

CABINET- 26 November 2024**Cabinet Response to the Interim Recommendations from Select Committees Following Budget Deep Dives and Budget Briefing Sessions****Communities, Environment and Highways Select Committee:****Deep Dive Capital Programme**

- I. The Council's capital financing requirement trajectory presents too high a risk with regards to affordability and financial stability. Levels of borrowing need to be reduced.

Cabinet Response:

The Cabinet, the Corporate Leadership Team and the Capital Programme Panel have reviewed the Council's Capital Financing Requirement trajectory and undertaken a full and thorough review of the capital programme and pipeline allocations. As a result, the borrowing requirement has reduced significantly from the previously approved capital programme resulting in a significant reduction in the capital financing requirement forecast.

- II. Cabinet/Council should review its appetite for risk and set an appropriate limit for borrowing going forward. A risk policy should be put in place if it does not already exist. (This might prioritise most spend on projects which generate income or avoid future costs).

Cabinet Response:

A borrowing strategy, including the risks associated with it and limits to manage such risks, is included in the Councils' annual Capital, Investment and Treasury Management Strategy which is approved by Audit & Governance Committee and Full Council as part of the budget setting process each year. This strategy is also scrutinised by the Resources and Performance Select Committee.

- III. Cabinet should re-examine the process for prioritising Capital programmes in line with SCC strategic priorities to drive more ruthless investment decisions and ensure the right schemes are coming through the pipeline in future.

Cabinet Response:

As set out above, a thorough review of the capital programme and pipeline allocations has been undertaken in advance of the Draft Budget being proposed by Cabinet. This has included a line by line review of all capital projects to ensure alignment with Council priorities, the prioritisation of schemes that deliver ongoing revenue and a reduction in the overall borrowing requirement.

- IV. Capital spend on highways maintenance for improving the overall condition and safety should continue to be prioritised to reflect resident concerns and priorities.

Cabinet Response:

Cabinet notes the views of the Select Committee. The Draft Capital Programme includes significant investment in highways assets including the extension of the enhanced highways maintenance programme into 2026/27.

Deep Dive Bus Services & DDRT (Digital Demand Responsive Transport)

- I. Ongoing publicity and promotion of existing DDRT should be prioritised to increase numbers of passenger journeys to decrease the cost per passenger and increase value for money.

Cabinet Response:

Work is continuing to promote and publicise the existing network of Surrey Connect Digital Demand Responsive Transport Services, which offers a flexible transport option to an increasing number of residents across Surrey. The service has exceptionally high levels of customer satisfaction, and we will continue to prioritise our work to promote the services, grow patronage, and increase overall value for money.

- II. Consideration should be given to delay/deferring phase 3 rollout of DDRT. Alternative bus provision should be investigated, including commercial bus services that might receive a subsidy. DDRT should only be introduced as the provider of last resort where all other options are exhausted. The Department should encourage the use of a more hybrid model (including fixed journeys) rather than a completely bespoke service.

Cabinet Response:

Consideration has been given to pausing the introduction of Surrey Connect Phase 3 from September 2025. However, after due consideration, Cabinet has concluded that it remains committed to improving and enhancing a range of public transport options and that includes expanding the Surrey Connect network. This expansion, alongside other linked areas of work, will support residents access employment, our town and village centres, primary medical care and a wide range of other services and commerce that are vital to residents and communities. This approach will help us to ensure that no one is left behind.

Alongside this, we are maximising the use of County Council and Bus Service Improvement Plan (BSIP) funding. The Council already invests in many local bus services to help residents travel sustainably, and we are using BSIP funding to improve frequency and operational coverage too. This investment is being undertaken in partnership with our bus operators who are committed to taking a proportion of the financial risk, the aim being to maximise commerciality of provision once BSIP funding is exhausted. This work is being channelled through our 'Enhanced Partnership' that covers the whole of Surrey.

It should be noted that Surrey Connect already has the capability to operate on a fixed route where demand supports this. We therefore already operate a hybrid model of commercial and supported bus services, Surrey Connect Digital Demand Responsive Transport, community transport and third sector transport.