

Resources and Performance Select Committee Draft Report

2022/23 Draft Budget Report and Medium-Term Financial Strategy to 2026/27

17th December 2021

Introduction – 2022/23 Draft Budget and Medium-Term Financial Strategy

Purpose and content

- Set out to Select Committee the 2022/23 Draft Budget and MTFS, setting out:
 - 2022/23 budget gap
 - 2022/23 – 2026/27 Council summary position
 - Detailed Directorate progress (pressures and efficiencies)

The process to date

- Establish Core Planning Assumptions and funding projections
- Convert the assumptions into the Draft Budget position
- Identify efficiencies to contribute towards closing the gap for 2022/23 and the medium-term
- Draft budget presented to Cabinet 30th November with a gap to close before final budget is approved in January

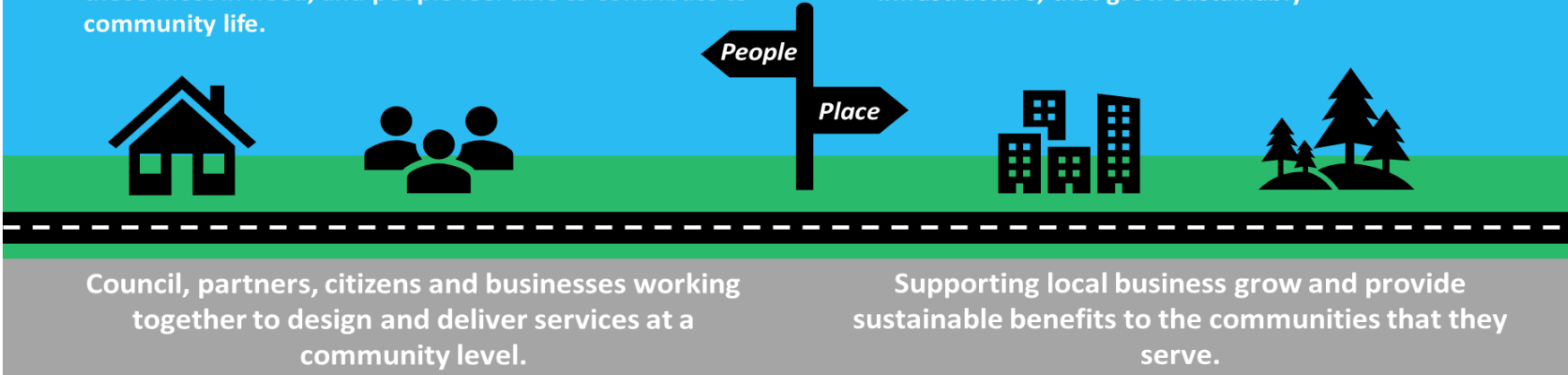
Next Steps

- Closing the gap
 - Refine core planning assumptions, funding assumptions and Directorate gaps
 - Finalise efficiency and transformation proposals
- Finalise the 2022/23 – 2026/27 Capital Programme
- Consultation with residents on draft proposals and Equality Impact Assessments
- Final Budget to Cabinet in January 2022
- Final Budget to Council February 2022

Our Focus for the Next 5 Years: 2022–27: Community Vision 2030 and Priority Objectives

We want Surrey to be a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and no one is left behind.

- ★ Children and young people are safe and feel safe and confident.
 - ★ Everyone benefits from education, skills and employment opportunities that help them succeed in life.
 - ★ Everyone lives healthy, active and fulfilling lives, and makes good choices about their wellbeing.
 - ★ Everyone gets the health and social care support and information they need at the right time and place
 - ★ Communities are welcoming and supportive, especially of those most in need, and people feel able to contribute to community life.
- ★ Residents live in clean, safe and green communities, where people and organisations embrace their environmental responsibilities
 - ★ Journeys across the county are easier, more predictable and safer
 - ★ Everyone has a place they can call home, with appropriate housing for all
 - ★ Businesses in Surrey thrive
 - ★ Well connected communities, with effective infrastructure, that grow sustainably



PRIORITY OBJECTIVES

Growing a sustainable economy so everyone can benefit

Support people and businesses across Surrey to grow during the economic recovery and re-prioritise infrastructure plans to adapt to the changing needs and demands of residents at a time of financial challenges.

Tackling health inequality

Drive work across the system to reduce widening health inequalities, increasing our focus on addressing mental health and accelerating health and social care integration to reduce demand on services while improving health outcomes for residents

Enabling a greener future

Build on behaviour changes and lessons learnt during lockdown to further progress work to tackle environmental challenges, improve air quality and focus on green energy to make sure we achieve our net zero targets

Empowering communities

Reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey's future



2022/23 Draft Budget

- The table shows the overall picture for the Council for 2022/23 against estimated funding
- Pressures, efficiencies and funding will continue to iterate over December
- In particular, funding estimates are subject to clarification as our understanding of Government Funding, Council Tax and Business Rates estimates continue to develop
- Local Government Finance Settlement (**inc detail on SCC share of £1.6bn new funding**) expected mid-December
- Draft budget includes net pressures of £71.7m offset by an assumed funding increase of £2.4m and efficiencies of £49.8m, leaving a net gap of £19.5m. Detailed pressures and efficiencies are set out in subsequent slides

Directorate	Base Budget £m	Pay and Contract Inflation £m	Demand and other pressures £m	Efficiencies £m	Total Budget Require- ment £m	Budget Envelope (initial allocation of funding) £m	Gap £m
Adult Social Care	377.2	15.5	22.6	(19.4)	395.8	369.6	26.2
Public Service Reform and Public Health	34.0	0.2	0.2	(0.3)	34.0	34.0	0.0
Children, Families and Lifelong Learning	219.7	11.3	5.0	(13.8)	222.3	220.1	2.2
CFL - DSG High Needs Block	23.8	0.0	3.4	0.0	27.2	18.5	8.6
Environment, Transport and Infrastructure	140.3	3.5	2.5	(6.5)	139.8	137.5	2.3
Community Protection Group	37.3	1.5	0.8	(0.2)	39.4	36.6	2.9
Customer and Communities	11.0	0.6	0.1	(0.8)	10.9	10.8	0.2
Prosperity, Partnerships and Growth	1.3	0.0	0.2	0.0	1.5	1.3	0.3
Communications, Public Affairs and Engagement	1.7	0.0	0.2	0.0	1.9	1.7	0.2
People and Change	6.6	0.1	0.0	(0.2)	6.6	6.4	0.1
Resources	69.2	1.9	1.4	(3.6)	69.0	68.4	0.6
Central Income and Expenditure	82.6	6.0	(5.4)	(5.0)	78.2	86.3	(8.1)
Directorate Total	1,004.7	40.7	31.0	(49.8)	1,026.6	991.1	35.5
Central Funding	(1,004.7)		(2.4)		(1,007.1)	(991.1)	(16.0)
Council Total	0.0	40.7	28.6	(49.8)	19.5	0.0	19.5



2022/23 Draft Council Efficiency Programme

- Efficiencies are rated on risk of acceptability/achievability – £11.1m is currently categorised as red. Efficiencies categorised as red are not unachievable, but complex and challenging to deliver
- Stretch targets for efficiencies are consciously included to ensure full ambition is quantified – corporate contingencies are in place to manage the risk of delivery
- The categorisation is similar to the equivalent point in the 2021/22 budget process, which rated £2.0m green, £28.1m amber and £10.8m as red
- Detail and business cases for the acceleration of Track 2 efficiencies (see slides 10 and 11) will be developed prior to inclusion in the final budget report

	Green £m	Amber £m	Red £m	Total £m
Adult Social Care	3.1	13.8	2.5	19.4
Public Service Reform & Public Health		0.3		0.3
Children, Families & Lifelong Learning	1.4	4.6	7.8	13.8
CFL - DSG High Needs Block				0.0
Environment, Transport & Infrastructure	1.1	4.6	0.8	6.5
Community Protection Group		0.2		0.2
Customer & Communities	0.3	0.5		0.8
Prosperity Partnerships & Growth				0.0
Comms, Public Affairs & Engagement				0.0
People & Change		0.2		0.2
Resources	0.1	3.5		3.6
Acceleration of Track 2 Efficiencies		5.0		5.0
Total Efficiencies	6.0	32.7	11.1	49.8

2022-2027 Medium Term Financial Plan

- Directorates were tasked with costing the core planning assumptions and scenarios to arrive at a **pressures and efficiencies** for the MTFS from 2022/23 to 2026/27 to include alongside the Draft Budget
- **Draft estimates of likely funding over the medium-term** from Council Tax, Business Rates and Government Grants have been developed – these will need to be updated for funding announcements expected in December
- Track 2 of the Twin Track programme will lead to a fundamentally different approach to identifying and managing efficiencies in a cross-cutting way, so the Directorate gaps for 2023/24 onwards, presented here, are intended to be indicative rather than definitive
- The Capital Programme will continue to be refined to present the final programme to Cabinet in January, recommended to full Council in February

2022-2027 Council Summary Position

- The table shows the overall picture for the Council against estimated funding
- The estimates in some cases are indicative at this early stage and will require review
- 2022/23 shows a gap of £19.5m, growing to £157.4m over the 5-year MTFS
- Funding estimates are based on the most likely outcome but will be kept under review
- Indicative funding in the table, below, will be updated as a result of Spending Review analysis

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Brought forward budget	1,004.7	1,026.6	1,040.7	1,056.1	1,088.3	
Directorate Pressures	63.5	38.3	37.4	37.2	33.9	210.3
Increased borrowing costs of Capital Programme	8.4	7.2	8.8	10.9	9.4	44.7
Identified Efficiencies	(50.0)	(31.4)	(30.7)	(16.0)	(9.3)	(137.3)
Total Budget Requirement (after other measures)	1,026.6	1,040.7	1,056.1	1,088.3	1,122.3	
Change in net budget requirement	21.9	14.1	15.5	32.1	34.0	117.6

Opening funding	1,004.7	1,007.1	996.0	986.5	974.3	
Funding (reduction) / increase	2.4	(11.1)	(9.6)	(12.2)	(9.3)	(39.8)
Funding for Year	1,007.1	996.0	986.5	974.3	964.9	

Overall Reductions still to find	19.5	44.6	69.7	114.0	157.4	
Year on Year - Reductions still to find	19.5	25.1	25.0	44.4	43.4	157.4

2022-2027 Capital Programme

- The Draft Capital Programme stands at £1.9bn
- The programme assumes £1.2bn of borrowing
- £0.3bn of borrowing relates to schemes that cover their borrowing costs (e.g. Extra Care Housing, Independent Living). Schemes such as this will continue to be prioritised
- The Twin Track approach will continue to explore maximisation of external funding to suppress the amount of borrowing needed
- The annual cost of borrowing is generally 4% of the amount borrowed; a combination of interest and repayment of the amount borrowed
- The budget for borrowing costs is £37.7m in 2021/22 and grows by £44.8m over the course of the MTFS to £82.5m (c8% of the revenue budget)

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	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	MTFS Total (£m)
Property						
Budget	91.4	103.4	89.9	78.3	54.5	417.5
Pipeline	78.7	127.6	94.0	50.4	9.0	359.6
Total	170.1	230.9	183.9	128.7	63.5	777.1
Infrastructure						
Budget	114.4	118.0	83.7	104.8	122.3	543.2
Pipeline	41.4	92.4	111.8	94.4	58.1	398.0
Total	155.8	210.4	195.5	199.1	180.4	941.2
IT						
Budget	3.3	5.0	7.9	2.4	2.4	21.1
Pipeline	6.9	10.5	3.0	3.0	2.0	25.4
Total	10.2	15.5	10.9	5.4	4.4	46.5
Your Fund Surrey	20.0	20.0	20.0	20.0	10.0	90.0
Budget	209.1	226.4	181.5	185.5	179.2	981.7
Pipeline	146.9	250.5	228.7	167.8	79.1	873.0
Total	356.1	476.9	410.3	353.2	258.3	1,854.7

	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	MTFS Total (£m)
Financing						
Grant / Contribution	115.8	147.5	125.4	127.8	78.3	594.8
Receipts	0.0	0.0	0.0	0.0	0.0	0.0
Revenue	6.8	6.9	6.4	5.9	5.9	31.9
Funded Borrowing	65.7	98.9	70.5	43.1	29.2	307.3
Unfunded Borrowing	167.8	223.7	208.0	176.3	144.9	920.7
Total	356.1	476.9	410.3	353.2	258.3	1,854.7

Reserves

- The table below shows the current reserves balance of £196.7m and movement over the course of 2020/21
- No significant movements are planned for 2021/22; however unused contingency at outturn will be added to reserve
- **When added to amounts in reserve, total contingency available for 2022/23 is c£58m, plus any unused from 2021/22**
- In addition to earmarked reserves, the Council holds a General Fund balance of £28.0m

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	Balance at 31/03/20 £m	Movement in 2020/21 £m	Balance at 31/03/21 £m
Investment Renewals	5.2	(0.1)	5.1
Equipment Replacement	3.9	(0.5)	3.3
Budget Equalisation	44.4	40.0	84.4
Streetlighting PFI Fund	2.5	(0.6)	1.8
Insurance	10.7	(0.1)	10.6
Eco Park Sinking Fund	27.7	(4.6)	23.1
Capital Investment	5.0	2.4	7.4
Interest Rate	1.0	0.6	1.6
Economic Prosperity	11.7	0.0	11.7
Revolving Investment & Infrastructure Fund	11.1	0.0	11.1
Business Rate Appeals	28.6	0.0	28.6
Transformation	1.8	(0.7)	1.1
COVID-19 Emergency Fund	24.2	(18.1)	6.1
CFLC Inspection and System Improvements	1.3	(0.6)	0.7
Subtotal before DSG High Needs Block Deficit	179.0	17.7	196.7
DSG High Needs Block	48.6	34.5	83.1
DSG High Needs Block Offset Reserve	(48.6)	(34.5)	(83.1)
Total General Fund Reserves	179.0	17.7	196.7



Consultation and engagement - next steps

Resident budget priorities research – headlines

From September to October, we worked with Lake market research to better understand residents' priorities for how we spend our budget

Headlines:

- Residents want **funding for services that support vulnerable residents protected**, and are more likely to agree with a rise in council tax and ASC precept to achieve this.
- They support **shifting investment to early intervention and prevention**.
- They want **council services to join up more effectively** to improve broader outcomes.
- Residents most at risk of being left behind in Surrey **should be at the heart of the decision-making process**.
- There is significant demand for residents **to be more involved in decision-making and delivery** affecting local places.
- More guidance wanted from the council and partners to **help residents make practical changes** to make a difference in their local place and communities.
- Residents want the Council to lobby Central Government to provide more support for Surrey to transition to a greener future.

An Executive Summary was published with the Draft Budget giving more detailed feedback (Annex C).

Draft 2022/23 budget – proposed approach to consultation

We propose moving to a new phase of engagement to test the draft 2022/23 budget with residents and other stakeholders.

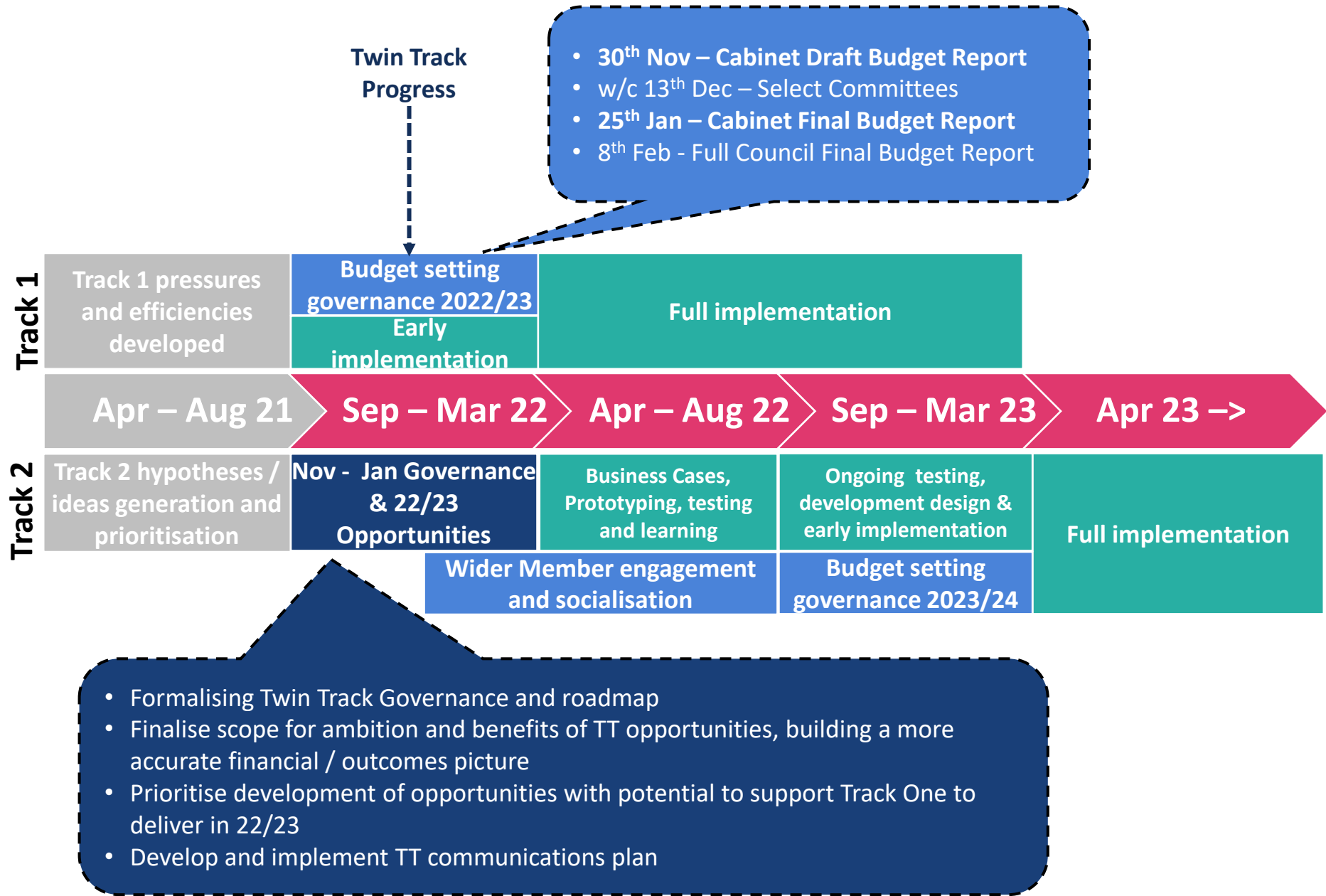
This will include:

- A **call for evidence** setting out key draft budget proposals such as any proposed increase to council tax, planned efficiencies and headline investments from our capital programme.
- It will be **open to all stakeholders** to respond including residents, partners, elected Members and staff. Proposed engagement period is 30 November to 28 December.
- This will help us to **anticipate support and resistance to the draft budget's proposals** from stakeholders and prepare to respond to this.
- This will be complemented **with face-to-face/virtual engagement with key stakeholders**, using existing meetings where possible.

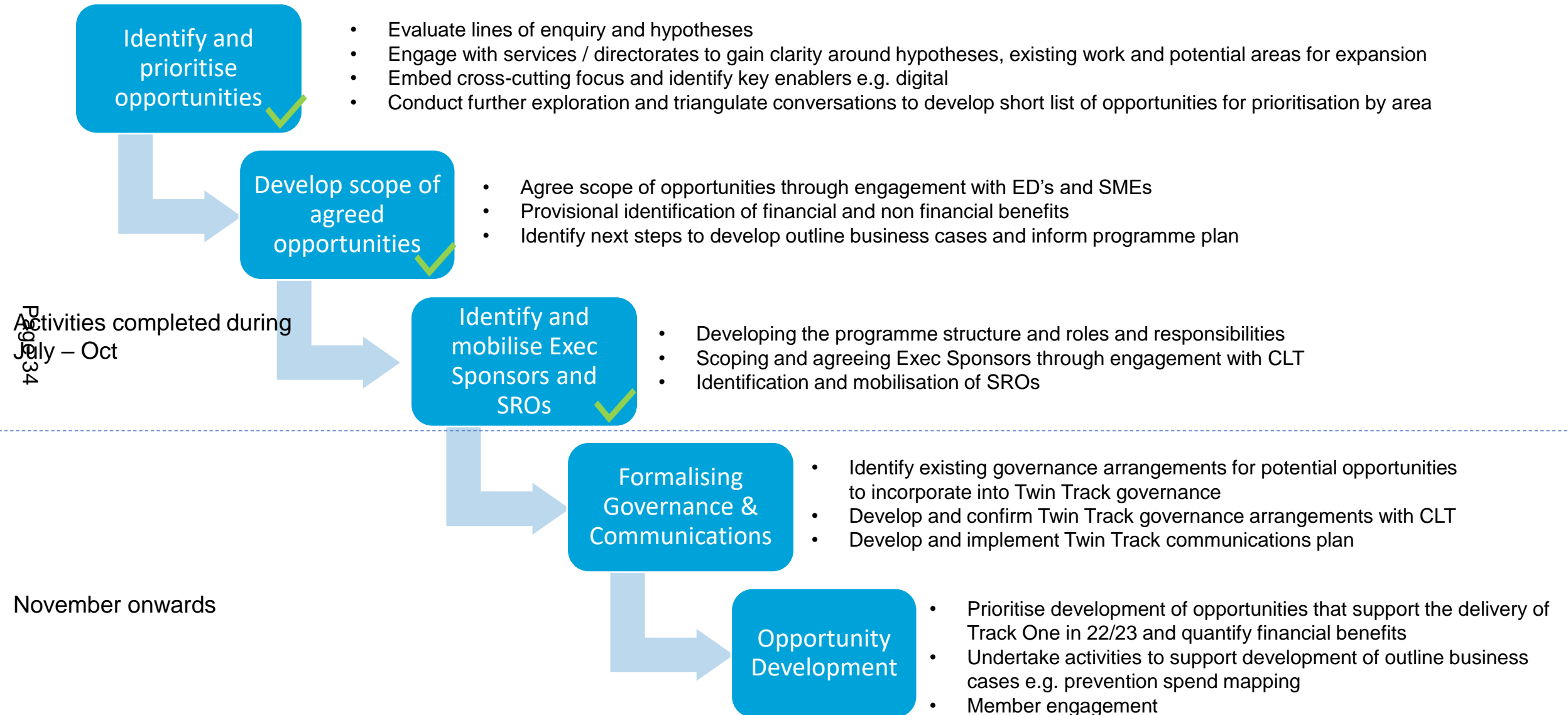
What are the benefits of this approach?

- Responds to Select Committees' concerns about the need for an open engagement process on the budget for residents;
- Gauges feedback on actual proposals (Lake work dealt in hypotheticals)
- Helps services mitigate against any adverse impacts on residents as efficiencies delivered
- Highlights risks and/or tensions that may affect delivery of track 2 of the Twin Track, e.g., opportunities requiring significant partnership working
- Helps shape messaging for the final budget

Overall Twin-Track Timeline



Track 2 Update



**Directorate Pack – Note the
Pressures and Efficiencies are
provided for all Directorates**

Directorate Pack – Resources

Summary of Services Provided by Directorate

 Land & Property

 IT&D

 Finance

 Performance Management

 Legal

 Democratic Services

 Leadership Office

 Strategy & Policy

 Transformation & Strategic Commissioning

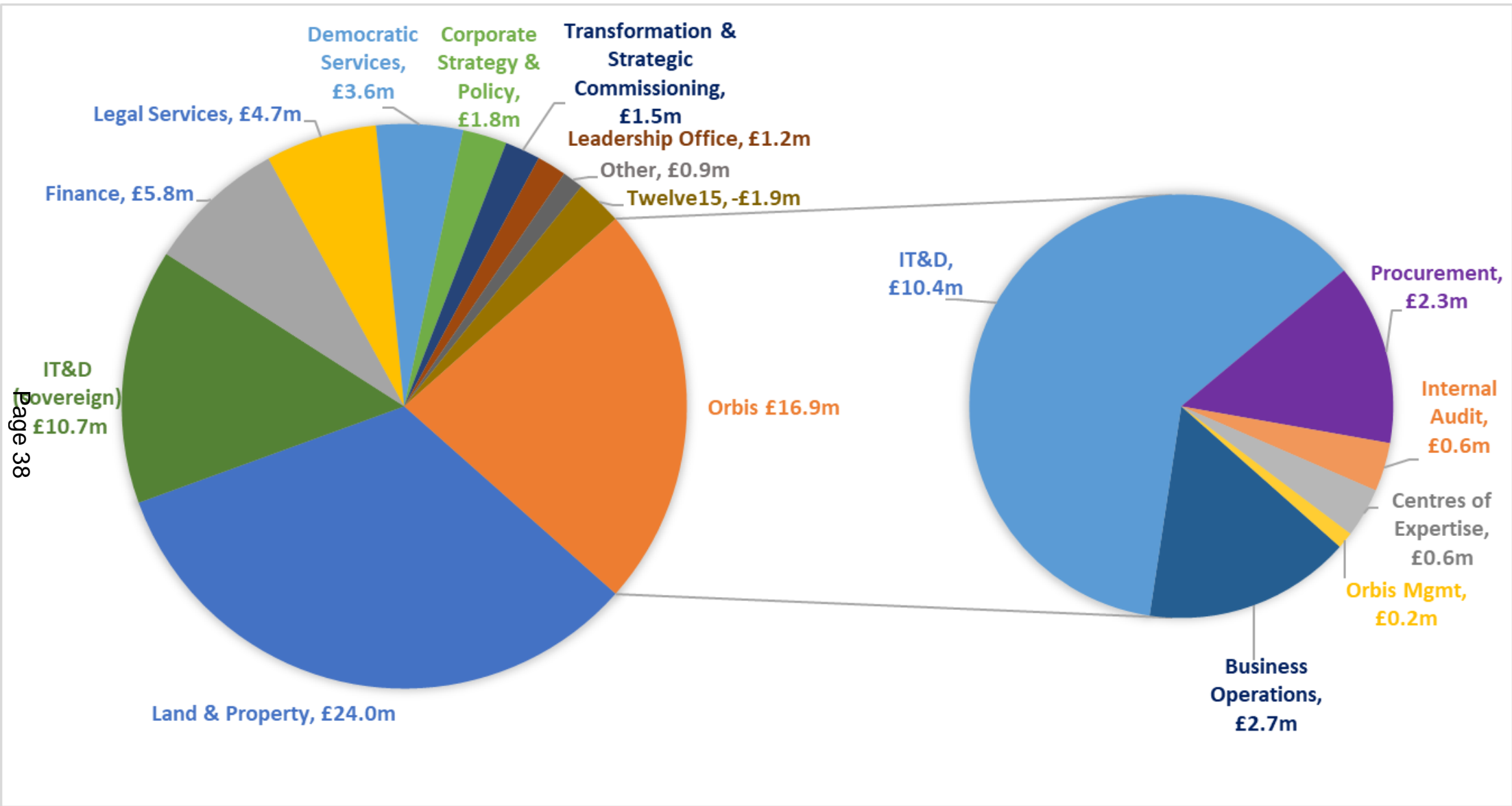
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 Orbis Partnership

 Procurement

 Business Operations

How is the service budget spent – breakdown of major services



The chart shows the split of the Resources budget by service. Showing the largest areas of spend as Land & Property, SCCs contribution to the Orbis Joint Operating Budget and the IT&D sovereign budgets. The Finance Service budget includes contributions to the Self Insurance Fund.

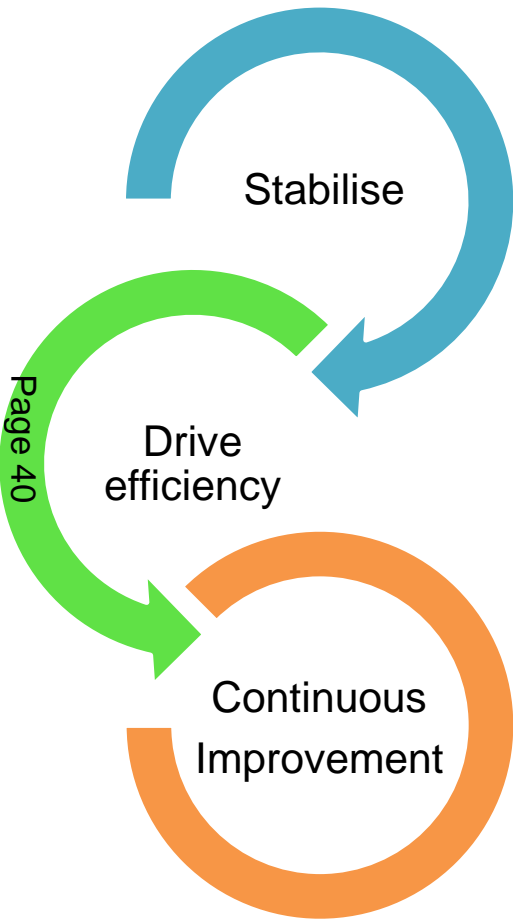
How is the service budget spent – subjective analysis

Type of expenditure/ income	2021/22 net budget £m
Staffing	40.9
Orbis Contribution *	16.9
IT costs	10.7
Property Repairs & Maint	9.0
Purchase of food	7.3
Property Rates	5.9
Property rents	4.5
Utilities	3.4
Other Expenditure	9.8
Schools meals income	-20.0
Property Income	-6.6
Other Income	-12.5
Net expenditure	69.2

The majority of the Resources budget is spent on staffing, as can be seen in the table. The Orbis contribution is also primarily spend on staffing costs. Other significant areas of spend relate to the purchase of food within Twelve15, premises costs in Land & Property (both running costs & repairs and maintenance) and IT costs.

Service strategy headlines for 2022-27 MTFS

The Resources Directorate improvement programme aims to ensure the consistent delivery of high quality, trusted advice and services, performing to their full potential and in a collaborative way, as a key enabler for the County Council to achieve the best outcomes for local residents.



Initially the Directorate focused on stabilising and raising the quality of services provided

2022/23 begins the process of identifying efficiencies - through the improvement programme the Directorate are looking to provide efficient services without reducing the service offer.

Looking into the medium term the Directorate will embed an ethos of driving continuous improvement and driving out efficiencies, without impacting service quality. Programmes enabling this approach include:

Implementation of My Surrey	Agile Office Estate Strategy	Renewed focus for estate rationalisation
Review of the Orbis partnership,	Transformation projects in Pensions Admin, Twelve15 and Land & Property.	Adopting a Business Partnering Approach

2021-26 MTFS Budget Summary for Resources

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Brought forward budget	69.2	69.2	69.0	68.5	68.8	69.0	
Directorate Pressures		3.3	1.9	1.7	1.8	1.6	10.3
Identified Efficiencies		(3.6)	(2.3)	(1.5)	(1.5)	0.0	(8.9)
Total Budget Requirement		69.0	68.5	68.8	69.0	70.6	
Change in net budget requirement		(0.3)	(0.4)	0.2	0.3	1.6	1.4

Opening Directorate budget envelope	69.2	68.3	67.0	65.6	63.9	
Share of funding reductions and borrowing costs	(0.9)	(1.4)	(1.4)	(1.7)	(1.4)	(6.8)
Budget envelope for the year	68.3	67.0	65.6	63.9	62.5	

Overall Reductions still to find	0.6	1.6	3.2	5.2	8.1	
Year on Year - Reductions still to find	0.6	1.0	1.6	2.0	3.0	8.1

Table may not sum due to rounding

Pressures within the Directorate are linked to inflation (pay, non-pay and additional NI contributions), increases in Microsoft licence costs and the need to strengthen a number of the teams in order to meet growing corporate ambitions and growing demand (Strategy, EDI, Leadership Office).

In a number of services, the challenge to mitigate emerging pressures within existing budgets has resulted in the reduction of pressures overall, but there is a risk associated with this approach and a need for detailed budget reviews to be undertaken to ensure this is achievable.

Efficiencies relate to the realisation of benefits from the implementation of a new ERP system, reflecting changes brought about from a review of contribution rates from services within the Orbis partnership and the disaggregation of Business Operations. In addition, there are improvement programmes in place in a number services across the Directorate, resulting in efficiencies within Land and Property and Twelve15.



Summary of budgeted pressures

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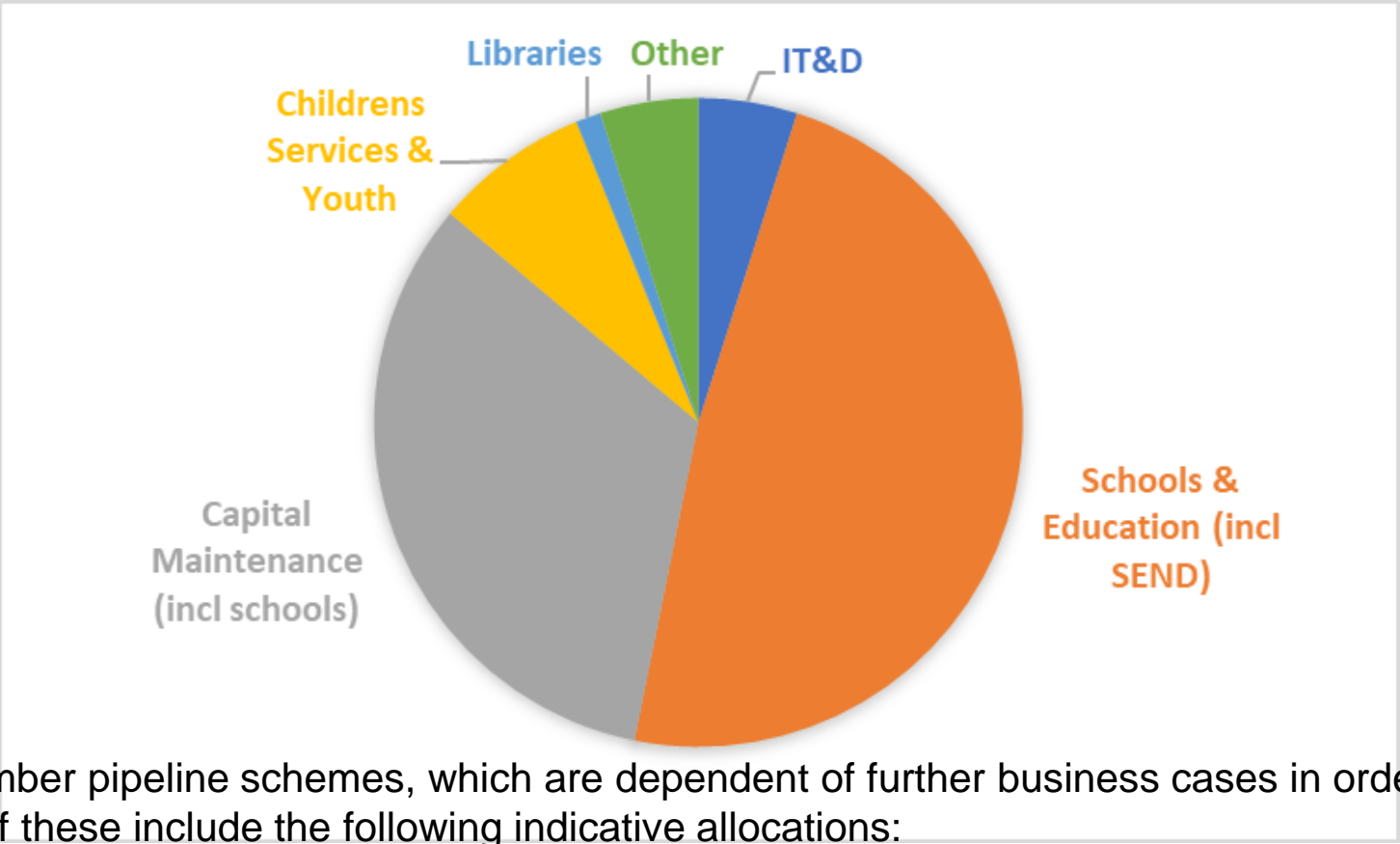
Pressure	2022/23 £m	Total MTFS £m
IT&D - Microsoft Contract price increase - Contract due to be renegotiated via Crown Commercial Services - indicative level of contract increase and inclusion of Business Analytics tool.	0.5	0.5
Twelve15 - Loss of contracts with schools for the provision of school meals	0.5	0.5
IT&D - Loss of income from Data Centre contract as key clients migrate to SaaS solutions.	0.0	0.1
IT&D - Ongoing costs of Technical Advocates. New posts established to help embed new digital and agile ways of working	0.0	0.2
Resources Leadership - Increased capacity in relation to change management and business support	0.2	0.2
Strategy Team - Additional capacity to support Council-wide strategy and enhance ability to support people, place and organisational portfolios	0.1	0.1
Changes to staffing structure of Leadership Office	0.1	0.1
Pay inflation – expected inflationary increase in salary costs	0.8	4.1
Non-Pay Inflation – expected inflationary increase in contract costs	0.8	4.3
Additional NI contributions – expected impact of increase in Employers National Insurance Contributions	0.3	0.3
Total budgeted pressures	3.3	10.3

Planned efficiencies

Efficiency Proposal	2022/23 £m	Total MTFS £m	2022/23 RAG
IT&D - DBI programme implementation results in reduced running costs of new system	0.1	0.3	A
Orbis - efficiencies realised from a comprehensive review of the partner contribution rates, the disaggregation of business operations service, alongside the implementation of the new ERP system enabling more streamlined processes	1.0	2.0	A
L&P - Variety of measures including asset rationalisation, improved supply chain management and a review of income generation	1.5	5.5	A
IT&D - Reduction in ongoing licencing costs as a result of Hyperconvergence systems purchase	0.1	0.1	G
Cross Directorate – Review of Business Support	0.2	0.2	A
Twelve15 – actions to return income to pre-COVID levels	0.5	0.5	A
Twelve15 -Efficiencies relating to staffing restructure and measures to increase customer base/income generation	0.2	0.3	A
Strategy Team – Healthwatch contract efficiencies	0.0	0.0	G
Total	3.6	8.9	

Draft Capital Programme

The Proposed Capital Programme for Resources totals £428m over 5 years. £21m for IT&D and a further £407m managed within Land & Property.



In addition, there are a number pipeline schemes, which are dependent of further business cases in order to be included in the capital programme. The largest of these include the following indicative allocations:

- £63m - Extra Care Housing – part of the strategic ambition to build 725 units of affordable accommodation across Surrey by 2030.
- £60m - SEND Phase 4 – increasing places for special education needs
- £44m - Independent Living – building new units of supported independent living accommodation as part of the broader strategic ambition to support the development of 500 units for people with a learning disability or autism across Surrey.
- £34m - Libraries Transformation Phase 1 (includes net zero activities) – investment in libraries across the County
- £28m - Corporate Asset Capital Programme Spend – estate rationalisation including building community hubs

Directorate Pack – Customer & Communities

Summary of Services Provided by Directorate

A mix of statutory services, core functions, income generating services and key enablers for future ways of working:

Community Partnerships: Over 50,000 residents reached through online community engagement; 1,215 comments/ideas for Your Fund Surrey (£100 million capital fund) posted on Commonplace map; increasing member involvement in local engagement; administering Member Communities Allocation Fund

Customer Services: Over 200,000 calls; 8 million web visits; 16,000 Blue Badge applications, 80,000 emails and 18,000 twitter mentions received in a year

Libraries: 52 libraries + History Centre; 4,631,871 items borrowed (in 2019/20); 2,905,618 visits (in 2019/20); 303,692 registered borrowers (2019/20); 1,000 events held each month; over 142,000 views of online events

Registration: circa 18,000 births, 11,000 deaths & 3,300 marriages and civil ceremonies per year; top 3 nationally for birth and top 5 for death registrations; over 90,000 new & copy certificates issued

Heritage: Public downloads of digitised images: 10,136,302-page impressions in 2020/21 - 34% increase from 19/20 (3rd in CIPFA ranking); 3,266 public enquiries; over 10,000 images added to online catalogue

Surrey Arts: 3,495 young people accessing instrumental and vocal tuition in 2020/21; music hub working with 356 schools; number of young people participating in ensembles: 894

How is the Directorate Budget Spent

The Net budget for the Directorate for 2021/22 amounts to c£11m. This includes significant income budget in excess of c£10m across Cultural Services.

Income to the Directorate comes primarily from weddings (from providing registrars services at both registry offices and licenced venues), income from music lessons provided by Surrey Arts in schools and income from archaeology services, fines and reservation charges in libraries and blue badge fees in customer services.

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All areas have undergone significant improvements over the last 3 years and significant cost reduction. For example the Libraries Service net budget has reduced by 30% and the Customer Services budget by over £400k.

	Expenditure	Income	Net budget
	£m	£m	£m
Directorate Leadership	0.4	-	0.4
Libraries	7.6	1.1	6.4
Surrey Arts	4.4	4.2	0.1
Heritage	1.3	0.5	0.8
Registrations	2.0	3.1	- 1.1
Active Surrey	1.5	1.5	-
Community Partnerships	1.5		1.5
Customer Services	2.9	0.2	2.7
	21.6	10.6	11.0

Service Strategy Headlines

- Although a newly formed Directorate, all areas have undergone (or are undergoing) significant improvement & cost reduction. The ambition is not only to ensure the sustainability and quality of service delivery, but to think creatively about how services are delivered.
- COVID-19 has had a significant impact on achievable income levels over the past 18 months; specifically, within Cultural Services. Current budget planning assumption is that income returns to pre-COVID levels; any sustained impact would put the delivery of services within agreed budget envelopes under pressure.
- In addition to working to ensure that income levels return to pre-COVID levels, the Directorate has identified additional budget pressures relating to inflation and unachievable prior year efficiencies which it has had to identify efficiencies to off-set.

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Looking into the medium term, further efficiencies are anticipated through driving forward key transformation programmes to continue to adapt and improve services to meet the changing needs to our residents and ensure financial sustainability:

- **Customer Experience** - Making people’s experience of dealing with the Council quicker, easier, and better by shaping a new relationship with our customers, managing their enquiries in a more efficient, proactive, and connected way and increasing our use of digital self-serve technologies;
- **Libraries and Culture Transformation** - delivering a modern and efficient set of services across Libraries, Arts and Heritage reducing net cost and increasing impact for communities in Surrey; and
- **Enabling empowered communities** - Providing the foundations, delivery arm and a learning approach to reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey’s future.

2021-26 MTFS Budget Summary for Customers & Communities

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	11.0	11.0	10.9	11.4	11.9	12.5	
Directorate Pressures		0.7	0.5	0.5	0.5	0.6	2.8
Identified Efficiencies		(0.8)	0.0	0.0	0.0	0.0	(0.8)
Total Budget Requirement		10.9	11.4	11.9	12.5	13.0	
Change in net budget requirement		(0.1)	0.5	0.5	0.5	0.6	2.0

Opening Directorate budget envelope	11.0	10.8	10.6	10.3	10.1	
Share of funding reductions and borrowing costs	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(1.2)
Budget envelope for the year	10.8	10.6	10.3	10.1	9.8	

Overall Reductions still to find	0.2	0.9	1.6	2.4	3.2	
Year on Year - Reductions still to find	0.2	0.7	0.7	0.8	0.8	3.2

Table may not sum due to rounding

Significant progress to close the gap has been made. However, there remain risks and challenges to the delivery of the proposed budget envelope for the Directorate for the coming year:

- Cultural service budgets contain a significant proportion of income from fees and charges. These were disproportionally impacted by lockdown due to the inability to open services. Bringing those income levels back to pre-pandemic levels is a risk for longer term sustainability within the service
- Sustained demand relating to the community helpline and test and trace, within customer services, places a risk on the ability to deliver transformation within the service and the ongoing delivery of efficiencies

Opportunities to further contribute to the Council’s medium term budget challenge in future years exist in relation to the following activities underway:

- Enabling empowered communities - by handing more powers and resources directly to communities, designing services locally with them, and making it easier for everyone to play an active role in the decision making
- Customer Experience – aiming to enhance our relationship with our customers, managing their enquiries in a more efficient, proactive and connected way and increasing our use of digital self-serve technologies
- Transforming the library service

Summary of budgeted pressures

Pressure	2022/23 £m	Total MTFS £m
Pay inflation – expected inflationary increase in salary costs	0.5	2.6
Non-Pay Inflation – expected inflationary increase in contract costs	0.0	0.0
Additional NI contributions – expected impact of increase in Employers National Insurance Contributions	0.1	0.1
Impact of the non-achievement of efficiencies in 2020/21 in respect of the vacancy factor within libraries service	0.1	0.1
Total budgeted pressures	0.7	2.8

Planned efficiencies

Efficiency Proposal	2022/23 £m	Total MTFS £m	2022/23 RAG
Libraries Service Restructure – full year effect of the libraries service re-structure	0.2	0.2	G
Cultural Services Efficiencies – a number of planned activities to drive out efficiencies, including a comprehensive review of the Heritage Service, extending the number of teaching weeks for Surrey Atts, review of charging models for Registrations and review of supplier contracts within the Libraries services.	0.4	0.4	A
Planned end to historic grant contribution to Watts Gallery	0.1	0.1	G
Community Partnerships – Re-set of staffing and non-staffing budgets to support new ways of working.	0.1	0.1	A
Total	0.8	0.8	

Draft Capital Programme

The draft Capital Pipeline contains £34m of investment to enable the libraries transformation programme.

This is a five-year programme of work to modernise library settings across Surrey to;

- enable libraries to meet the changing needs of communities,
- support wider strategic priorities,
- ensure library assets are fit and sustainable for the future.

The overall approach to this programme was approved by Cabinet in November 2021. Individual detailed business cases will subsequently be developed and brought forward for agreement as the programme is progressed. These will be based upon service analysis and prioritise key locations based on need and opportunity.

Directorate Pack:

- People & Change**
- Comms, Public Affairs & Engagement**

2021-26 MTFS Budget Summary for People and Change

The Directorate plays a central role in building and sustaining a positive organisational culture and ensuring that we are resourced and trained effectively now, and in the future so the organisation is enabled to deliver the best for the residents of Surrey.

The People & Change service operates within an existing budget of £6.6m.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	6.6	6.6	6.6	6.5	6.5	6.5	
Directorate Pressures		0.2	0.1	0.1	0.1	0.1	0.7
Identified Efficiencies		(0.2)	(0.2)	(0.1)	(0.2)	(0.2)	(0.9)
Total Budget Requirement		6.6	6.5	6.5	6.5	6.4	
Change in net budget requirement		0.0	(0.1)	(0.0)	(0.0)	(0.1)	(0.2)
Opening Directorate budget envelope		6.6	6.4	6.3	6.2	6.0	
Share of funding reductions and borrowing costs		(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.7)
Budget envelope for the year		6.4	6.3	6.2	6.0	5.9	
Overall Reductions still to find		0.1	0.2	0.3	0.5	0.5	
Year on Year - Reductions still to find		0.1	0.1	0.1	0.1	0.1	0.5

Table may not sum due to rounding

For 22/23 onwards the service pressures relate only to inflation (both pay and non-pay).

Identified efficiencies relate to both trading services with schools and efficiencies that are realisable as a result of the implementation of the new ERP system

Summary of budgeted pressures & planned efficiencies

Pressure	2022/23 £m	Total MTFS £m
Pay inflation – expected inflationary increase in salary costs	0.1	0.4
Non-Pay Inflation – expected inflationary increase in contract costs	0.0	0.2
Additional NI contributions – expected impact of increase in Employers National Insurance Contributions	0.0	0.0
Total budgeted pressures	0.2	0.6

Efficiency Proposal	2022/23 £m	Total MTFS £m	2022/23 RAG
Efficiencies linked to the implementation of a new ERP system and improved processes	0.1	0.2	A
Additional income generation activities through traded services with schools	0.1	0.7	A
Total	0.2	0.9	

2021-26 MTFS Budget Summary for Comms, Public Affairs & Engagement

The Communications, Engagement & Public Affairs service is responsible for developing a Communications Strategy for Surrey County Council, mapping out a high-level narrative based on organisational priorities, underpinned by ‘super campaigns’ and ongoing resident and stakeholder communications.

The Communications, Public Affairs and Engagement Service operates within an existing budget of £1.7m.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	1.7	1.7	1.9	1.9	2.0	2.0	
Directorate Pressures		0.2	0.0	0.0	0.0	0.0	0.3
Identified Efficiencies		0.0	0.0	0.0	0.0	0.0	0.0
Total Budget Requirement		1.9	1.9	2.0	2.0	2.0	
Change in net budget requirement		0.2	0.0	0.0	0.0	0.0	0.3
Opening Directorate budget envelope		1.7	1.7	1.6	1.6	1.6	
Share of funding reductions and borrowing costs		(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)
Budget envelope for the year		1.7	1.6	1.6	1.6	1.5	
Overall Reductions still to find		0.2	0.3	0.4	0.5	0.5	
Year on Year - Reductions still to find		0.2	0.1	0.1	0.1	0.1	0.5

Table may not sum due to rounding

In additional to inflationary pressures (pay and non-pay), the budget proposals assume the sustained requirement for the increase in the budget in 21/22 for COVID related pressures. The service continues to maintain good, clear, consistent communication in support of the County’s recovery from the pandemic including providing enhanced communications relating to the medium-term impacts of the pandemic, such as mental health, domestic abuse and financial hardship.

Additional pressures relate to the need to strengthen capacity to ensure sustainable support to CPG



Summary of budgeted pressures

Pressure	2022/23 £m	Total MTFS £m
Communication and engagement support to CPG	0.2	0.2
Pay inflation – expected inflationary increase in salary costs	0.0	0.1
Non-Pay Inflation – expected inflationary increase in contract costs	0.0	0.0
Additional NI contributions – expected impact of increase in Employers National Insurance Contributions	0/0	0.0
Total budgeted pressures	0.2	0.3

Pressures and Efficiencies in Other Directorates

Adult Social Care Pressures

Pressure	2022/23 £m	Total MTFS £m
2021/22 care package carry forward pressure	18.1	18.1
Pay inflation and other staffing pressures	4.0	11.2
Price inflation (care packages & contracts)	11.5	62.3
Care package demand	5.7	29.6
Community equipment demand	0.0	0.7
Discharge to Assess from 2022/23	1.0	1.0
Liberty Protection Safeguards	1.7	3.5
Assumed increase to ASC Better Care Fund income	(3.9)	(3.9)
Total budgeted pressures	38.0	122.4

Adult Social Care Efficiencies

Group		Efficiency	2022/23 £m	Total MTFS £m	2022/23 RAG	ASC Transformation programme		
1	Changing models of care	Remodel Learning Disabilities & Autism day support services	2.3	5.3	A	Learning Disability & Autism		
		Strategic shift from Learning Disability / Autism residential care to independent living	0.7	2.2	A	Accomm with Care & Support		
		Create affordable Extra Care Housing county-wide offer for Older People	0.0	1.4	A	Accomm with Care & Support		
2	Strength based practice	Enhance strength based practice and ensure appropriate Section 117 Aftercare funding for Mental Health care services	0.9 0.5	1.1 0.6	A R	Mental Health		
		Older People strength based reviews	0.7 0.3	1.1 0.5	A R	N/A - Business as usual		
		Physical & Sensory Disability strength based reviews	0.4 0.7	0.4 1.2	A R	N/A - Business as usual		
		Learning Disability & Autism strength based reviews excluding day care	0.8	2.0	A	Learning Disability & Autism		
		Use of Technology Enabled Care at the front door	0.5	2.5	A	Enabling you with Technology		
		Consistent practice for supporting people at home including use of Technology Enabled Care	1.2 0.6	2.2 1.1	A R	Care pathways and Enabling you with Technology		
		3	Purchasing care cost effectively	Improved purchasing of Older People nursing/residential placements	1.9	4.7	A	Market management
				Maximise usage of block contract residential beds	1.1	1.1	A	Market management
Improved purchasing of Home Based Care packages	0.6 0.4 0.1			2.7 1.9 0.6	G A R	Market management		
	Improved purchasing of Learning Disability & Autism 65+ residential care			0.2 0.2	0.8 0.8		A R	Learning Disability & Autism
	4			In-house provision	Review of Older People in-house services		0.9	
Review of Learning Disability in-house services					0.7	0.7	A	Evaluate In-House services
5	CHC related	Resolution of Continuing Health Care disputes	2.5	2.5	G	N/A - Business as usual		
		Agree and implement new Continuing Health Care joint funding policy	1.0	1.0	A	N/A - Business as usual		
Total budgeted efficiencies			19.4	48.5				

Public Health Pressures and Efficiencies

Pressure	2022/23 £m	Total MTFS £m
Pay inflation	0.2	0.5
End of grant funding for Family Safeguarding service	0.1	0.4
Reduction in partner contributions for High Impact Complex Drinkers service	0.1	0.1
Total Pressures	0.3	0.9

Efficiency	2022/23 £m	Total MTFS £m	RAG Rating
Small adjustments to deployment of PH funding and service delivery to mitigate pressures	0.3	0.3	A
Total Efficiencies	0.3	0.3	

Childrens, Families and Lifelong Learning Pressures

Pressure	2022/23 £m	Total MTFS £m
Looked After Children (LAC) Demand/inflation	5.8	23.8
Contract inflation	2.0	8.6
Staffing	8.0	17.7
Other	0.5	0.2
Total budgeted pressures	16.4	50.3

Children, Families and Lifelong Learning Efficiencies

Efficiency Proposal	2022/23 £m	Total MTFS £m	2022/23 RAG
LAC Demand/Inflation - Reuniting children with their families where appropriate to do so	0.2	0.4	R
LAC Demand/Inflation - No Wrong Door and Family safeguarding impact on Looked After Children numbers	2.6	10.8	R
LAC Demand/Inflation - Cost differential of providing specialist placements in-house compared to external residential	0.9	0.9	R
LAC Demand/Inflation - Reduced unit costs of commissioning bed spaces via block contract	1.0	1.0	A
LAC Demand/Inflation - Stop covering additional cost for 18-25 year olds, with no prior SCC contact, placed by D&Bs in SCC beds when the previous agreement comes to an end.	0.3	0.3	R
LAC Demand/Inflation - Lower unit cost of placing in in-house fostering provision	0.3	0.3	R
EYES/LIFT - Financial efficiencies from the introduction of new Childrens IT and payment system	0.3	0.6	A
Home to School Transport - Containment of projected inflation through improved route planning and procurement	1.4	5.8	G
Quality and Performance - staffing	0.2	0.2	R
Staffing - Reduced agency cost from increase in permanent staffing numbers	0.7	0.7	A
Staffing - Reduced agency cost from reduction in days worked, to align with permanent staffing patterns	0.7	0.7	A
Staffing - Reduction in overall allocation set aside for retention payments based on current take up	0.2	0.2	A
Staffing - Reduction in agency costs through joining agreement to limit rates of pay in line with neighbours	0.9	0.9	A
Review the support for NEET services which are currently above the statutory requirement. Ensure focus remains on specialist work (15% reduction)	0.1	0.1	A
Home to School Transport - Development of in-house provision in conjunction with community transport	TBC	TBC	A
Social Care Transport - Move from current spot purchasing approach to more centralised commissioning approach	0.1	0.1	A
Review of grant allocations	0.2	0.2	R
Applying grant as a one-off mitigation	0.5	0.5	A
Staffing - re-alignment if Vanguard bid is successful. Staffing proposals will be considered against the potential impacts on the service improvement programme.	1.1	1.1	R
Review of ELL operational budgets and in-year underspends to reduce spend	0.3	0.3	A
Staffing - Merging teams, increasing spans of control and reducing leadership capacity. Staffing proposals will be considered against the potential impacts on the service improvement programme.	0.9	0.9	R
UASC - Negotiation with the Home Office around funding for UASC infrastructure costs not covered by current grant funding	1.1	1.1	R
Total	13.8	26.9	

Environment, Transport and Infrastructure - Pressures

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Pressure	Description	2022/23 £m	Total MTFS £m
Waste - volumes	The 2021/22 MTFS reflected increased volumes, e.g. due to home-working, which are assumed to reduce over the period.	0.0	(0.7)
Waste - contract reprocurement	Reprocurement costs, to the extent they are not expected to me most from other sources including Transformation Funding.	0.0	0.0
Waste - Reprofiled waste efficiency	Food and dry mixed recycling efficiencies originally included in the 2021/22 MTFS have been impacted by Covid-19 and will be achieved over a longer period.	0.1	0.1
H&T - Bus services	The 2021/22 MTFS reflected a potential pressure on contracted bus services of £1.7m due to reduced bus passengers. In 2022/23, following cessation of Government support, that pressure is expected to increase to £2.1m.	0.4	0.4
H&T - Staff changes to service delivery	Dedicated contract management function and additional resource for implementing future highway technology and innovations.	0.2	0.2
H&T - Severe weather and ecological threats	Increased mitigation for the impact of severe weather and ecological threats on the highway, including roads, footways & trees	0.2	0.2
H&T - Active Travel	Maintaining new active travel infrastructure to heightened design standards	0.0	0.2
Countryside - "Leader" project	Additional staff resource for funding, project development and partnership development activity	0.1	0.1
Countryside - PROW	Enhancing maintenance of public rights of way	0.3	0.3
Countryside - staffing	Staff to manage and develop the countryside estate, and part funding of Local Nature Partnership Director to deliver Land Use Management/Tree Strategy and support the drive towards One Surrey Countryside.	0.1	0.1
Climate Change	Team budget including tree & land use.	0.1	0.1
Environment - staffing	Additional resources to support delivery of Greener Futures and Rethinking Waste	0.4	0.3
Planning enforcement	Additional staff to enhance planning enforcement activity	0.1	0.1
All - Non-Pay Inflation	Expected inflationary increase in contract and related costs	2.9	14.9
All - Pay Inflation	Expected inflationary increase in salary costs	0.5	2.7
All - Creating ETI	Restructuring ETI to deliver agreed priorities	0.6	0.6
All - National insurance	Expected impact of increase in Employers National Insurance Contributions	0.2	0.2
Total Pressures		6.0	19.6

Environment, Transport and Infrastructure Efficiencies

Efficiency Proposal	Description	2022/23 £m	Total MTFS £m	RAG
Countryside - various	Events on the countryside estate, income from property investment, and development of the Basingstoke Canal Centre campsite are offset by fall-out of one-off efficiencies in 2021/22	(0.0)	0.1	A
Environment - Waste volumes and prices	Dry Mixed Recyclable prices have improved and are providing a cost benefit, after allowing for increased waste volumes	2.0	2.0	A
H&T - Commercialisation & innovation	Reducing costs through innovation, automation, attracting new funding and moving some services toward cost recovery.	0.2	0.3	A
H&T - Parking - expanding on street parking charging	Continuing to expand on street parking charging through parking reviews etc.	0.1	0.5	A
H&T - Income & recharges	Including highways searches and recharge of staff costs, e.g. to capital projects	0.2	0.2	A
H&T - One off funding	Unapplied grant funding and prior year income	1.0	0.0	A
H&T - Street lighting LED conversion	Energy savings as street lights are converted to LED	1.1	1.4	G
H&T - Bus lane enforcement	Expansion of current bus lane enforcement measures improve reliability of public transport services	0.2	0.3	A
H&T - Lane rental income	Anticipated lane rental surplus, to support highway activities in line with legislation	0.3	0.3	A
H&T - Moving Traffic offences	Estimated contribution to highway costs	0.2	0.4	A
H&T - Staff/resource efficiencies	Efficiencies from bringing inspections of highway structures in-house (previously provided though a contract)	0.2	0.2	A
H&T - Highway maintenance	Review scope for efficiencies and cost reductions within the new term maintenance contract.	0.5	0.5	R
H&T - Parking surplus	Review treatment of the countywide parking surplus.	0.3	0.3	R
Planning - income	Income from Planning Performance Agreements and charges for discretionary services	0.0	0.1	G
Waste - Growth in reuse shop income	Continue to expand reuse shop offer at Community Recycling Centres	0.0	0.1	G
Waste - Reduce contamination of recycling	Improve quality of recycling, e.g. through resident engagement or changes to collection regimes.	0.2	0.2	A
Waste - Rethinking waste	Review of waste operating model, including infrastructure, in light of national strategy changes	0.0	1.0	A
Total Efficiencies		6.5	7.7	

Community Protection Group Pressures and Efficiencies

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Pressure	Description	2022/23 £m	Total MTFS £m
Coroner - funding	Agreed phased reduction in funding from Surrey Police	0.1	0.3
Coroner - mortuary facilities	Establishment of temporary mortuary facilities pending development of a permanent facility	0.4	0.4
Trading Standards - Income	Income has reduced, including the impact of Covid-19, and expected to recover over the MTFS period.	0.1	0.0
Fire - Pension admin costs	Costs to administer pensions following external transfer of function from Pension service	0.1	0.1
All - additional resourcing	Communications and business management support	0.1	0.1
All - Non Pay inflation	Expected inflationary increase in costs	0.1	0.5
All - Pay inflation	Expected inflationary increase in salary costs	1.1	4.9
All - National insurance	Expected impact of increase in Employers National Insurance Contributions	0.3	0.3
Total Pressures		2.3	6.6

Efficiency Proposal	Description	2022/23 £m	Total MTFS £m	RAG
General Efficiencies	Including, in 2022/23, reductions to non-partnership Trading Standards spend, income generation and seeking sponsorship and external funding.	0.2	0.1	A
Total Efficiencies		0.2	0.1	

Prosperity Partnerships and Growth Pressures

Pressure	2022/23 £m	Total MTFS £m
Strengthen the Economic Development Team – to develop and embed a Growth Plan to drive business engagements, economic place agenda, attract new business, skills, strengthen partnerships and understand infrastructure needs.	0.2	0.2
Pay inflation – expected inflationary increase in salary costs	0.0	0.1
Non-Pay Inflation – expected inflationary increase in contract costs	0.0	0.0
Additional NI contributions – expected impact of increase in Employers National Insurance Contributions	0/0	0.0
Total budgeted pressures	0.2	0.3

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