

SURREY COUNTY COUNCIL

CABINET

DATE: 28 MARCH 2023



REPORT OF: DAVID LEWIS, CABINET MEMBER FOR FINANCE AND RESOURCES

LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR FOR RESOURCES (S151 OFFICER)

SUBJECT: 2022/23 MONTH 10 (JANUARY) FINANCIAL REPORT & 2023/24 FEES AND CHARGES REVIEW

ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE/EMPOWERING COMMUNITIES

Purpose of the Report:

This report provides details of the County Council's 2022/23 financial position as at 31st January 2023 (M10) for revenue and capital budgets and the expected outlook for the remainder of the financial year. It also outlines the outcomes from an extensive review of 2023/24 Fees & Charges.

Key Messages:**Revenue**

- **At M10, the Council is forecasting a full year deficit of £2.4m**, against the approved revenue budget, an improvement of £3.4m since M9. The details are shown in Annex 1 and summarised in Table 1.
- Without action, the position would be an overspend of £31.6m. Budget Recovery Plans of £12.2m and utilisation of £17m of the corporate contingency reduces the overall level of forecast overspend to £2.4m. The utilisation of the contingency recognises the deterioration of the financial environment since the budget was set in February 2022, due primarily to high levels of inflation combined with considerable increases in demand for key services. It has also enabled Directorates to focus on reducing the remaining underlying forecast overspend, reducing any additional negative impact on the level of the council's reserves at a time when the level of external financial risk is extremely high.

Capital

- The capital budget was reset at M9 to £210m. The M10 forecast of £201.4m is £8.6m less than the reset budget. Further details of the movement are set out in paragraph 11. The budget originally approved by Full Council in February 2022 was £212.1m.

Fees & Charges

- As part of the annual budget setting process, all Directorates have carried out a review of their fees and charges for 2023/24. The overall 2023/24 budgeted income from Fees and Charges is £93.8m, an uplift of £1.9m (2.0%) from 2022/23 forecast income. This increases to c6% uplift if Adult Social Care Charges are excluded. These are mainly governed by statutory regulations and would generally be offset by a higher level of increased care package expenditure.

- Paragraphs 14-23 set out the process undertaken and summarise the proposed changes to Fees and Charges for Cabinet to note and approve in advance of the start of the 2023/24 financial year.

Recommendations:

It is recommended that Cabinet:

1. Notes the Council's forecast revenue and capital budget positions for the year, including the use of the contingency budget and the commitment to continue to develop Directorate budget recovery plans.
2. Approves the transfer of the closing surplus revenue and capital balances of the Mead Infant School to its successor academy (revenue surplus £85,963.92 and capital surplus £3,789.76) (Paragraph 12 - 13)
3. Notes the summary of the Fees & Charges review (paragraph 14 - 23 and Annex 2)
4. Approves the new charges and increases to existing Fees & Charges that are more than budget setting guidance (paragraph 22 and Annex 3)

Reason for Recommendations:

This report is to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval of any necessary actions. It also outlines Cabinet requirement to approve the transfer of balanced for forced academy conversions and the Financial Regulations setting out when Cabinet approval is required for Fees and Charges price increases.

Revenue Budget:

1. **At M10, the Council is forecasting a full year overspend of £2.4m against budget.**
This comprises a £31.6m forecast overspend, offset by £12.2m from budget recovery plans (BRP) and the utilisation of £17m of the corporate contingency budget. This represents an improvement of £3.4m since last month. Table 1 below shows the forecast revenue budget outturn for the year by Directorate.
2. Through the budget envelope approach, Directorates are required to deliver services within their approved budget. Therefore, Directorates are tasked with mitigating activities to offset identified pressures, mitigate risks and maximise the opportunities available to contain costs.
3. In each of the last five financial years, this approach has been sufficient to deliver a year end position within budget. However, the unusual intensity of the pressures that the council has faced throughout 2022/23 has required additional measures to protect the council's financial position:
 - Directorates forecasting an overspend position have developed budget recovery plans to identify targeted additional in-year activities to mitigate the forecast overspend position. Directorates have identified plans of £12.2m to mitigate some of the forecast overspend.
 - Use of £17m of contingency budget, contained within Central Income & Expenditure, in recognition of the high levels of inflation experiences throughout the financial year, well in excess of the 4% budgeted for in February 2022. This also enables a focus on identifying mitigating activities to offset the residual forecast overspend of £2.4m.

Table 1 - Summary revenue budget forecast variances as at 31st January 2023

Directorate	BAU		BAU	Budget	Forecast Variance £m
	Annual Budget £m	M10 Adj Forecast £m	Forecast Variance £m	Recovery Plans £m	
Adult Social Care	403.3	414.6	11.3	(9.1)	2.1
Public Service Reform & Public Health	36.4	36.4	(0.0)	0.0	(0.0)
Children, Families and Lifelong Learning	222.5	241.8	19.2	0.0	19.2
Comms, Public Affairs & Engagement	2.2	2.0	(0.1)	0.0	(0.1)
Surrey Fire and Rescue	33.1	36.0	2.8	(0.2)	2.6
Customer & Communities	17.4	17.5	0.1	(0.1)	0.0
Environment, Transport & Infrastructure	136.5	136.3	(0.2)	0.0	(0.2)
Prosperity Partnerships & Growth	1.6	1.4	(0.2)	0.0	(0.2)
Resources	77.0	78.2	1.2	(1.2)	0.0
Central Income & Expenditure	65.8	63.3	(2.5)	0.0	(2.5)
Total before DSG High Needs Block Offset	995.9	1,027.5	31.6	(10.6)	21.0
DSG High Needs Block Offset	27.2	27.2	0.0	(1.6)	(1.6)
After DSG High Needs Block offset	1,023.1	1,054.7	31.6	(12.2)	19.4
Contingency	17.0	0.0	(17.0)		(17.0)
Total Budget Envelopes	1,040.1	1,054.7	14.6	(12.2)	2.4
Central Funding	(1,040.1)	(1,040.1)	0.0		
Overall after central funding	0.0	14.6	14.6		

Note: Numbers have been rounded which might cause a difference.

4. The forecast net Directorate overspend of £19.4m (before application of the contingency) relates primarily to:

Children, Families and Lifelong Learning (CFL) - £19.2m overspend, an improvement of £0.4m from M9, due to:

- There is a £12m projected overspend on Home to School Travel Assistance (H2STA), this is an improvement of £0.5m since Month 9. This is caused by demand pressures from the continuing increase in Education and Health Care Plans, inflationary pressures on suppliers and contracts, as well as the significant volatility of fuel prices experienced throughout 2022. The forecast includes additional demand anticipated between now and 31st March 2023. The projection includes cost reductions achieved in year from the implementation of the Council's new transport policy. A H2STA Oversight Board and Steering Group has been set up to oversee the improvement plans and future efficiencies in this area. There is also a focus on alternative delivery models, in collaboration with key stakeholders. We are taking a proactive approach to learning from other counties to support assumptions and inform operational and financial strategies.
- £5.5m overspend on External Children Looked After (CLA) placements – due to numbers of CLA and the full year effect of some high-cost placements which came in late March 2022. Planned reductions in residential placements through the big fostering partnership have not occurred alongside cost inflation which are both adding to the overspend.
- £3.1m overspend on Children with Disabilities (CWD) Care - this is a residual pressure from 2021/22 due to high levels of demand for direct payments and personal support.
- £2.1m overspend on Quadrant Area Teams, CWD and Fostering staffing – this relates to the double funding of the assessed and supported year in employment (ASYE) social work cohort through the use of agency staff for three months while ASYE's gradually build up their caseload; alongside additional staffing costs in fostering due to the level of agency staff. An efficiency around standardising leave between agency and permanent workers is planned but not yet delivered due to workload requirements.

- £1.6m forecast overspend on Care Leavers due to the level of demand and increases in average costs.
- Partly offset by £4.6m Covid-19 funding. An assessment of extra costs applicable to the pandemic resulted in an increased drawdown of Covid-19 funding. This is predominantly within staffing, social care placements and income levels in services which have not recovered post lockdowns.

Adult Social Care – £2.1m net overspend, an improvement of £1.7m from M9, (£11.3m forecast overspend offset by £9.1m Budget recovery plan) due to: £14.5m pressure on care package budgets due to forecast non-achievement of efficiencies relating to market pressures and capacity challenges, increased costs of care due to higher acuity of care needs, growing post pandemic demand and rising assessed fees & charges debt. This is partially offset by staffing underspends and the budget recovery plan including draw down of reserves earmarked for ASC, use of Contain Management Outbreak Fund monies for ongoing additional care package expenditure related to the pandemic, releasing old year accruals, additional funding from the ASC discharge grant, and measures taken since October 2022 to try to slow down care package spending and implement a temporary recruitment freeze until the end of March 2023.

Surrey Fire and Rescue - £2.6m net overspend, a deterioration of £0.2m from M9, (£2.8m forecast overspend offset by £0.2m Budget recovery plan): primarily due to additional recruitment and training in response to recruitment by the London Fire Brigade, anticipated retirements and existing vacancies, together with increased costs of communication systems, staffing pressures through increased use of on-call staffing, national changes to holiday pay on overtime, ill health retirements, and increased costs of fuel and vehicle repairs. Some offsetting underspends are already included in the forecast and £0.2m of budget recovery plans (e.g. use of grants to cover existing staffing costs and capitalisation of staff and other appropriate costs). Officers continue to review these pressures and wider spend to identify any further mitigations. The position has worsened by £0.2m this month due to logistics costs and overtime due to vacancies and skills deficits (following LFB recruitment).

Resources – balanced position forecast, an improvement of £0.5m from M9, (£1.2m forecast overspend offset by £1.2m Budget recovery plan) due to: overspends of £1.4m mainly due to price inflation on utilities, resulting in forecast pressures in Land & Property. Furthermore, delays to the planned agile moves mean that some of the Land & Property efficiencies are unlikely to be delivered. In addition, there is continued increased demand for legal services. This is offset by £1.2m budget recovery plans and £0.2m underspends. Services have implemented a range of measures to mitigate the pressures, including use of reserves, reduced staffing costs by delaying non-statutory recruitment and continual appraisal of premises costs to mitigate the challenging inflation pressures.

Offset by:

- **Central Income and Expenditure - £2.5m underspend, unchanged since M9:** The forecast underspend is due to £0.3m increased interest receivable caused by improved cash balances and yield, £1.7m underspend on redundancies reflecting fewer service restructures and the improved evaluation of the Minimum Revenue Provision, based on the 2021/22 capital outturn and funding (net £0.5m).

- **Utilisation of Corporate Contingency Budget - £17m.** The total contingency budget for 2022/23 is £20m. £3m has already been allocated to fund the cost of the 2022/23 approved pay award above what was included in the budget approved in February 2022 and the cost of additional payments relating to the Real Living Wage and mileage enhancements.
 - **DSG High Needs block - £1.6m budget recovery plan:** £1.6m has been included based on a reduction in the contribution required to the DSG High Needs Block offsetting reserve (paragraphs 6-8 below).
5. In addition to the forecast overspend position, we monitor emerging risks and opportunities throughout the year. These are activities that could impact on, but are not currently included in, the forecast outturn position. Wherever possible the potential financial value of risks and opportunities are estimated and scored for the likelihood of the risk or opportunity occurring, to calculate the weighted risk / opportunity. At the end of January there were £10.3m of weighted risks and £1.2m of weighted opportunities, resulting in net weighted risks of £9.2m, not currently included in the latest forecast outturn position. As well as taking action to reduce the current forecast overspend, Directorates are taking action to mitigate these risks to avoid increased budget pressures.

Dedicated Schools Grant (DSG) update

6. The table below shows the projected forecast year end outturn for the High Needs Block.

Table 2 - DSG HNB Summary

2022/23 DSG HNB Summary	
	£'m
DSG High Needs Block Grant (exc Academies)	202.2
Forecast outturn	235.2
<i>Deficit/(surplus)</i>	<i>33.0</i>
Safety valve overspend	33.0
<i>Deficit/(surplus)</i>	<i>0.0</i>
Contribution required to reserve	25.6
Reserve contribution budget	27.2
<i>Deficit/(surplus)</i>	<i>(1.6)</i>

7. The third quarter monitoring report has been submitted to the DfE for the safety valve agreement. This identified that the Council remains on track with its agreed trajectory, although it also noted the increasing pressures caused by rising inflation, in particular to the long-term funding of the planned Capital programme. There will be the final one required for submission this financial year.

8. As the Council remains on track to achieve its safety valve trajectory, the £1.6m surplus High Needs Block contribution has been released into the forecast as part of the budget recovery work.

Capital Budget

9. The 2022/23 Capital Budget was approved by Council on 8th February 2022 at £212.1m, with a further £71.0m available to draw down from the pipeline and £18m budgeted for Your Fund Surrey expenditure.
10. Capital budgets were reset at M9 to ensure that they provided a more accurate position, taking into account 2021/22 carry forwards, acceleration, known delays and in-year approvals. The revised budget was re-set at £210.0m. At M10 the projected year end forecast is an underspend of £8.6m against this re-set budget. Strategic Capital Groups are working towards mitigating this slippage, to the extent possible, for the remainder of this financial year.

Strategic Capital Groups	Reset Budget at M9 £m	Outturn Forecast at M10 £m	M9 Forecast Variance £m	M10 Forecast Variance £m	Change from M9 to M10 £m	Increase / Decrease / Unchanged
Property						
Property Schemes	75.8	74.2	0.0	(1.6)	(1.6)	Decrease
ASC Schemes	1.6	1.5	0.0	(0.1)	(0.1)	Decrease
CFLS Schemes	2.5	1.9	0.0	(0.6)	(0.6)	Decrease
Property Total	79.9	77.6	0.0	(2.3)	(2.3)	Decrease
Infrastructure						
Highways and Transport	85.6	82.7	0.0	(2.9)	(2.9)	Decrease
Infrastructure and Major Projects	11.9	12.9	0.0	1.0	1.0	Increase
Environment	14.7	10.5	0.0	(4.2)	(4.2)	Decrease
Surrey Fire and Rescue	2.5	2.5	0.0	(0.0)	(0.0)	Decrease
Infrastructure Total	114.6	108.5	0.0	(6.1)	(6.1)	Decrease
IT						
IT Service Schemes	15.5	15.3	0.0	(0.2)	(0.2)	Decrease
IT Total	15.5	15.3	0.0	(0.2)	(0.2)	Decrease
Total	210.0	201.4	0.0	(8.6)	(8.6)	Decrease

11. The factors contributing towards the net changes across Strategic Capital Groups are detailed below.
- **Property Schemes – £1.6m overall decrease** due to unresolved planning issues on Extra Care DBFO works (£1m) and LAC Scheme site delays (£0.6m). Additionally, there was £1m slippage on Corporate and Schools Maintenance, 0.1m slippage on Independent Living schemes due to planning and service delays. These variances were offset by a £0.8m increase on SEN following approval and progression of three Pipeline schemes. Additionally, a £0.3m increase in Alternative Provision capital programme following acceleration of works at the Fordway Centre in January.
 - **ASC Schemes - £0.1m overall decrease** due to the planned carry forward of the Major Adaptations budget, as works are not due to complete in this financial year.
 - **CFLS Schemes - £0.6m overall decrease** mainly due to the extension of the final phase of an Education Management System project, which means that the final

capital contract costs will not be paid this financial year. This extension was approved after the M9 budget monitoring cycle.

- **Highways and Transport Schemes - £2.9m overall decrease.** Following assessment and investigation, a number of bridge maintenance schemes are now expected to take longer to complete which will result in a reduced cost this financial year (£1.3m). Other schemes within the programme have been delayed for a number of different reasons including resourcing issues and the need to reprofile works to accommodate other planned works or to take advantage of lower levels of traffic during school holidays.
- **Infrastructure and Major Projects - £1m overall increase** reflecting the latest programme for the A320 Housing Infrastructure Fund scheme, with additional works now expected to take place this financial year (£1.4m), offset by smaller days to other projects.
- **Environment Schemes - £4.2m overall decrease** relates to the Sustainable Warmth grant-funded programmes. The Council has had a significant number of applications for works on Band D properties which could not progress due to grant eligibility criteria, which is determined by the Department for Business, Energy & Industrial Strategy (BEIS). This was raised with BEIS in December, at which point the delivery agent had confidence that BEIS would allow all applications to progress. However the decision to allow these to progress was only made in February, which has meant that some works had to be moved into 2023/24. Further delays have been caused by adverse weather in December, delaying installations.
- **IT Service Schemes - £0.2m overall decrease** due to £0.1m of slippage on IT Infrastructure projects, and a minor underspend on an Agile Workforce Transformation budget that was carried forward from 2021/22 but has not been spent

Transfer the surplus school balances of a forced conversion

12. The Mead Infant School converted to a sponsored academy on 1 Nov 2022 following an OFSTED judgement of inadequate. The closing surplus balances of the school at the date of conversion were £85,963.92 revenue and £3,789.76 capital.
13. As it is a directed sponsored conversion, the Local Authority can choose whether the surplus transfers to the academy, and this requires Cabinet approval, whereas where a school converts to an academy by choice (the majority of conversions) the surplus of the former maintained school automatically transfers to the successor academy. It is recommended that the surplus balances are transferred to the successor academy because:
 - this will allow them to be used for the benefit of the school and pupils for which the funds were allocated;
 - schools in this position generally incur significant school improvement costs;
 - the surplus involved (approx. 5% of 2021/22 funding) is below the average for Surrey primary schools; and
 - this is consistent with past decisions.

2023/24 Fees & Charges

14. Charges for services is a key source of financing local services. Fees and charges income is regularly reviewed and should be increased annually to take account of inflation, demand and any other appropriate factors particular to individual charges. The exception to this is in respect of charges which are set nationally by Central Government.
15. As part of the annual budget setting process, all Directorates have carried out an extensive annual review of their fees and charges, in advance of the commencement of the 2023/24 financial year. These reviews were carried out by senior officers and Budget Managers, in consultation with Finance. For 2024/25, the outcomes of the annual fees and charges review will form part of the suite of MTFs to be approved by Cabinet and Full Council in early 2024.
16. The 2023/24 budgeted income from Fees and Charges is £93.8m, an uplift of £1.9m (2.0%) from 2022/23 forecast income. This increases to c6% uplift if Adult Social Care Charges are excluded. These are mainly governed by statutory regulations and would generally be offset by a higher level of increased care package expenditure.
17. The total Fees and Charges budget is summarised below and further details are provided in Annex 2.

Directorate	2022/23 Forecast Income	2023/24 Budgeted Income	Income level uplift
	£000s	£000s	£000s
Adult Social Care	65,611	65,948	337
Customer and Communities	7,644	8,351	707
Children Families and Lifelong Learning	6,627	6,774	147
Surrey Fire & Rescue	25	31	6
Environment Transport & Infrastructure	9,051	9,635	584
Resources	3,005	3,108	103
Total for all Directorates & Services	91,963	93,846	1,883

*The above table compares the forecast income for 2022/23 to the budgeted income for 2023/24, so takes into account variances from budgeted income in 2022/23. There are a number of areas where volume uncertainty and volatility remains and levels have not returned to pre-pandemic levels.

18. The new Financial Regulations delegate approval to Budget managers to increase their Fees & Charges in consultation with Strategic Finance Business Partners if the increase is in line with budget setting guidance or rounding.
19. On 31st January Cabinet approved the 2023/24 Budget. In setting the 2023/24 budget, there was additional focus on fees and charges in order to optimise our income and funding levels.
20. Directorates have reviewed their fees and charges in line with corporate guidance. Guidance suggest that fees and charges should generally be increased in line with inflation. The table shows that fees have increased by an average of c6% (excluding Adult Social Care fees). While current inflation rates are higher, it is important that prices

set are both competitive but do not adversely impact on volumes. The income increases shown here include forecasts of volume changes.

21. Within the schedules to be published, there are some fees and charges that have increased more than inflation. Most of them are due to re-evaluating the direct cost incurred in providing the service, unifying charging (one fee rather than three or removal of ranges), simplifying charging by introducing a range to accommodate options, or stepped / rounding increases (increased from £250 to £300).
22. In reviewing all of the individual Fees and Charges there are a few exceptions that require approval. There are six existing charges that require approval either due to changes in service delivery either new pricing models or billing methodologies and one new charge. The details are included in Annex 3:

Description of goods/services for which a fee/charge is made	Rates (incl VAT)		
	2022/23 charge	2023/24 charge	Change in rate
	£	£	%
Existing Fees and Charges			
Children, Families and Lifelong Learning			
<u>Surrey Outdoor Learning</u>			
Venue Hire - Grand Hall / Big Top HA (non-SCC)	£487	£690 - £1,150	42%-136%
Venue Hire - Grand Hall / Big Top HA (SCC)	£271	£375 - £1,050	38%-287%
Customer & Communities			
<u>Registration & Nationality Services</u>			
Non-Statutory Ceremony in Registry Office	£260 - £350	£471 - £718	81%
Non-Statutory Ceremony in Licensed venue	£360 - £470	£619 - £919	72%
<u>Trading Standards</u>			
Fixed fee set up of the primary authority partnership arrangements for Trading Standards to encourage transition from arrears billing to billing in advance	£786	£824	5%
Renewal fees of the primary authority partnership arrangements for Trading Standards to encourage transition from arrears billing to billing in advance.	£563	£588	4%
New Fees and Charges			
Environment, Transport and Infrastructure			
<u>Education Services offer</u>			
Woodland Creation Pack		£238	

Existing Charges:

Customer & Communities - Registration & Nationality Services – Non Statutory Ceremonies (either in Registry Officer or in Licensed Venue) will be delivered to include option to live stream, commemorative certificates and a place to have photos in reception. The new pricing model now reflects this. The charge has increased from a range of £260 - £470 in 2022/23 to £471 - £919 in 2023/24.

Customer & Communities – Trading Standards – Local Authority partnerships have reviewed their pricing model to encourage transition from arrears billing to billing in advance. Fixed fee for set up (from £786 to £824) and Renewal fees (from £563 to £588)

Children, Families and Lifelong Learning - Surrey Outdoor Learning Services has extensively reviewed their venue hire reflecting customer feedback to provide an inclusive package rather than separately charging catering and venue hire. For example: previously a group of 30 in the Grand Hall (£487), with refreshments and light buffet lunch would cost £646, the new inclusive price for the same numbers for 2023/24 is £690. The range of pricing is to accommodate increases in volumes and catering options.

New Charges:

Environment, Transport and Infrastructure: Education Services: They would like to formalise charging for Woodland Creation packs for Forest Schools and other educational institutions.

23. The increase in income projections were factored into the 2023/24 budget and Medium Term Financial Strategy to 2027/28, which was approved by Full Council in February 2023. Further information on fees and charges will be published (excluding commercially sensitive) alongside the transparency information from April 2023, where appropriate.

Consultation:

- Executive Directors and Cabinet Members have confirmed the forecast outturns for their revenue and capital budgets.

Risk Management and Implications:

- Risk implications are stated throughout the report and each relevant director or head of service has updated their strategic and or service risk registers accordingly. In addition, the Corporate Risk Register continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council and the sustainability of the Medium-Term Financial Strategy. In the light of the financial risks faced by the Council, the Leadership Risk Register will be reviewed to increase confidence in Directorate plans to mitigate the risks and issues.

Financial and Value for Money Implications:

- The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus.

Section 151 Officer Commentary:

- Although significant progress has been made to improve the Council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

- The Council has a duty to ensure its expenditure does not exceed the resources available. Contingency budgets held by the Council provide confidence that the budget remains balanced at this stage. However, it is recognised that the current economic climate and rising inflation provides a significant challenge to delivering services within available budget resources. The Section 151 Officer confirms the financial information presented in this report is consistent with the Council's general accounting ledger and that forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.

Legal Implications – Monitoring Officer:

- The Council is under a duty to set a balanced and sustainable budget. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available whilst continuing to meet its statutory duties.
- Cabinet should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Cabinet and Council and they must take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.

Equalities and Diversity:

- Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary. In implementing individual management actions, the Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- Services will continue to monitor the impact of these actions and will take appropriate action to mitigate additional negative impacts that may emerge as part of this ongoing analysis.

What Happens Next:

The relevant adjustments from the recommendations will be made to the Council's accounts.

Report Author:

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Consulted: Cabinet, Executive Directors, Heads of Service

Annex:

Annex 1 – Forecast revenue budget as at 31st January 2023

Annex 2 – Summary of the 2023/24 Fees & Charges and Directorate Commentary

Annex 3 - New Fees & Charges requiring approval

Annex 1

Forecast revenue budget as of 31st January 2023

Service	Cabinet Member	Full Year	Full year net	Full Year net	Full year net
		Gross budget £m	budget £m	forecast £m	forecast variance £m
Education and Lifelong Learning	C Curran	221.5	21.6	21.4	(0.2)
Family Resilience	S Mooney	37.7	34.2	32.9	(1.4)
Corporate Parenting	S Mooney	120.4	105.2	114.0	8.7
Quality and Performance	S Mooney	10.6	9.6	9.5	(0.1)
Commissioning	S Mooney	137.8	53.2	65.0	11.8
CFLC Exec Director	S Mooney	(1.3)	(1.3)	(0.9)	0.4
Children, Families and Lifelong Learning		526.6	222.5	241.8	19.2
Public Health	M Nuti	35.6	34.5	34.5	(0.0)
Public Service Reform	M Nuti	1.1	1.9	1.9	(0.0)
Public Health and PSR		36.7	36.4	36.4	(0.0)
Adult Social Care	M Nuti	549.6	403.3	405.5	2.1
Highways & Transport	M Furniss / K Deanus	71.9	56.8	56.5	(0.4)
Environment	M Heath/ N Bramhall	76.9	74.7	74.9	0.2
Infrastructure, Planning & Major Projects	M Furniss	5.4	3.0	2.8	(0.2)
Leadership Team	M Furniss	1.5	1.5	1.7	0.2
Emergency Management	K Deanus	0.5	0.5	0.5	0.0
Environment, Transport & Infrastructure		156.3	136.5	136.3	(0.2)
Surrey Fire and Rescue	D Turner- Stewart	38.8	33.1	35.7	2.6
Armed Forces & Resilience	K Deanus	0.1	0.1	0.1	0.0
Comms, Public Affairs & Engagement	T Oliver	2.1	2.1	1.9	(0.1)
Communications, Public Affairs and Engagement		2.2	2.2	2.0	(0.1)
PPG Leadership	T Oliver	0.3	0.3	0.3	(0.0)
Economic Growth	M Furniss	1.3	1.3	1.1	(0.2)
Prosperity, Partnerships and Growth		1.6	1.6	1.4	(0.2)
Community Partnerships	D Turner-Stewart	1.5	1.5	1.4	(0.1)
Customer Services	D Turner-Stewart	3.0	2.9	2.8	(0.1)
AD Culture & Active Surrey	D Turner-Stewart	19.5	6.7	6.7	(0.1)
Surrey Arts	D Turner-Stewart	0.4	0.4	0.4	0.1
Trading Standards	D Turner-Stewart	3.9	2.0	1.8	(0.1)
Health & Safety	D Turner-Stewart	0.7	0.3	0.3	0.0
Coroners	K Deanus	3.8	3.7	3.9	0.3
Customers and Communities		32.8	17.4	17.4	0.0
Land and Property	N Bramhall	32.5	24.0	24.6	0.5
Twelve15	D Lewis	20.1	(1.5)	(1.5)	0.0
Information Technology & Digital	D Lewis	19.1	18.5	18.5	(0.0)
Finance	D Lewis	13.5	6.0	5.8	(0.1)
People & Change	T Oliver	7.3	7.2	6.9	(0.3)
Joint Orbis	D Lewis	6.4	6.4	6.1	(0.3)
Legal Services	D Lewis	5.4	4.9	5.6	0.7
Business Operations	D Lewis	4.0	2.0	1.8	(0.2)
Democratic Services	D Lewis	4.0	3.8	3.7	(0.0)
Corporate Strategy and Policy	D Lewis	2.1	1.6	1.4	(0.2)
Executive Director Resources	D Lewis	2.5	2.5	2.6	0.2
Transformation and Strategic Commissioning	D Lewis	1.4	1.4	1.1	(0.2)
Performance Management	D Lewis	0.2	0.2	0.1	(0.0)
Resources		118.6	77.0	77.0	0.0
Corporate Expenditure	D Lewis	108.0	65.8	63.3	(2.5)
Total before DSG High Needs Block					
Offset		1,571.2	995.9	1,016.9	21.0
DSG High Needs Block Offset		27.2	27.2	25.6	(1.6)
Total Budget Envelopes		1,598.4	1,023.1	1,042.5	19.4
Contingency		0.0	17.0	0.0	(17.0)
Total Budget Envelopes		1,598.4	1,040.1	1,042.5	2.4
Central funding			(1,040.1)	(1,040.1)	0.0
Total Net revenue expenditure including DSG HNB		1,598.4	(0.0)	2.4	2.4

Annex 2

Summary of the 2023/24 Fees & Charges and Directorate Commentary

	2022/23 Forecast Income	2023/24 Budgeted Income	Income level uplift
Directorate	£000s	£000s	£000s
Adult Social Care	65,611	65,948	337
Customer and Communities	7,644	8,351	707
Children Families and Lifelong Learning	6,627	6,774	147
Surrey Fire & Rescue	25	31	6
Environment Transport & Infrastructure	9,051	9,635	584
Resources	3,005	3,108	103
Total for all Directorates & Services	91,963	93,846	1,883

Commentary:

Adult Social Care: The 2023/24 budget has been set based on the 2022/23 latest forecast. The vast majority of charging income for ASC relates to contributions people pay towards the cost of care packages funded by the Council based on a financial assessment of their means to pay. This assessed charging income is governed by statutory regulations under the Care Act with local discretion for some aspects. The Directorate is not proposing any changes to areas of local discretion, but continues to keep this under review while recognising of course that any changes would require formal consultation. A modest increase to assessed charging income is budgeted for 2023/24 taking into account ASC's demand management plans and that in most cases an increase to charging income in this area will be offset by a higher increase to care package expenditure. The Directorate is also implementing new charges approved by Cabinet in December 2022 for setting up ASC providers to be paid VAT within tax regulations.

Customer and Communities: The Directorate relies on significant income generation and continues to face challenging income targets which, for some services, have not yet returned to levels before the covid pandemic. This risk is reflected in the lower 2022/23 income level. The 2023/24 budget assumes £0.4m additional income generation with a particular focus on additional service offers through Registrations plus inflationary and above inflationary uplifts to fees and charges.

Children Families and Lifelong Learning: There is a slight increase in the 2023/24 budget versus the forecast position for 2022/23, driven mostly by a forecast increase in income within Surrey Adult Learning. A number of challenges exist, including the impact of the cost of living crisis and services are driving efficiencies to alleviate pressures.

Surrey Fire & Rescue: The 2023/24 budget is slightly higher than the 2022/23 forecast, to reflect expected income levels.

Environment Transport & Infrastructure: Whilst most areas remain flat, the fees and charges budgeted income is higher than the 2022/23 forecast position, in the main due to extra income expected in Planning (S278/S38) and Highways which are the two largest budgets and have benefitted from increased volumes. However volumes remain under pressure in some other services areas and these risks will be managed within the wider budget envelope.

Resources: The 2023/24 budget assumes additional income from the sale of school meals and from additional services in IT&D. It also recognises the reduction in income for the data centre. There are some risks to achieving the challenging income targets, most notably in Business Services where the payroll offer to schools is affected by the delayed implementation of the new ERP system.

The below table provides some detail of where the income is generated across the Directorate / Services and the scale of the charges in those areas. It also highlights which services are restricted by commercially sensitivity and nationally set regimes.

Summary of the service area Income levels and summary of Fees & Charges

Directorate	Service	2022/23	2023/24	Income	Number of Fees/Charges	Commercially sensitive, Fees range, Locally or Nationally set etc.
		Forecast Income £000s	Budgeted Income £000s	Level uplift £000s		
ASC	All Services	65,611	65,948	337	43	21 Commercially Sensitive, local 22 Range from £2 minimum charges to £1,570 for set up and compliant establishments. Also includes the £24,500 Capital limit for community based care, Mixture of national and local
C&C	Blue Badge Team	197	180	(17)	1	£10 per application, National
	Strategic Risk Management	173	180	7	25	All Commercial Sensitive applied Schools, Local
	Registration & Nationality Services	3,600	4,000	400	19	Range from £11 for a certificate to £2,205 Approved premises application, Local
	Heritage (Archiving & Archaeology)	387	392	5	17	Range from £1 photocopies to £360 room hire, Mostly locally set except for replacement certificates
	Libraries	525	600	75	87	Range from Exemptions for over 70s to £25 to request periodical, local
	Surrey Arts	2,387	2,495	108	30	Range £26 for a Junior Workshop to £414 per Individual hour course, Local
	Trading Standards (local)	330	453	123	24	Range from £23.50 replacement weighbridge operators certificate to £1,937 Fixed Fees Partnership arrangement, local
	Trading Standards (national)	45	51	6	4	Relate to Explosive Regulations and Petroleum storage certificates, National

Directorate	Service	2022/23	2023/24	Income	Number	Commercially sensitive, Fees range, Locally or Nationally set etc.
		Forecast Income	Budgeted Income	Level uplift		
		£000s	£000s	£000s		
CFFL	Surrey Adult Learning	1,865	2,000	135	28	All relate to Course income and locally set. Increase is due to volumes rather than rate increase
	Surrey Outdoor Learning	2,480	2,500	20	83	Range from a meal (Catering) to £2,716 for 4 nights- Log Cabin Accommodation, Local
	School Relationships	401	404	3	2	Commercial Sensitive, Local
	Surrey Online School	498	450	(48)	12	Commercial Sensitive, Local
	Transport Co-ordination Team	200	120	(80)	4	Commercial Sensitive, Local
	Admissions	130	120	(10)	24	Commercial Sensitive fees relate to volume of admissions, Local
	Educational Psychologists	120	151	31	1	£597.36 ELSA charge to Academies, Local
	Schools (SEND/SEN)	15	15	0	1	Commercial Sensitive, Local
	User Voice	6	9	3	1	£700 Respect Training to Schools, Local
	Children's Workforce Academy	65	82	17	7	Range from £25 SSCP Third Sector 1/2 day to £196 CPI Training per Academy delegate, Local
	Education Safeguarding	45	52	7	2	DLS Training £37.50 and Safeguarding Learning Review £600, Local
	Local Authority Designated Officer (LADOs) and Child Employment	33	33	0	2	Chaperone Training and Late Application Fees £40 each, local
	School (Educational) Effectiveness	64	38	(26)	7	Commercial Sensitive, Local
	Education Services Offer	106	139	33	2	Commercial Sensitive, Local
	Race Equality and Minority Achievement (REMA)	268	300	32	9	Range from £57 Translations per hour to £623 FLR Assessments, local
Specialist Teachers for Inclusive Practice (STIP)	331	361	30	16	Mostly Commercial Sensitive, Local	
SFRS	Fire and Rescue Service	25	31	6	11	Range from £6 copy of Fire Report to £661 to recovery a large animal, local

Directorate	Service	2022/23	2023/24	Income	Number	Commercially sensitive, Fees range, Locally or Nationally set etc.
		Forecast	Budgeted	Level		
		£000s	£000s	£000s		
ETI	Transport Development Planning	199	189	(10)	22	Range from £101 to £7,885 pre planning advice for 1 to +2000 dwellings, Local
	Highways - Information & Licences	1,497	1,717	220	26	Range from £10 replacement Concessionary bus pass to £817 licence, Local
	Highways - Streetworks	3,454	3,258	(196)	44	Range from £9 Minor Road Immediate Permit to £10,000 - Daily Utility overstay charge on protected street , Mixture of National and Local
	Highways - Temporary Traffic Orders	1,310	1,260	(50)	2	Range from £966 Emergency Traffic Order to £1,084 Temporary Traffic order, Local
	Highways - Cycle Training	165	361	196	9	Range from £3 per free school meal child "Feet First" to £15 per child Level 2, Local
	Highways - Laboratory fees	120	133	13	2	Range from £223 to Bespoke for recovery of laboratory fees, Local
	Planning - Historic Environmental Records (HER)	42	38	(4)	9	Range 0.26 for photocopy to £172 Priory HER Search, Local
	Flood Risk Planning & Consenting	16	18	2	13	Range from £178 per hour advice to £3,178 Large Application site visit, local
	Resources & Circular Economy - Waste CRC's	270	270	0	8	Range £4 per bag of Plasterboard waste to £50 a bag of Mixed Waste, Local
	Resources & Circular Economy - Vans	115	115	0	1	£8.50 Permit for Van to access recycling sites per annum, Local
	Planning - S278/S38	1,449	1,774	325	1	National set Planning County Applications
	Countryside Access	74	78	4	9	Range from £40 per Commons Map & Search (CON29 (O)) to £1,100 deregistration of common land, Local
	Planning - Company Travel Plan	61	61	0	2	£4,600 and £6,150 Travel Plan Auditing fee - standard / large development, Local
	Surrey Hills - Area of Natural Beauty (AONB)	2	2	0	3	Range from Free first 30 min of advice to £90 thereafter per hour advice non third sector, Local
	Planning Development	124	147	23	14	National set Planning County Applications
	Planning - Historic Environment Farm Environment Record (HEFER)	10	5	(5)	8	Range from £35 to £420 depending on banding and tier, National
	Surrey Countryside Partnership	65	95	30	42	Range from £1.53 per sheer grazing per week to £858 for 40+ volunteers corporate day, Local
	Network Resilience (Watercourse)	6	11	5	1	£50 Ordinary Watercourse Consenting fees, National
	Visitor Service - Activity Licences	42	60	18	53	Commercially Sensitive, Local
	Visitor Services - Filming	30	42	12	50	Commercially Sensitive, Local
ETI (new)	Education Services offer - Woodland Creation Pack	0	0	0	1	Annex 3

		2022/23 Forecast Income	2023/24 Budgeted Income	Income Level uplift	Number of Fees/ Charges	Commercially sensitive, Fees range, Locally or Nationally set etc.
Directorate	Service	£000s	£000s	£000s		
Resources	Legal Services	330	443	113	16	Range from £47 per hour for Paralegal travel time recovery to £3,600 for a Company Secretary to Local Authority Trading Company, Local
	People Business Partnering (HR Services)	41	129	88	12	Commercially Sensitive, Local
	Payroll Processing & Pensions	1,602	1,775	173	22	Commercially Sensitive, Local
	DBS checking team (Safer Staffing)	409	363	(46)	22	DBS checks £9.50 Volunteer to £47.50 Enhanced, Nationally Set. There are commercially sensitive internal rates
	Data Centre	423	238	(185)	2	£411 Orbis Customer and £600 Standard Customer Server Hosting Charge per month, Local
	Appeals Service	200	160	(40)	4	Commercially Sensitive, Local
Total for all Directorates & Services		91,963	93,846	1,883	860	

Annex 3 – New Fees & Charges

1. The new Financial Regulations delegate approval to Budget managers to increase their Fees & Charges in consultation with Strategic Finance Business Partners if the increase is in line with budget setting guidance or rounding.
2. In reviewing all of the individual Fees and Charges there are a few exceptions that require approval. There are six existing charges that require approval either due to changes in service delivery either new pricing model or billing methodologies and one new charge.

Existing Charges:

Customer & Communities - Registration & Nationality Services – Non Statutory Ceremonies (either in Registry Officer or in Licensed Venue) will be delivered to include option to live stream, commemorative certificates and a place to have photos in reception. The new pricing model now reflects this. The charge has increased from a range of £260 - £470 in 2022/23 to £471 - £919 in 2023/24.

Customer & Communities – Trading Standards – Local Authority partnerships have reviewed their pricing model to encourage transition from arrears billing to billing in advance. Fixed fee for set up (from £786 to £824) and Renewal fees (from £563 to £588)

Children, Families and Lifelong Learning - Surrey Outdoor Learning Services has extensively reviewed their venue hire reflecting customer feedback to provide an inclusive package rather than separately charging catering and venue hire. For example: previously a group of 30 in the Grand Hall, with refreshments and light buffet lunch would cost £646, the new inclusive price for the same numbers for 2023/24 is £690. The range of pricing is to accommodate increases in volumes and catering options.

New Charges:

Environment, Transport and Infrastructure: Education Services: They would like to formalise charging for Woodland Creation packs for Forest Schools and other educational institutions.

Fees & Charges - new goods/services

Description of goods/services for which a fee/charge is made	Rates (incl VAT)			Financials		Effective Date of New Rate	Charge set Nationally/ Locally?
	2022/23 charge	2023/24 charge	Change	Income for 2022/23	Income for 2023/24		
	£	£	%	£000s	£000s		
Existing Fees and Charges							
Children, Families and Lifelong Learning							
Surrey Outdoor Learning							
Venue Hire - Grand Hall / Big Top HA (non-SCC)	£487	£690 - £1,150	42%-136%	Part of the SOLD		01/04/2023	Locally
Venue Hire - Grand Hall / Big Top HA (SCC)	£271	£375 - £1,050	38%-287%	Overall Income Yield		01/04/2023	Locally
Customer & Communities							
Registration & Nationality Services							
Non-Statutory Ceremony in Registry Office	£260 - £350	£471 - £718	81%	Part of the Registration		01/04/2023	Locally
Non-Statutory Ceremony in Licensed venue	£360 - £470	£619 - £919	72%	Overall Income Yield		01/04/2023	Locally
Trading Standards							
1,2 Fixed fee set up of the primary authority partnership arrangements for Trading Standards to encourage transition from arrears billing to billing in advance	£786	£824	5%	0	0	01/07/2023	Locally
1,2 Renewal fees of the primary authority partnership arrangements for Trading Standards to encourage transition from arrears billing to billing in advance.	£563	£588	4%	0	0	01/07/2023	Locally
New Fees and Charges							
Environment, Transport and Infrastructure							
Education Services offer							
Woodland Creation Pack		£238		0	0	TBC	Locally
Comments/special considerations							
1 Initial pilot in 2022/23 for transitions from Hampshire indicated this fee works to reduce PAYG partnerships. Introducing as a permanent fee to the							
2 Not expected to yield extra funds as such, just a different way of paying in advance rather than arrears							

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