance and Resources
31 January 2023**

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