

**MEETING OF THE COUNTY COUNCIL**

**9 FEBRUARY 2021**

**ITEM 5 - 2021/22 FINAL BUDGET AND MEDIUM-TERM FINANCIAL  
STRATEGY TO 2025/26**

**Amendment to the recommendations proposed by Mr Chris Botten, seconded by Mr Will Forster**

Supporting information:

The amendment seeks to recognise that there is considerable frustration in Local and Joint Committees that there are £50m worth of capital schemes including road safety, which have been proposed by local elected members which are unfunded; it is our contention that road safety schemes in particular are under-funded, relying on members seeking Parish Council and other sources to provide speeding signs or other measures, leaving local members frustrated and residents puzzled by the inadequacy of funding.

Accordingly, we are proposing a Road Safety Fund to provide revenue and capital to provide 11 significant road safety schemes in line with the priorities set by each local/joint committee.

The full year effect of this fund is set out in the table below:

	<b>Grade</b>	<b>Quantity</b>	<b>Cost</b>	<b>Total Cost</b>	<b>Revenue</b>	<b>Capital</b>
			£	£	£	£
<b>Staff</b>						
1 x PS11 or 12 Team Leader	PS12	1	71,392	71,392		
2 x PS10 or 11 Project Managers	PS10	2	53,241	106,482		
6 x PS9 Engineers	PS9	6	46,685	280,110		
4 x PS7-9 PDP Engineers	PS8	4	41,089	164,356		
1 x PS 10 Comms &	PS10	1	53,241	53,241		

Engagement Lead						
1 x PS 7 Comms and Engagement Officer	PS7	1	36,179	36,159		
<b>Total</b>				<b>711,760</b>	<b>431,650</b>	<b>280,110</b>
Scheme development (outsourced)		11	75,000	825,000	825,000	
Construction		11	500,000	5,500,000		5,500,000
<b>Total</b>				<b>7,036,760</b>	<b>1,256,650</b>	<b>5,780,110</b>

The estimated cost of 11 schemes per year would be £1.3m revenue and £5.8m capital per annum. That would need to be scaled back for 2021/22, by 50% to recognise the lead in time, so £0.6m revenue and £2.9m capital in year one.

The scheme development element of the revenue cost (£0.8m) should be charged to the Corporate Feasibility budget and subsequently capitalised when the scheme went ahead.

The remaining revenue costs, £0.5m, along with the £0.2m revenue cost of the additional borrowing, to be funded from the Contingency Reserve.

### Recommendations:

#### (amended wording in bold and underlined)

Following the Cabinet Meeting on 26 January 2021, the recommendations to Council on 9 February 2021 are:

To note the following important features of the revenue and capital budget, and in line with Section 25 of the Local Government Act 2003:

1. The Executive Director of Resources' (Section 151 Officer) conclusion that estimates included in the Final Budget Report and Medium-Term Financial Strategy are sufficiently robust in setting the budget for 2021/22; and
2. That it is the view of the Executive Director of Resources (Section 151 Officer), that the level of reserves is adequate to meet the Council's needs for 2021/22. These reserves include the following amounts, (totalling ~~£91.9m~~ **£91.5m**) set aside specifically to provide financial resilience:

- a General Fund Balance of £24.2m;
- a budget contingency of ~~£20.4m~~ **£20.0m** with an estimated £33.4m brought forward;
- a specific contingency for the impact of Covid-19 of £4.9m; and
- a provision of £9m to meet risks in delivering the Dedicated Schools Grant – High Needs Block cost containment plan.

Proposed budget: Cabinet recommends that County Council approve the following Revenue and Capital budget decisions:

3. Approves the net revenue budget requirement be set at £1,003.6 million (net cost of services after service specific government grants) for 2021/22 (Annex B), subject to confirmation of the Final Local Government Financial Settlement;
4. Approves the total Council Tax funding requirement be set at £777.6 million for 2021/22. This is an increase of 2.49%, made up of an increase in the level of core Council Tax of 1.99% to cover core Council services and an increase of 0.5% in the precept proposed by Central Government to cover the growing cost of Adult Social Care (Annex E);
5. Notes that for the purpose of section 52ZB of the Local Government Finance Act 1992, the Council formally determines that the increase in core Council Tax is not such as to trigger a referendum (i.e. not greater than 2%);
6. Sets the Surrey County Council precept for Band D Council Tax at £1,549.08, which represents a 2.49% uplift. This is a rise of £0.72 a week from the 2020/21 precept of £1,511.46. This includes £139.01 for the Adult Social Care precept, which has increased by £7.55.
7. Agree to maintain the Council Tax rate set after the Final Local Government Finance Settlement;
8. The Council Tax for each category of dwelling as set out in the table below:

Valuation band	Core precept	ASC precept	Overall precept
A	£940.05	£92.67	£1,032.72
B	£1,096.72	£108.12	£1,204.84
C	£1,253.40	£123.56	£1,376.96
D	£1,410.07	£139.01	£1,549.08
E	£1,723.42	£169.90	£1,893.32
F	£2,036.77	£200.79	£2,237.56
G	£2,350.12	£231.68	£2,581.80
H	£2,820.14	£278.02	£3,098.16

9. The payment for each billing authority, including any balances on the Collection Fund, as set out in Annex E;
10. Delegate powers to the Leader and Executive Director of Resources (Section 151 Officer) to finalise budget proposals and recommendations to County Council, updated to take into account new information in the Final Local Government Finance Settlement;
11. The Flexible Use of Capital Receipts Strategy for 2021/22 to meet the statutory guidelines for the use of such receipts to fund transformation and the move back into the County (Annex F);
12. The Total Schools Budget of £537.3 million to meet the Council's statutory requirement on schools funding;
13. The overall indicative Budget Envelopes for Executive Directorates and individual services for the 2021/22 budget (Annex B); and
14. The total ~~£1.905~~ **£1.931** billion proposed five-year Capital Programme (comprising ~~£1,026.2m~~ **£1,052.3m** of budget and £879.2m pipeline) and approves the ~~£184.9~~ **£187.8** million capital budget in 2021/22 (Annex C).

Capital and Investment Strategies: Cabinet recommends Council to approve the following:

15. The Capital and Investment Strategy (Annex G), which provides an overview of how risks associated with capital expenditure, financing, treasury and commercial investments will be managed as well as how they contribute towards the delivery of services; and
16. The policy for making a prudent level of revenue provision for the repayment of debt (the Minimum Revenue Provision (MRP) Policy) (Annex I)

### **Section 151 Officer commentary:**

The capital and revenue costs set out in this proposal have been developed in consultation with officers from Highways and Transport and Finance. The proposal is deemed to be viable and within the legal powers of the Council to implement.

The proposal recommends the use of £0.4m of contingency in 2021/22 growing to £0.7m from 2022/23 to provide for the revenue cost of delivering the schemes and the cost of additional borrowing. Although the Section 151 officer does not object to the proposal, caution is advised on the diversion of the contingency to any purpose other than the mitigation of financial risks.

Despite making good headway with building earmarked reserves and contingencies, the uncertain impact of Covid-19 coupled with the expectation of significantly

reduced funding over the medium-term means that retention of the Council's Reserves will be essential in order to mitigate risk and provide sustainability and resilience in the delivery of services.

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