

Resources & Performance Select Committee

Draft Budget 2025/26 and Medium Term Financial Strategy to 2029/30

6 December 2024

OUR PURPOSE

OUR PEOPLE

OUR ORGANISATION

Introduction by Cabinet Member – David Lewis

The Local Government financial climate remains extremely challenging and consequently the 2025/26 budget setting process has required us to take difficult decisions to ensure our financial resilience.

The budget setting process began in February 2024 and monthly iterations have been produced and reported regularly to both the Corporate Leadership Team and the Cabinet.

In addition, opposition parties and select committees have been engaged in early briefings and invited to make suggestions for areas of opportunity to increase income and reduce costs. An external consultation process has also been completed.

All the Select Committees had early briefings in June/July, followed by 'deep dives' into two selected areas of focus. In September, further budget updates were delivered, providing the latest information on Directorate proposals and reviewing the findings of the deep dives. Recommendations from these informal sessions were considered by Cabinet alongside the draft budget in November.

This meeting presents a further formal opportunity for the Select Committee to scrutinise the draft budget proposals and to make further recommendations for consideration before the final budget is considered by Cabinet in January and Full Council in February 2025.

Despite progress being made, a gap of £17.4m remains within the draft budget.



Introduction by Cabinet Member – David Lewis

- Despite the challenges, the budget includes investments in specific initiatives and areas of required improvement:
 - CFLL Improvements, including continuing the Early Help & Family Support services, recruitment & retention improvements and the continuation of the EHCP timeliness improvements.
 - Additional Digital Demand Responsiveness Transport roll out.
 - Additional verge maintenance & area cleanup gangs.
 - We will probably need to draw on all options available to close the budget gap, ie. further increases to council tax, additional funding if available, potential use of reserves, reducing pressures/managing demand and identifying further efficiencies.
- Focus also needs to be on the medium term. To support this, we have developed a one-council approach to transformation with several cross-council programmes designed to optimise the way we work:
- Customer engagement and improvements to customer experiences and outcomes;
 - Organisation redesign to review ‘the way we do things’ across the whole council;
 - Data and digital to leverage emerging and innovative technology;
 - Place and communities support to improve outcomes for residents;
 - Developing the performance and culture that underpins the organization.

2025/26 Revenue Headlines

- **Revenue budget envelope of £1.242 billion - £34m / 2.8% anticipated increase from 2024/25**
- Increased Council Tax assumption of 2.99% Core Council Tax.
- Assumed 'roll over' of existing grant funding.
- Pressures of £108m identified, reflects the increases in demand and higher than inflationary price increases in key services.
- £57m of efficiencies already identified.
- Reserves and contingencies considered at an appropriate/sustainable level given the high risk environment. Potential to utilise some reserves for one-off pressures/investment opportunities.
- Despite the challenges, the budget includes investments in specific initiatives and areas of required improvement:
 - CFL Improvements, including continuing the Early Help & Family Support services, recruitment & retention improvements and the continuation of the EHCP timeliness improvements.
 - Additional Digital Demand Responsiveness Transport roll out
 - Additional verge maintenance & area cleanup gangs.
- **Remaining Budget Gap of £17.4m in 2025/26.**



Capital Programme - Headlines

- The **economic environment has changed significantly**. High inflation and interest rate rises in recent years has increased cost of financing borrowing. In order to sustain our financial resilience, **we need to re-set capital expenditure habits**.
- There is a **limit to the capacity and proportionality of debt financing as a % of our overall budget and a limit to deliverability of this scale of programme**.
- The latest capital programme iteration has reduced the overall borrowing requirement of the Council significantly, resulting in reduced capital financing costs in the revenue budget.
- The capital programme maintains a focus on key priority areas of investment, including:
 - additional school places, including those for children with SEND,
 - adults social care accommodation with care and support,
 - highways and roads improvement,
 - the transformation of our libraries, and
 - investment in our greener futures programme.



Options to close the Draft Budget Gap of £17.4m

Additional Government Funding

- Budget in October 2024 provided indication of additional funding for Local Authorities, specifically social care funding.
- No certainty on detail until December Local Government Settlement
- Significant uncertainty over Government funding into the medium term

Identification of Additional Efficiencies/Cost Containment

- Directorates continue to look for further deliverable efficiencies, including areas to stop/delay activity
- Pressures continue to be reviewed to look for ways to contain cost/mitigate increases

Use of Reserves

- Worked hard to re-build depleted reserve levels to improve financial resilience
- Current level of reserves is considered appropriate given assessment of the risk environment
- Any use of reserves should be for one-off expenditure rather than to meet ongoing budgetary pressures.

Increase Council Tax

- Current budget assumptions are a 2.99% increase
- Referendum limits still uncertain, but assumption is ability to raise core Council Tax by up to 3% and an additional 2% ASC Precept
- Any increase equates to c£9m for every 1% rise

Medium Term Position

- There remains **significant medium-term uncertainty**
- Multiple single year settlements have made medium term planning difficult. Commitment by the new Government for multi-year settlements going forward.
- The timing and impact of Fair Funding Reform remains a significant unknown. Current assumptions is that this will be in 2026/27 at the earliest and that transitional arrangements would be made available to mitigate/'smooth' initial impacts.
- **By 2029/30, the Medium-Term gap is estimated to be c.£193m / c16% of our net budget**

Indicatively:

- Directorate pressures of £343m and capital financing costs of £35m
- Overall funding increase of £37m (assuming a 'flat' position immediately after fair funding reform due to anticipated transitional arrangements). Therefore, the full effect of funding reform not felt until beyond the end of the MTFS period
- Offset by efficiencies identified so far of £148m
- Reserves have reached a sustainable level but maintaining financial resilience is key to weathering future challenges and given the current high risk operating environment.

Finance & Corporate Services - Summary Directorate Budget Position

The recently formed Resources Directorate is made up of Finance and Corporate Services, Customer, Digital and Change and Communications, Public Affairs and Engagement.

The majority of the directorate expenditure budget is staffing (58%), the corporate assumption is that these costs will be uplifted by 3% on average (dependent on service). The 2025/26 pay and non-pay inflationary pressures are expected to be £1.4m. The directorate also faces two smaller pressures for the corporate cost of copyright licences and inflationary increases to the cost of external audit fees (£0.2m).

The Directorate's proposed efficiencies are focused on staffing reductions, whilst balancing the needs and risks of the council. These are: staffing reductions in a number of services (£1.2m); back-office staffing reductions in Twelve15 and maximising income through rate increases in September 2025 (£0.25m); reduced costs of providing Children's advocacy in house where possible (£0.1m). Undelivered efficiencies from previous years (£0.3m) have been mitigated through these efficiencies.

Customer, Digital & Change - Summary Directorate Budget Position (IT&D, People & Change, Design & Transformation and Customer Services)

The recently formed Resources Directorate is made up of Finance and Corporate Services, Customer, Digital and Change and Communications, Public Affairs and Engagement.

The services within the remit of this committee are likely to face inflationary pressures of £0.8m, the majority of this is staffing inflation at 3%. Furthermore, uplifts in Microsoft licences and continued support of MySurrey adds further pressures of £0.6m.

The main revenue budget issue is that the Data Strategy and Insights Teams are funded by temporary funding for one final year in 2024/25. Funding these teams on a permanent basis represents a budget pressure of £1.6m in 2025/26.

The majority of the efficiencies for these services relate to Organisational Redesign and Customer Transformation. Services have reviewed workforce levels and are proposing efficiencies of £1.5m and council wide reductions in IT licences (£0.1m). Transformation efficiencies of £1.5m are included in the Corporate Income and Expenditure budget.

Proposals to reconfigure the welfare offer provided by the Crisis Fund are also included (£0.3m). The re-procurement of the wide area network will deliver savings of £0.3m.



Communications, Public Affairs & Engagement - Summary

Directorate Budget Position

A high proportion (90%) of the directorate budget is staffing, the corporate assumption is that these costs will be uplifted by 3%. The other area of spend is publicity costs, current assumptions are 2% inflation increases for non-staffing costs from 2025/26. Total inflation is estimated as £0.1m

Proposed efficiencies (£0.2m) include the removal of the annual all-residents mailer, a staffing reduction in the Resident Insight Unit and less spend on corporate campaigns.



Environment, Infrastructure & Growth - Summary

Directorate Budget Position (Land & Property and Economic Growth)

EIG currently has an identified revenue budget requirement of £199.3m for 2025/26 (including some services outside of this committee's remit), an increase of £11.9m from 2024/25, due to pressures of £14.5m offset by efficiencies of £2.6m.

Key messages for the services within the remit of this committee:

A high proportion of Land & Property (L&P) services are delivered through a large multi-year contract, which require inflationary uplifts. The Council's building running costs, such as utilities, rents and rates are included in the L&P budget, these also requiring inflationary uplifts. L&P pressures are expected to include contract and utilities inflation above the current 2% standard assumption. L&P Inflation, including staffing at 3%, is estimated to be £0.9m.

The majority of the Economy & Growth Service costs are staffing and as a result faces inflationary staffing pressures of £0.03m.

Proposed efficiencies included a restructure in Economic Growth to manage the discontinuation of one-off funding and deliver an efficiency of £0.05m. There is also a reversal of undelivered Land & Property efficiencies (£1.3m).

Any delays to the assumed rationalisation of office and operational buildings are risks to current L&P assumptions.

Next Steps

- Refine funding assumptions based on Provisional Local Government Finance Settlement in December.
- Finalise efficiency proposals, develop efficiency plans and consider further options to close the gap
- Consultation with residents on draft proposals and Equality Impact Assessments
- Final Budget to Cabinet in January 2025 & Council February 2025

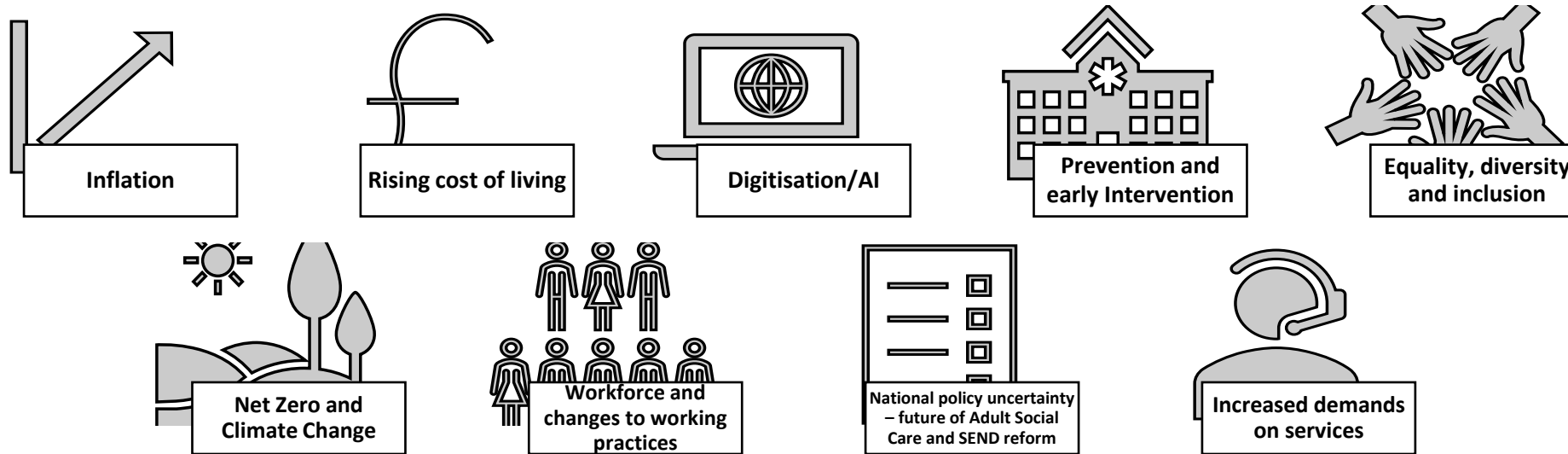


Background Reading



Strategic Content

A number of drivers are influencing our operating context, including:



Delivering priorities, ensuring no one is left behind

Our Organisation Strategy sets out our contribution to the 2030 Community Vision.

Our **four priority objectives** and guiding principal that **no one is left behind** remain the central areas of focus as we deliver **modern, adaptive and resident-centred services for all.**



Budget Setting Process

- The Council bases its financial planning practices on a budget envelope approach, aimed to increase accountability and budget management responsibility.
 - Funding projections over the medium-term are developed and Directorates are given a fixed envelope/target, proportionate to the expected size of the available budget.
 - Directorates are tasked, with support from Finance, with costing the core planning assumptions and developing Directorate scenarios to identify pressures in their services across the medium term period - 2025/26 to 2029/30
 - Directorates are then required to develop efficiency proposals to offset these pressures to ensure delivery within available resources.
- Monthly iterations are taken to the Corporate Leadership Team throughout the process
- Significant Member Engagement:
 - Regular informal Cabinet briefings
 - Cabinet/CLT Workshops (July, September)
 - All Member Briefings (May / Nov)
 - Select Committee Briefings (July / Oct) & 'deep dive' workshops focused on specific areas
 - Formal Scrutiny of the Draft Budget by Select Committees (December)

Budget Engagement Update – Phase 1 (August – September 2024) insights

Balancing the budget

Respondents supported increased partnership working (80%), equipping staff to work with partners and communities (70%), and providing local communities with tools to support themselves (63%). Respondents opposed reducing or stopping services to protect others (80%) or charging for free or subsidised services (64%).

At community events, residents prioritised:

- Care for vulnerable groups and health and wellbeing
- Education and skills, especially SEN provision
- Public transport and reducing social isolation
- Community safety

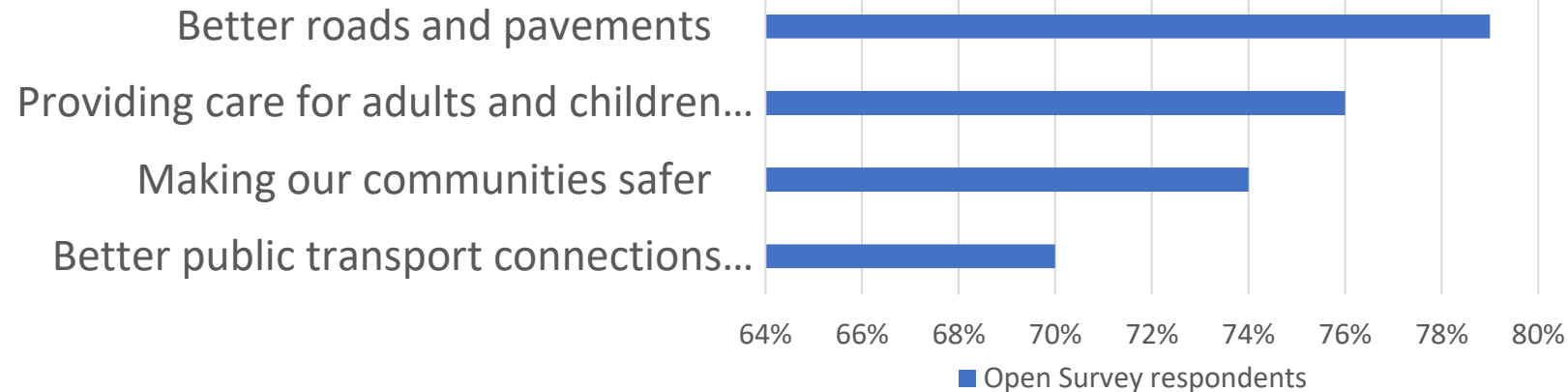
Allocating resources

Respondents preferred allocating resources to services that benefit the majority of residents (54%), are allocated across the entire county (64%), and meeting the needs of residents today (50%). This varied by age with younger respondents more likely to support a longer-term focus.

Council tax increase – scenarios

Respondents supported council tax increases to protect services for the vulnerable (67%) and after exhausting streamlining opportunities (66%). Respondents opposed increasing tax for long-term investment and as an alternative to fees and charges (both 52%). Respondents recognised legitimate circumstances for a rise in council tax (45% supported - 38% opposed).

Priority areas



If Cabinet agrees the draft budget on 26 November, phase 2 consultation on draft budget proposals will commence.

Mindful of the current financial context, we've taken a prudent approach to engagement activity. Internal survey tools have limited costs to the creation of accessible engagement material. However, results illustrate the preferences of those who chose to take part, but will not provide data representative of Surrey residents.

Budget Consultation & Engagement – Next steps

- Services are considering how the Phase 1 feedback will **inform future service design** and development, e.g., how to meet residents' appetite for further collaboration and increased partnership working.
- Phase 1 insight will also **inform how we communicate with residents** on how the council is responding to residents' and other stakeholders' priorities.
- We will be consulting on the draft budget's investment proposals and measures to close the budget gap. **A survey on Surrey Says will launch after the 26 November 2024 Cabinet meeting** and complete on 26 December 2024. All Members will receive a briefing pack and be encouraged to promote the survey to residents.
- Officers will share key messages to stakeholders and **gather feedback** through various user groups, e.g. the Learning Disability Partnership Board, Autism Reference Group and Surrey Youth Voice.
- Insight from this work will inform messaging for the final budget and **provide insight** for the planning and implementation of the 2025/26 efficiencies.



Equality Analysis 2025/26

- As each draft efficiency proposal is still being developed the equality analysis included later in these slides is the **current position for each service**, and this is **likely to evolve** as more detail on plans to deliver on proposals is developed.
- **Early indications of potential impacts** of proposals have been included where possible, along with any planned mitigating activity that is known at this stage.
- Whilst the information included in the Annex identifies service-specific equality analysis, work is underway to understand the **cumulative equality impacts** of the 2025/26 budget as a whole. This also reflects the iterative nature of service-specific equality impacts and planned mitigating actions.



Equality Analysis 2025/26 - Cumulative Analysis

The main characteristics most likely to be disproportionately impacted:

1. Older adults and their carers, and adults of all ages with physical, mental health conditions and learning disabilities and their carers
2. Children and young people, including those with special educational needs and disabilities (SEND), and families
3. Staff and residents facing socio-economic disadvantage

Emerging common mitigation themes:

- Use co-design, consultation and engagement methods to produce services that are responsive and focus on supporting people that need them most.
- Services will work to invest in preventative activity and early-intervention measures to help enable better outcomes earlier and avoiding having to resource high-cost intensive activity that leads to greater pressures on our budget.
- Work closely with strategic partners to mitigate impacts where relevant

Equality Analysis 2025/26 – Next steps

- Services will continue working on the Equality Impact Assessments for their efficiency proposals and full documents will be made available to review with the final budget papers.
- The final cumulative analysis report and completed EIAs will be made available for all Members when the budget is brought before Council in February.



Budget Positions

- Overall Council Position
- Directorate Positions:
 - Finance & Corporate Services
 - Environment, Infrastructure & Growth
 - Customer, Digital & Change
 - Communications, Public Affairs & Engagement



Overall 2025/26 Draft Budget Gap

The table below sets out the overall picture for the Council for 2025/26 against estimated funding Pressures, efficiencies and funding will continue to iterate over December.

In particular, funding estimates in respect of Government Grants, Council Tax and Business Rates estimates will be confirmed when the Provision Local Government Finance Settlement is delivered (expected before Christmas).

Directorate	Base Budget 23/24 £m	Additional Funding Estimate £m	Identified Pressures £m	Identified Efficiencies £m	Total Budget Requirement £m
Adults, Wellbeing & Health Partnerships	505.9		50.1	(31.6)	524.4
Children, Families & Lifelong Learning	291.6		29.6	(11.1)	310.1
Environment, Infrastructure & Growth	187.4		14.5	(2.6)	199.3
Community Protection & Emergencies	43.9		1.3	(0.8)	44.4
Customers, Digital & Change	49.3		4	(2.9)	50.4
Comms, Public Affairs & Engagement	2.8		0.1	(0.2)	2.7
Finance & Corporate Services	27.0		1.6	(1.4)	27.2
Central Income & Expenditure	100.6		7.1	(6.5)	101.2
Directorate Total	1,208.4	0.0	108.3	(57.1)	1,259.7
Central Funding	(1,208.4)	(33.9)			(1,242.3)
Council Total	-	(33.9)	108.3	(57.1)	17.4

While the overall funding envelope is anticipated to increase by c£34m, the cost of delivering existing services is increasing at a faster rate. The identified pressures of c£108m result in a need to find efficiencies of c£74m, of which c£57m have been identified to date. Detailed pressures and efficiencies are set out in subsequent slides.



**Finance & Corporate Services
(part of the Resources Directorate)**



FCS - Summary Directorate Budget Position

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	27.0	27.0	27.2	27.2	27.8	28.4	
Pressures		1.6	0.6	0.6	0.6	0.6	3.9
Identified efficiencies		(1.4)	(0.5)	0.0	0.0	0.0	(1.9)
Total budget requirement		27.2	27.2	27.8	28.4	29.0	

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The Directorate's proposed efficiencies are focused on staffing reductions, whilst balancing the needs and risks of the council. These are: staffing reductions in a number of services (£1.2m); back-office staffing reductions in Twelve15 and maximising income through rate increases in September 2025 (£0.25m); reduced costs of providing Children's advocacy in house where possible (£0.1m). Undelivered efficiencies from previous years (£0.3m) have been mitigated through these efficiencies.



FCS - Identified Pressures

Pressures

Pressure	Description	Net Pressure					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Pay Inflation	Pay inflation 3% 2025/26 and 2% thereafter	1.677	0.611	0.624	0.636	0.649	4.197
Non-pay inflation	Non pay inflation 2%	0.366	0.141	0.143	0.146	0.149	0.945
Income inflation	Income inflation 2%	(0.633)	(0.173)	(0.177)	(0.181)	(0.184)	(1.348)
Council copyright licences	Copyright licences for the Council	0.075					0.075
Council external audit fee	Increase in external audit fee	0.070					0.070
Total Pressures		1.555	0.579	0.590	0.601	0.614	3.939

FCS – Proposed efficiencies

Efficiency	Description	Efficiency					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Previous years efficiencies	Remove unachievable 2023/24 & 2024/25 efficiencies	0.323					0.323
Organisational Redesign efficiencies	Staffing reductions from review of Finance, Leadership Office and Legal	(0.791)	(0.500)				(1.291)
Organisational Redesign efficiencies	Staffing reductions from review of vacant posts in Leadership Office and Corporate Strategy & Policy	(0.433)					(0.433)
Targeted reductions	Targeted non-staffing reductions in Leadership and Performance	(0.028)					(0.028)
Legal Services	Reduction in expenditure of advocacy	(0.114)					(0.114)
Procurement efficiencies	Woodhatch bus service	(0.050)					(0.050)
Corporate Subscriptions	Remove New Local and Local Government Information Unit (LGIU) subscriptions	(0.031)					(0.031)
Twelve15 review	Maximising income through rate increases and reducing staffing costs	(0.250)					(0.250)
Total Efficiencies		(1.374)	(0.500)	0.000	0.000	0.000	(1.874)

Equality Analysis – Finance & Corporate Services (FCS)

Efficiency	Description	2025/26 £m	Potential equality impacts
Previous years efficiencies	Remove unachievable 2023/24 & 2024/25 efficiencies	0.323	No equality impacts.
Organisational Redesign efficiencies	Staffing reductions from review of Finance, Legal and Leadership	(0.791)	The scope of this work is currently being finalised; therefore, an EIA statement is available currently: Equality Impact Assessment Statement - Staffing reductions from review of Finance, Leadership, Legal and Leadership - 25.26.docx We will continue to monitor the progress of this, once more detail becomes available a full Equality Impact Assessments (EIA) will be completed.
Organisational Redesign efficiencies	Staffing reductions from review of vacant posts in Leadership Office and Corporate Strategy & Policy	(0.433)	No equality impacts. Staffing cost reductions will be achieved through removal of vacant positions.
Targeted reductions	Targeted non-staffing reductions in Leadership and Performance	(0.028)	No equality impacts. This includes removal of unused budgets.
Legal Services	Reduction in expenditure of advocacy	(0.114)	No equality impacts.
Procurement efficiencies	Woodhatch bus service	(0.050)	No equality impacts. This was as a result in the changes to the provider to enable a best value service, no changes to the service were made as part of this efficiency.
Corporate Subscriptions	Remove New Local and Local Government Information Unit (LGIU) subscriptions	(0.031)	No equality impacts.
Twelve15 review	Maximising income through rate increases and reducing staffing costs	(0.250)	Staffing cost reductions will be achieved through removal of vacant positions. In addition, there is work in progress to understand the full equality impacts of a rate increase at the start of the academic year in 2025 which will be shared once available.

Customer, Digital & Change (part of the Resources Directorate)

(this committee Customer Services, IT&D, People & Change and Transformation)



CDC – Summary Directorate Budget Position

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	49.3	49.3	50.4	50.6	51.6	52.7	
Pressures		4.1	1.1	1.1	1.2	1.3	8.8
Identified efficiencies		(2.9)	(1.0)	(0.1)	0.0	0.0	(4.0)
Total budget requirement		50.4	50.6	51.6	52.7	54.0	

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The main revenue budget issue is that the Data Strategy and Insights Teams are funded by temporary funding for one final year in 2024/25. Funding these teams on a permanent basis represents a budget pressure of £1.6m in 2025/26.

The majority of the efficiencies for these services relate to Organisational Redesign and Customer Transformation. Services have reviewed workforce levels and are proposing efficiencies of £1.5m and council wide reductions in IT licences (£0.1m). Transformation efficiencies of £1.5m are included in the Corporate Income and Expenditure budget.

Proposals to reconfigure the welfare offer provided by the Crisis Fund are also included (£0.3m). The re-procurement of the wide area network will deliver savings of £0.3m.

CDC - Identified Pressures

Pressure	Description	Net Pressure					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Pay inflation	Pay inflation at 3% 2025/26 and 2% thereafter, includes impact of 2024/25 pay award	1.545	0.941	0.960	0.979	0.999	5.424
Non-pay inflation	Non pay inflation at 2%	0.199	0.281	0.286	0.292	0.298	1.356
IT&D MySurrey support	MySurrey Technical Services contract for support and payroll application	0.291	(0.125)	(0.025)	(0.100)		0.041
Coroners Special Inquests	To replenish the special inquest reserve which covers the volatile cost of special inquests each year.	0.100	0.050				0.150
Funding changes	Funding for Data & Insights Team discontinues in 2025/26 (linked to an efficiency)	1.492					1.492
Learning Management system	Funding for Learning Management System discontinues in 2025/26	0.100		(0.100)			0.000
Microsoft Licences	Increased costs of licences due to volume increases	0.340					0.340
Total Pressures		4.067	1.147	1.121	1.171	1.297	8.803

CDC – Proposed efficiencies

Efficiency	Description	Efficiency					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Staffing reductions	Review of staffing across services, through redesign and distribution.	(0.410)	(0.185)				(0.595)
Organisational Redesign and Customer Transformation	Review of staffing across services, through streamlining, removing duplication and using technology.	(1.000)	(0.533)	(0.140)			(1.673)
Organisational Redesign and Customer Transformation	Review of Data Strategy & Insights team (linked to a pressure)	(0.448)					(0.448)
People & Change professional and transactional services	Previous years unachievable efficiencies and reduced income from transactional services	0.109					0.109
Income Strategy	Maximising Income	(0.291)					(0.291)
Targeted reductions	Variety of measures to reduce spend	(0.063)					(0.063)
IT&D efficiencies	Wide area network contract reductions	(0.300)					(0.300)
IT&D licence reduction	Reduced IT&D licence costs due to staffing changes	(0.113)	(0.227)				(0.340)
Surrey Arts efficiency	Remove subsidy of non targeted music tuition	(0.053)	(0.027)				(0.080)
Reduced Trade Union Posts	Reduce the current budget for trade union roles in line with 2024/25 levels	(0.048)					(0.048)
Core Welfare offer	Maximise external grants to fund the welfare offer	(0.240)					(0.240)
Core Heritage service	Service review of Archaeological services	(0.067)					(0.067)
Total Efficiencies		(2.924)	(0.972)	(0.140)	0.000	0.000	(4.036)

Equality Impact Assessments – Customer, Digital & Change

Efficiency	Description	2025/26 £m	EIAs
Staffing reductions	Review of staffing across services, through redesign and distribution.	0.410	EIA statement: Equality Impact Assessment Statement - Staffing Efficiencies - CDC - 25.26 EIA statement and narrative: EIA Statement & Narrative - CDC - Directorate Review
Organisational Redesign and Customer Transformation	Review of staffing across services, through streamlining, removing duplication and using technology.	1.000	EIA completed Customer Transformation: Customer Transformation EIA.docx EIA statement Customer Transformation: EIA Statement - Customer Transformation.docx Organisational Redesign EIA in progress, due w/c 11 th Nov
Organisational Redesign and Customer Transformation	Review of Data Strategy & Insights team (linked to a pressure)	0.448	EIA completed: Equality Impact Assessment - Surrey County Council
People & Change professional and transactional services	Previous years unachievable efficiencies and reduced income from transactional services	0.109	No equality impacts
Income Strategy	Maximising Income	0.291	No equality impacts
Targeted reductions	Variety of measures to reduce spend	0.063	No equality impacts
IT&D efficiencies	Wide area network contract reductions	0.300	No equality impacts
IT&D licence reduction	Reduced IT&D licence costs due to staffing changes	0.113	New efficiency and EIA to be completed by Dec 2024
Surrey Arts efficiency	Remove subsidy of non targeted music tuition	0.053	EIA statement: Equality Impact Assessment Statement - Surrey Arts - Non targeted Music Tuition - CDC - 25.26
Reduced Trade Union Posts	Reduce the current budget for trade union roles in line with 2024/25 levels	0.048	New efficiency and EIA screening tool to be completed by Dec 2024
Core Welfare offer	Maximise external grants to fund the welfare offer	0.240	New efficiency and additional work required to determine impacts and complete necessary EIA screening/ EIA
Core Heritage service	Service review of Archaeological services	0.067	New efficiency and additional work required to determine impacts and complete necessary EIA screening/ EIA

CDC – Capital Programme

The Capital Programme is comprised of the Budget (schemes which are developed and ready to proceed, or already under way) and the Pipeline (schemes requiring further development and subject to business case approval).

The directorate is responsible for the delivery of IT&D schemes and is a key stakeholder for several L&P schemes. The draft capital budget for:

- IT&D totals £14.8m over 5 years and is funded from borrowing.
- L&P schemes delivered on behalf of CDC total £31m and is funded from both borrowing and capital receipts.

The Directorate has significant capital investment and delivery plans over the MTF5 period, relating to the Council's IT&D services. These investment plans are developed in close consultation with front line services to ensure that the Council's assets are used effectively and are fit to support the efficient delivery of services to our residents and to support our staff to carry out their responsibilities.

The L&P schemes delivered on behalf of CDC include Libraries transformation and the Registration Service.

Communications, Public Affairs & Engagement (part of the Resources Directorate)



CPAE – Summary Directorate Budget Position

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	2.8	2.8	2.7	2.8	2.8	2.9	
Pressures		0.1	0.1	0.1	0.1	0.1	0.3
Identified efficiencies		(0.2)	0.0	0.0	0.0	0.0	(0.2)
Total budget requirement		2.7	2.8	2.8	2.9	2.9	

The recently formed Resources Directorate is made up of Finance and Corporate Services, Customer, Digital and Change and Communications, Public Affairs and Engagement.

A high proportion (90%) of the directorate budget is staffing, the corporate assumption is that these costs will be uplifted by 3%. The other area of spend is publicity costs, current assumptions are 2% inflation increases for non-staffing costs from 2025/26. Total inflation is estimated as £0.1m

Proposed efficiencies (£0.2m) include the removal of the annual all-residents mailer, a staffing reduction in the Resident Insight Unit and less spend on corporate campaigns.



CPAE - Identified Pressures

Pressures

Pressure	Description	Net Pressure					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Pay inflation	Pay inflation at 3% 2025/26 and 2% thereafter	0.091	0.050	0.050	0.050	0.050	0.291
Non-pay inflation	Non pay inflation at 2%	0.004	0.004	0.004	0.004	0.004	0.020
Total Pressures		0.095	0.054	0.054	0.054	0.054	0.311

Efficiencies

Description		Efficiency					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Communications - publications	Removal of annual all-residents mailer	(0.070)					(0.070)
Communications - publications	Reduction in corporate campaign spend and advertising costs	(0.020)					(0.020)
Communications team	Reduction in the cost of the Resident Insight Unit, by review of current business case and removal of roles / capabilities	(0.110)					(0.110)
Total Efficiencies		(0.200)	0.000	0.000	0.000	0.000	(0.200)

Page 23



Equality Analysis – Communications, Public Affairs & Engagement

As it stands, none of the proposed efficiencies or budget plans that require an Equality Impact Assessment.

Whilst there is an efficiency that relates to the potential removal of roles, as these are posts that are vacant/ not yet recruited to there are no anticipated impacts – therefore an Equality Impact Assessment is not required.

As and when more efficiency proposals are developed, they will be assessed for potential disproportionate implications for residents and staff with protected characteristics.



**Environment, Infrastructure & Growth
(this committee is responsible for Land & Property)**



EIG – Summary Directorate Budget Position

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	187.4	187.4	199.3	195.7	200.8	205.0	
Pressures		14.5	(1.7)	4.7	4.6	4.7	26.8
Identified efficiencies		(2.6)	(1.9)	0.4	(0.4)	0.0	(4.5)
Total budget requirement		199.3	195.7	200.8	205.0	209.7	

EIG currently has an identified revenue budget requirement of £199.3m for 2025/26 (including some services outside of this committee’s remit), an increase of £11.9m from 2024/25, due to pressures of £14.5m offset by efficiencies of £2.6m.

Key messages for the services within the remit of this committee:

A high proportion of Land & Property (L&P) services are delivered through a large multi-year contract, which require inflationary uplifts. The Council’s building running costs, such as utilities, rents and rates are included in the L&P budget, these also requiring inflationary uplifts. L&P pressures are expected to include contract and utilities inflation above the current 2% standard assumption. L&P Inflation, including staffing at 3%, is estimated to be £0.9m.

The majority of the Economy & Growth Service costs are staffing and as a result faces inflationary staffing pressures of £0.03m.

Proposed efficiencies included a restructure in Economic Growth to manage the discontinuation of one-off funding and deliver an efficiency of £0.05m . There is also a reversal of undelivered Land & Property efficiencies (£1.3m).

Any delays to the assumed rationalisation of office and operational buildings are risks to current L&P assumptions.



EIG - Identified Pressures

Pressure	Description	Net Pressure					
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
All - Pay Inflation	Expected inflationary increase in salary costs. Corporate assumption 3% 25/26, then 2%.	1.455	0.993	1.011	1.030	1.050	5.539
All - Non-Pay Inflation	Estimated cost of price inflation taking into account forecast increases to key inflation indicators including the NLW & CPI. Pressures are currently costed based on a 5.77% NLW uplift in 2025/26, 4% in 2026/27 and 3% per year thereafter. CPI is budgeted at 2% per year across the MTFS period. Pressures will need to be reviewed in light of the Autumn Statement and pending the Draft Local Government Finance Settlement. Assumptions are made about the proportion of packages for each market sector that will receive uplifts based on the inflation principles proposed for each sector. The gross inflationary pressures shown here are before any planned efficiencies to mitigate inflationary pressures.	2.744	2.791	2.855	2.920	2.987	14.297
H&T - Additional Verge Maintenance and Area Cleanup gangs	Improvements in grass-cutting, weed control, and other visual improvements including signs.	5.000	(5.000)				0.000
H&T - Additional Digital Demand Responsive Transport	Further growth of DDRT (net of offsetting reductions to local bus services), over and above the first tranche agreed by Cabinet as part of the bus network review. 2025/26 reflects the adjusted timing of phase 3.	(3.742)	0.610	0.115	0.070	0.072	(2.875)
H&T - concessionary fares and other pressures	Impact of new national concessionary fares calculator, plus other smaller pressures, offset by identified savings.	0.965					0.965
H&T - Parking	Parking contract inflation (including government increase in living wage)	0.500					0.500
H&T - Trees backlog	One-off increase in budget to help address an estimated £1m backlog of tree maintenance.	0.500	(0.500)				0.000
H&T - Bus network review	Estimated financial impact of retendering expiring local bus contracts, the introduction of a first tranche of Digital Demand Responsive Transport (DDRT), and introduction of a half price travel scheme.	0.335	(0.404)	0.685	0.582	0.582	1.780
H&T - Staffing for grass cutting	Increased staff costs of operating the service, expected to reduce following wider council reviews (core functions and customer).	0.200	(0.100)				0.100
H&T - Active Travel	Maintaining new highway infrastructure to heightened design standards		0.100				0.100
Environment - Waste - contract costs	Waste contract extension changes and pressures which arose at the end of 2023/24 (e.g. business rates) which are largely offset by linked efficiencies.	4.268					4.268
Environment - Waste - Dry Mixed Recyclable prices	Global market prices increased in 2023/24 and are expected to remain high.	2.000					2.000
Environment - Countryside - ash dieback	For a limited time £0.2m was added to the 2023/24 budget to deal with ash dieback impact on countryside trees, e.g. where they effect public rights of way.		(0.200)				(0.200)
All - Unachieved contract efficiencies	To date contract management reviews have not delivered cash savings. 2023/24 & 24/25 efficiency targets (£0.2m + £0.1m) therefore not met.	0.300					0.300
Total Pressures		14.524	(1.710)	4.666	4.602	4.691	40.773

EIG – Proposed efficiencies

Efficiency	Description	Efficiency					Total £m
		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Environment - Waste - Residual waste reprourement	New contract has saved £3m per year. £0.6m part year impact assumed in 24/25, balance in 25/26.	(2.400)					(2.400)
Environment - Remove D&B recycling support payments	Government have announced revenue funding for District and Borough food waste collections from 1 April 2026, allowing the County Council to consider removal of recycling support payments.		(1.200)				(1.200)
Environment - Waste - Rethinking waste	Review waste operating model and assess the implications of new Government strategy - including extended producer responsibility, deposit return scheme, infrastructure, etc.		(0.950)				(0.950)
Environment - Waste - Dry Mixed Recyclables	Estimate of saving expected from the reprourement of DMR, contract goes live October '24.	(0.180)					(0.180)
Environment - Waste - Green waste contract re-price	Lower gate fee secured through contract extension with existing provider	(0.125)					(0.125)
Environment - Waste - Closure of Swift Lane CRC	Closure of Swift Lane CRC	(0.100)					(0.100)
Environment - Waste - Sweeper waste re-price	Lower gate fee secured through contract extension with existing provider	(0.034)					(0.034)
Environment - Increased income from reuse shops	Increase sales and revenue from re-use shops	(0.050)					(0.050)
Environment - Review of Greener Futures spending including staffing	Review activities, staffing and non-staffing budgets.	(0.500)					(0.500)
H&T - Bus service funding (reversal of one-off prior year efficiency)	Reversal of one-off prior year efficiency - bus grant funding expected to be used in 2024/25 to fund bus improvements will now be used across several financial years.	6.643	3.309	1.024			10.976
H&T - Funding for capitalised repairs	The revenue budget includes funding transferred to capital to fund minor repairs including potholes. In future repairs will be funded from remaining capital budget.	(5.300)					(5.300)
H&T - Automation	Increased automation for some activities such as inspections (e.g. from AI, improvements to digitisation)	(0.050)	(0.100)				(0.150)
H&T - Community transport savings	Savings identified through EV programme rollout. Grant reduces as EV fleet expands.	(0.040)					(0.040)
H&T - Traffic signal conversions	Reversal of time limited funding for traffic signal upgrades		(0.700)				(0.700)
H&T - Advertising on the highway income	While existing efficiencies are delayed, income is forecast to increase over the medium term, dependant on planning approvals.		(0.100)	(0.100)			(0.200)
H&T - Enforcement of bus lanes and moving traffic offences	Estimated contribution to highway costs	(0.125)					(0.125)
H&T - On street parking expansion - income	Increase on street parking charging opportunity by expanding on street charging locations.		(0.200)	(0.200)			(0.400)
H&T - Feet First Programme	Seek alternative funding to enable the service to work at full cost recovery. Should this not be possible, cease provision.		(0.112)				(0.112)
H&T - Cycle Training Programme	Seek alternative funding to enable the service to work at full cost recovery. Should this not be possible, cease or reduce provision.		(0.184)				(0.184)
H&T - Lab Services	Improve the marketing offer and increase the revenue for this service to enable full cost recovery. In future years build on the service and generate a surplus.	(0.020)	(0.030)	(0.039)			(0.089)
Land & Property - Scale of Operational Estate	To reduce the scale of the operational estate, and seek to close buildings more aggressively.		(0.737)				(0.737)
Land & Property - Challenge need for Retained Properties	Work with Services to progress decisions on buildings that are currently flagged as a strategic hold (to decrease running costs across the portfolio)						
Land & Property - Challenge unit costs for Operational Estate	Review all building costs and work with Macro on all Soft & Hard FM Costs						41

EIG – Proposed efficiencies cont.

Efficiency	Description	Efficiency					
		2025/26	2026/27	2027/28	2028/29	2029/30	Total
Land & Property - Challenge individual Service estate transformation projects which focus on the 'as is' estate.	All individual Service estate transformation projects should be stopped. All community service provision should be considered holistically, linked to Customer & Community/ Place needs alongside commercial inputs. Receipts of property outside of embedded MTFS Capital receipts & Agile to invest in 'Place'.		(0.500)				(0.500)
Land & Property - unachieved prior year facilities management efficiencies	Previous year's facilities management efficiencies are not being achieved (£1.5m) due to the identification of more sites and assets which need maintaining. This is partially mitigated through other efficiencies.	1.290					1.290
Planning & Place - income	Income from provision of Historic Environment Planning activities	(0.100)					(0.100)
Planning & Place - income	Healthy Streets Licensing	(0.050)					(0.050)
Planning & Place - income	Income from Planning Performance Agreements and charges for discretionary services	(0.020)					(0.020)
Planning & Place - income	Planning fees	(0.025)					(0.025)
Planning & Place - Placemaking Function	Maximise capitalisation of projects and seek further alternative external funding (e.g. Horizon, MHCLG Grants etc.). If unachievable reduce Placemaking service by 1-2 FTE in 2025/2026	(0.100)	(0.100)				(0.200)
Planning, Performance & Support - PMO support to other bodies	Offer PMO support outside ETI - support to B&Ds for example	(0.025)	(0.025)	(0.025)	(0.025)		(0.100)
Infrastructure & Major Projects - capital recharges	Capitalise an assumed 50% of Director of Infrastructure time.	(0.059)					(0.059)
Infrastructure & Major Projects - on-street EV charging contract income share	Contract provides SCC with a share of the income	(0.026)	(0.059)	(0.102)	(0.157)		(0.344)
Economic Development - Restructure - 'rightsize team'	Review of Economic Development team.	(0.050)					(0.050)
All - Maximising our income	Placeholder pending further income reviews	(0.200)	(0.200)	(0.200)	(0.200)		(0.800)
All - Contract inflation reduction	The 24/25 budget assumed 5% contract inflation. Rates subsequently fell, allowing 1% to be held back to offset pressures within Waste.	(0.952)					(0.952)
Total Efficiencies		(2.598)	(1.888)	0.358	(0.382)	0.000	(4.510)

Equality Analysis – Environment, Infrastructure & Growth (EIG)

Efficiency	Potential Impact	Mitigation/Recommendation	EIA Status
Economic	The screening has considered the position of all staff affected within the restructure and established that there are no negative implications from the proposed changes. The addition of new posts at a variety of levels and the application of SCC's policy and processes is ensuring that the impact on anyone with protected characteristics is mitigated.	N/A	Not Required
Place Redesign (£ TBC)	Impacts are still to be identified. The redesign is currently in the discovery phase.	Once plans have been developed, in conjunction with our HR Business Partner an EIA will be completed, if required.	Discovery Phase



EIG – Capital Programme

The Capital Programme is comprised of the Budget (schemes which are developed and ready to proceed, or already under way) and the Pipeline (schemes requiring further development and subject to business case approval). The draft capital programme for Resources totals £0.5bn over 5 years and is funded from a number of sources including grants and borrowing.

The Directorate has significant capital investment and delivery plans over the MTFS period, relating to the Council's Land & Property. These investment plans are developed in close consultation with front line services to ensure that the Council's assets are used effectively and are fit to support the efficient delivery of services to our residents and to support our staff to carry out their responsibilities. Key schemes relate to:

- Maintaining schools and corporate buildings £150m;
- Additional Needs and Alternative Provision £151m;
- Schemes for CDC, including Libraries and Hubs £31m;
- ASC schemes £39m;
- SFRS Schemes £26m;
- Children's Schemes £22m.