

# **Communities, Environment and Highways Select Committee Draft Report**

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

15<sup>th</sup> 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 30<sup>th</sup> November with a gap to close before final budget is approved in January

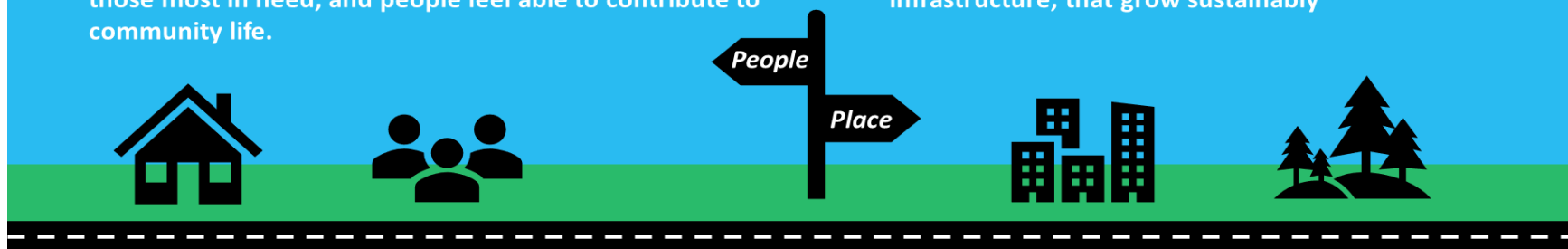
## Next Steps

- 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



Council, partners, citizens and businesses working together to design and deliver services at a community level.

Supporting local business growth and provide sustainable benefits to the communities that they serve.

## 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)
<b>Directorate Total</b>	<b>1,004.7</b>	<b>40.7</b>	<b>31.0</b>	<b>(49.8)</b>	<b>1,026.6</b>	<b>991.1</b>	<b>35.5</b>
Central Funding	(1,004.7)		(2.4)		(1,007.1)	(991.1)	(16.0)
<b>Council Total</b>	<b>0.0</b>	<b>40.7</b>	<b>28.6</b>	<b>(49.8)</b>	<b>19.5</b>	<b>0.0</b>	<b>19.5</b>

# 2022/23 Draft Council Efficiency Programme

- Efficiencies are rated on risk of acceptability/achievability – £11.1m is currently categorised as red
- 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
<b>Total Efficiencies</b>	<b>6.0</b>	<b>32.7</b>	<b>11.1</b>	<b>49.8</b>

# 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	<b>210.3</b>
Increased borrowing costs of Capital Programme	8.4	7.2	8.8	10.9	9.4	<b>44.7</b>
Identified Efficiencies	(50.0)	(31.4)	(30.7)	(16.0)	(9.3)	<b>(137.3)</b>
<b>Total Budget Requirement (after other measures)</b>	<b>1,026.6</b>	<b>1,040.7</b>	<b>1,056.1</b>	<b>1,088.3</b>	<b>1,122.3</b>	
Change in net budget requirement	21.9	14.1	15.5	32.1	34.0	<b>117.6</b>

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

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

# 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

	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
<b>Subtotal before DSG High Needs Block Deficit</b>	<b>179.0</b>	<b>17.7</b>	<b>196.7</b>
DSG High Needs Block	48.6	34.5	83.1
DSG High Needs Block Offset Reserve	(48.6)	(34.5)	(83.1)
<b>Total General Fund Reserves</b>	<b>179.0</b>	<b>17.7</b>	<b>196.7</b>



# 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.

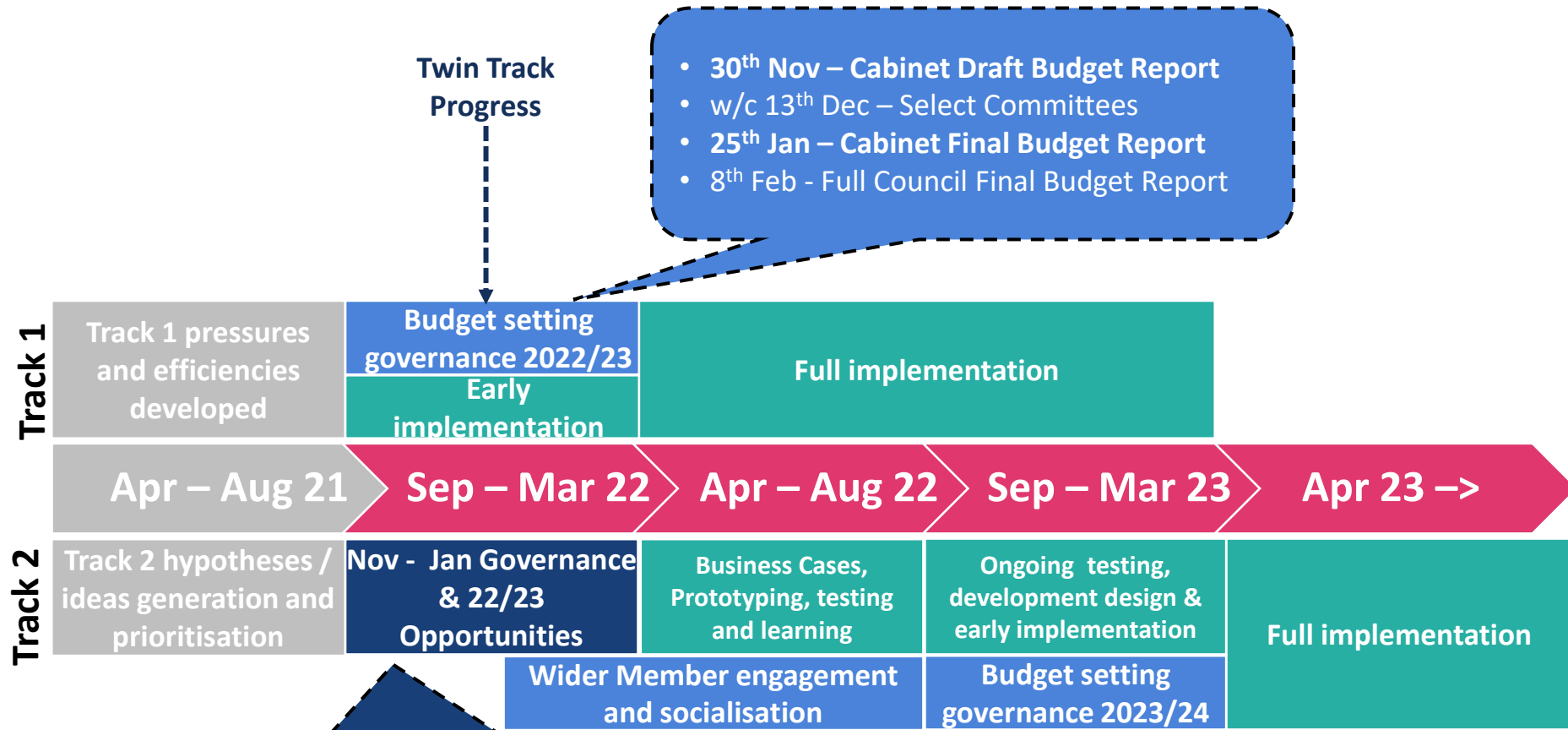
This will include:

- 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?

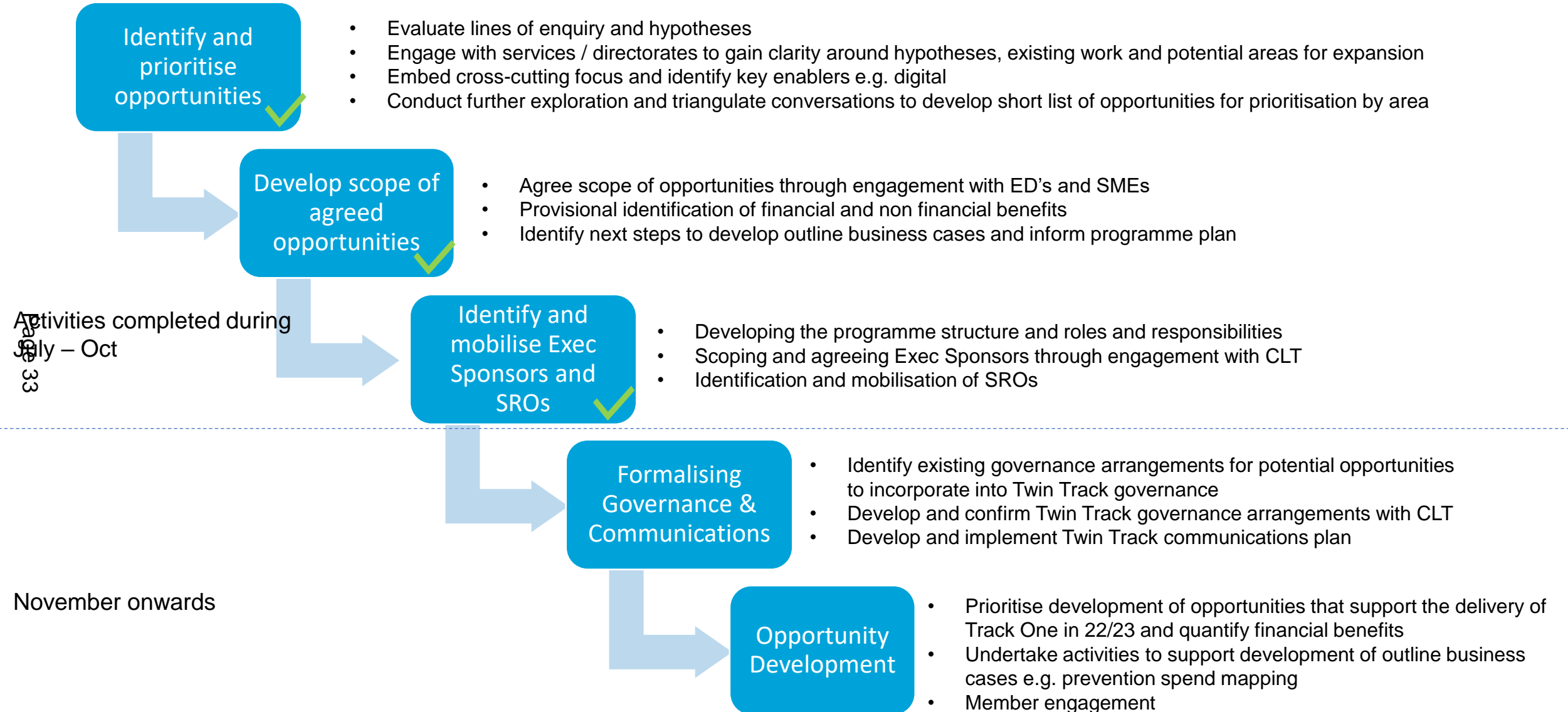
- Responds to Select Committees' concerns about the need for an open engagement process on the budget for residents;
- Gauges feedback on actual proposals (Lake work dealt in hypotheticals)
- Helps services mitigate against any adverse impacts on residents as efficiencies delivered
- Highlights risks 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



- Formalising Twin Track Governance and roadmap
- Finalise scope for ambition and benefits of TT opportunities, building a more accurate financial / outcomes picture
- Prioritise development of opportunities with potential to support Track One to deliver in 22/23
- Develop and implement TT communications plan

# Track 2 Update



# **Directorate Pack – Environment, Transport & Infrastructure**

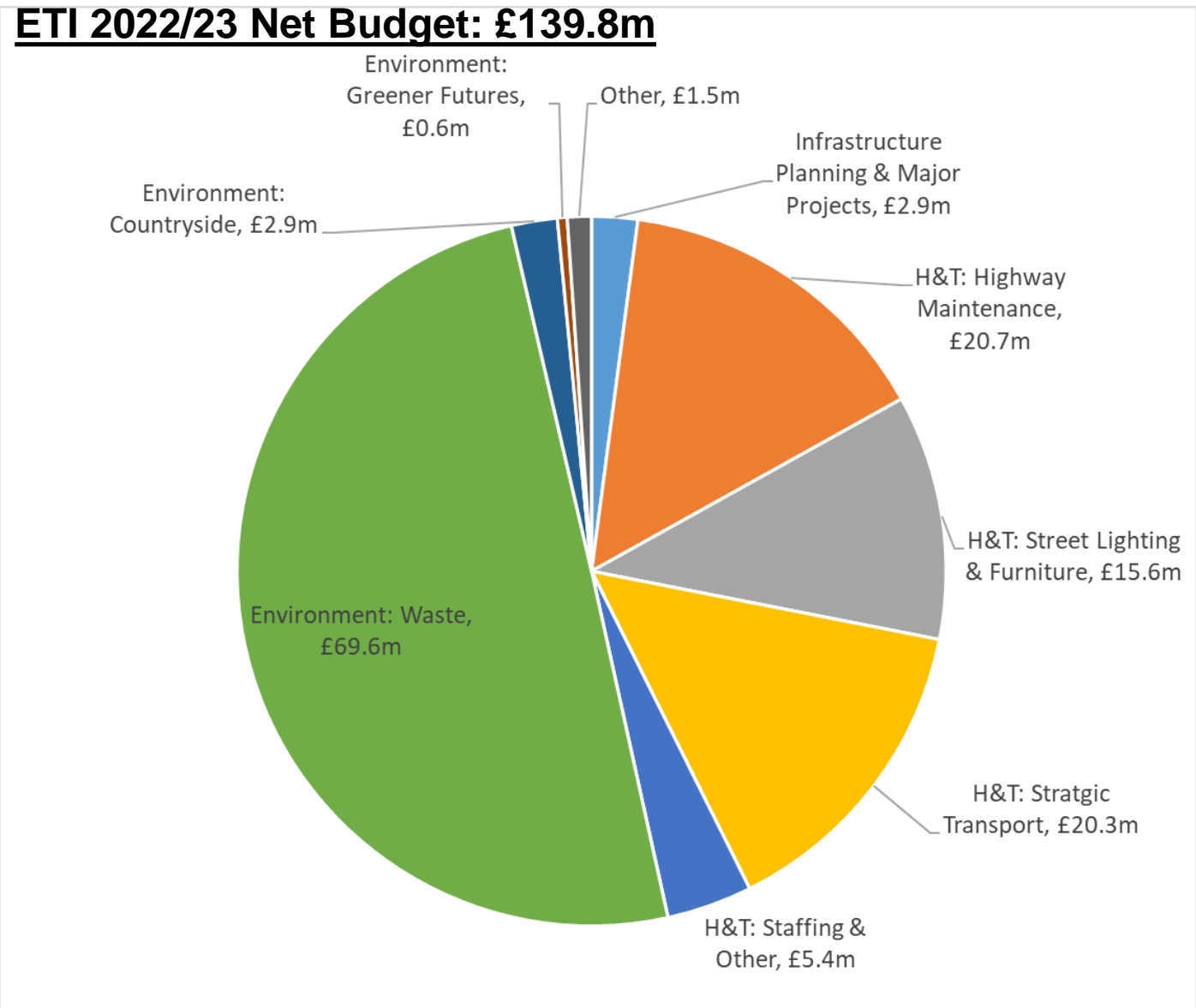
# Summary of Services Provided by Directorate

Environment Transport & Infrastructure (ETI) is an energetic, future-focused, and innovative Directorate that shapes places, improving the environment and reaching sustainability and climate change targets. ETI provides many “universal services” to residents, i.e. services which many/all residents access including waste management and highways. Key service areas include:

- Waste management, including recycling/disposal of household waste and operation of community recycling centres
- Highway maintenance and street lighting
- Public transport
- Countryside
- Planning & Development
- Supporting the county’s and council’s response to climate change and carbon reduction

ETI operates in a challenging environment with increasing demand for services, markets for services and commodities which can be volatile, and changes to residents behaviour including the impact of the Covid-19 pandemic on travel patterns and waste volumes.

# How is the service budget spent – breakdown of major services



The majority of ETI spend is committed to strategic contracts including waste management, highway maintenance, street lighting and bus services.

The largest of these is the waste management contract with Suez which includes managing the recycling and disposal of household waste, and developing and operating waste management facilities. This contract is due to end in 2024.

*Note: the above provides an indicative breakdown, including high-level apportionments of the draft budget, which will be reviewed in line with the final budget.*



# Service strategy headlines for 2022-27 MTFS

ETI's key priorities are:

- Continue to build upon our new directorate organisation design - implementing and embedding the new Highways structure, coupled with further reviews of our Waste, Greener Futures and Planning functions;
- Strengthen our financial sustainability to provide value for money to communities by leveraging available funding opportunities, identifying new commercial opportunities, opportunities for partnership working, innovating service delivery and developing our Greener Futures Finance Strategy;
- Mobilise Ringway as the new Highways contract provider, improving quality of works across the county, continuing to identify opportunities to innovate and work more effectively, and delivering against carbon reduction outcomes including immediate adoption of a minimum 11% EV fleet with commitment to reach net zero by 2030;
- Strengthen engagement with customers and communities, through delivery of our Customer Enquiry Improvement Plan and establishing the cross cutting Greener Futures Engagement and Behaviour Change Working Group;
- Working with key partners and members, finalise the design of our future waste services, and progress the re-procurement. Conclude the Eco Park dispute;
- Deliver the Council and county's carbon emission reduction targets in line with our Climate Change Delivery Plan. With 46% of Surrey's emissions resulting from Transport, a key part of delivering these targets will be supported by adoption of the Surrey Transport Plan, EV network rollout and Bus Back Better plans;
- Deliver the £30m of capital schemes identified in phase 1 of the Surrey Infrastructure Programme, and develop the pipeline of phase 2 schemes; and
- Implement a new governance model to better support delivery of the Climate Change Delivery Plan and Surrey Infrastructure Plan.

# 2021-26 MTFS Budget Summary for Environment, Transport and Infrastructure

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	140.3	140.3	139.8	142.4	145.4	148.5	
Directorate Pressures		6.0	3.5	3.2	3.2	3.6	<b>19.6</b>
Identified Efficiencies		(6.5)	(0.9)	(0.2)	(0.1)	0.0	<b>(7.7)</b>
<b>Total Budget Requirement</b>		<b>139.8</b>	<b>142.4</b>	<b>145.4</b>	<b>148.5</b>	<b>152.1</b>	
Change in net budget requirement		(0.5)	2.6	3.0	3.1	3.6	<b>11.8</b>

<b>Opening Directorate budget envelope</b>	<b>140.3</b>	<b>137.5</b>	<b>134.7</b>	<b>131.9</b>	<b>128.4</b>		
Share of funding reductions and borrowing costs		(2.8)	(2.8)	(2.8)	(3.5)	(2.9)	<b>(14.8)</b>
<b>Budget envelope for the year</b>		<b>137.5</b>	<b>134.7</b>	<b>131.9</b>	<b>128.4</b>	<b>125.5</b>	

<b>Overall Reductions still to find</b>	<b>2.3</b>	<b>7.7</b>	<b>13.5</b>	<b>20.1</b>	<b>26.6</b>	
<b>Year on Year - Reductions still to find</b>	<b>2.3</b>	<b>5.4</b>	<b>5.8</b>	<b>6.6</b>	<b>6.5</b>	<b>26.6</b>

Table may not sum due to rounding

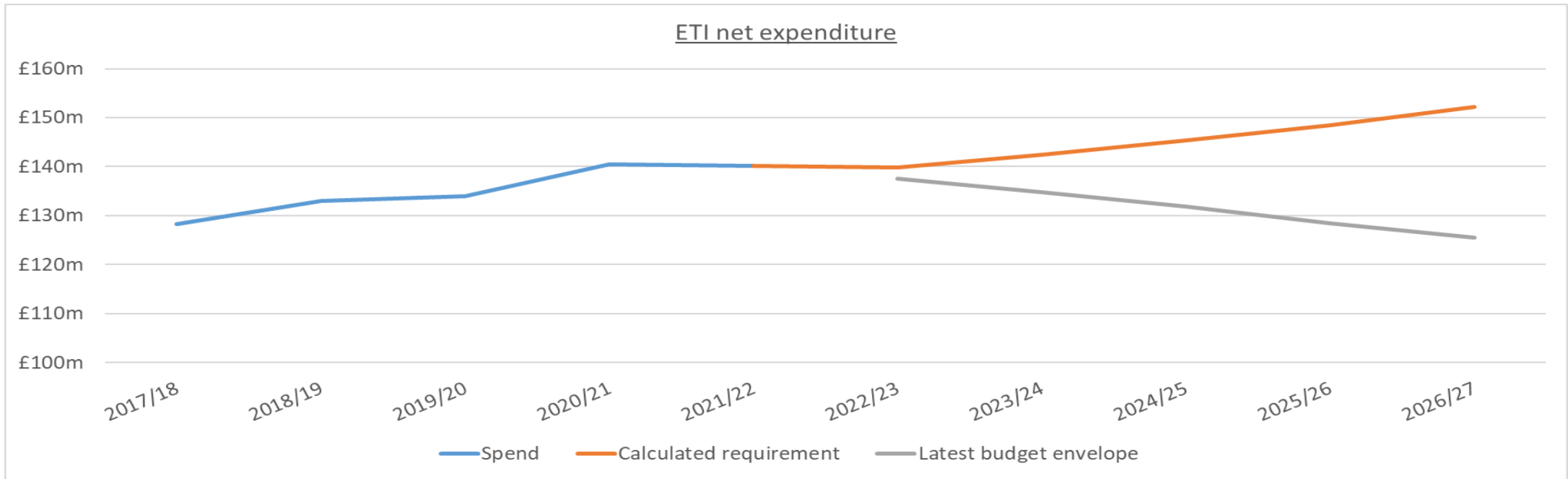
The 2022/23 ETI budget requirement is driven by pressures of £6m including contract and pay inflation, resourcing Council priorities, and the ongoing impacts on Covid-19, offset by efficiencies of £6.5m. Individual proposals are shown on subsequent slides. Although significant progress has been made, a gap of £2.3m remains in 2022/23 compared to the Council's currently estimated available funding.

This gap increases to £26.6m by 2026/27 based on current modelling of potential changes to the Council's funding in future years.

The funding available in 2022/23 for all Council services will be reviewed when the Local Government Finance Settlement is published (expected in December 2021).



# Year on year expenditure



Across 2018-2021 ETI costs have increased in line with market costs and demand for services. 2020/21 saw an increase in costs due to Covid-19 including increased waste volumes and measures at CRCs. In future years there is a gap between the calculated requirement and budget envelope driven mainly by non-pay inflation and other pressures including the potential requirement to provide additional support to bus operators, requiring significant changes to keep spending within currently estimated resources in the medium term.

The strategy for addressing the budget gap over the MTFs period is largely through transformation activity – for which funding bids are currently being considered corporately. Areas for potential efficiencies include waste (contract re-procurement, closer working with collection authorities, development of infrastructure) and highways (potential efficiencies from the new term Maintenance contract through use of improved materials, technology and ways of working).

# Summary of budgeted pressures

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, including support for communications & engagement.	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
<b>Total Pressures</b>		<b>6.0</b>	<b>19.6</b>

# Summary of budgeted efficiencies

Efficiency	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
<b>Total Efficiencies</b>		<b>6.5</b>	<b>7.7</b>	

# Draft Capital Programme (1)

The Capital Programme is comprised of the Budget (schemes which are developed and ready to proceed) and the Pipeline (schemes requiring further development and subject to business case approval). The Proposed Capital Budget for ETI totals £521.4m over 5 years, funded from a number of sources including grants and borrowing. Schemes over £1m are shown below. The table indicates which schemes/programmes contribute to or are in response to Greener Futures and Surrey Transport Plan.

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Service	Project	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m	Contributes/ responds to:	
								GF	STP
H&T	Highway Maintenance	40.0	40.0	40.0	40.0	40.0	200.0		
IPMP	Surrey Flood Alleviation - River Thames	4.0	8.0	8.0	30.0	50.0	100.0	Y	
H&T	Bridge/Structures Maintenance	10.2	10.2	10.2	10.2	10.2	50.8		
IPMP	A320 North of Woking and Junction 11 of M25	15.7	27.7	-	-	-	43.4		Y
Env	Surrey Flood Alleviation - Wider Schemes	3.3	4.4	6.8	8.0	5.0	27.5		
H&T	Local Highways Schemes	3.0	3.0	3.0	3.0	3.0	15.0		Y
H&T	Traffic Signals	2.9	2.9	2.9	2.9	2.9	14.6		
H&T	Flooding & Drainage	1.7	1.7	1.7	1.7	1.7	8.5		
H&T	Additional Local Transport Schemes	4.0	4.0	-	-	-	8.0		Y
H&T	Safety Barriers	1.5	1.5	1.5	1.5	1.5	7.6		
H&T	Illuminated Street Furniture	1.9	1.9	1.9	0.5	0.5	6.7		
H&T	External Funded Highway Schemes	1.2	1.2	1.2	1.2	1.2	6.0		Y
H&T	Ultra Low Emission Vehicles - Community Transport - Third Sector	1.9	3.4	-	-	-	5.3	Y	Y
H&T	Drainage Asset Capital Maintenance/Improvements	1.0	1.0	1.0	1.0	1.0	5.0		
H&T	Street Lighting LED Conversion	4.8	-	-	-	-	4.8	Y	
Env	Public Rights of Way	0.7	0.7	0.7	0.7	0.7	3.7	Y	Y
H&T	School Road Safety Schemes	1.0	1.0	1.0	-	-	3.0	Y	Y
H&T	Highway Maintenance - Signs	0.4	0.4	0.4	0.4	0.4	2.0		
H&T	Road Safety Schemes	0.2	0.2	0.2	0.5	0.5	1.6		Y
Env	Greener Homes LAD grant funded scheme	1.6	-	-	-	-	1.6	Y	
IPMP	Farnham Infrastructure Programme Town Centre - Quick Wins	1.5	-	-	-	-	1.5	Y	Y
All	Schemes below £1m	2.4	1.2	0.5	0.4	0.4	4.9	Y	Y
<b>Total ETI</b>		<b>105.0</b>	<b>114.4</b>	<b>81.0</b>	<b>102.0</b>	<b>119.1</b>	<b>521.4</b>		



# Draft Capital Programme (2)

In addition to the budget, the proposed ETI Capital Pipeline is comprised of schemes under development and subject to final business cases. As with the capital budget, the pipeline is funded from a number of sources including grants and borrowing. The ETI capital pipeline totals £398m across the 5 year MTFS. The largest of these (schemes over £1m) are shown below. The table indicates which schemes/programmes contribute to or are in response to Greener Futures and Surrey Transport Plan.

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Project	Total £m
Farnham Infrastructure Programme: A31 Hickley Corner	115
Surrey Infrastructure Plan	105
Ultra Low Emission Vehicles - Bus Companies	43
Greener Futures - Net Zero 2030	40
Materials Recovery Facility	21
Farnham Infrastructure Programme: Town Centre	17
Greener futures - Decarbonisation loan fund (private sector landlords, off gas households, businesses)	15
CRC Improvements (including Slyfield)	12
Local Cycling & Walking Infrastructure Plans (LCWIPs)	12
Greener futures - Decarbonising community schools loan fund	10
Electric Vehicle Infrastructure	5
Active Travel (both EATF & future)	1
Schemes below £1m	2
<b>Total Pipeline</b>	<b>398</b>

Contributes/responds to:	
GF	STP
	Y
Y	Y
Y	Y
Y	
Y	
Y	Y
Y	
Y	
Y	Y
Y	Y
Y	



# **Directorate Pack – Community Protection Group**

# Summary of Services Provided by the Group

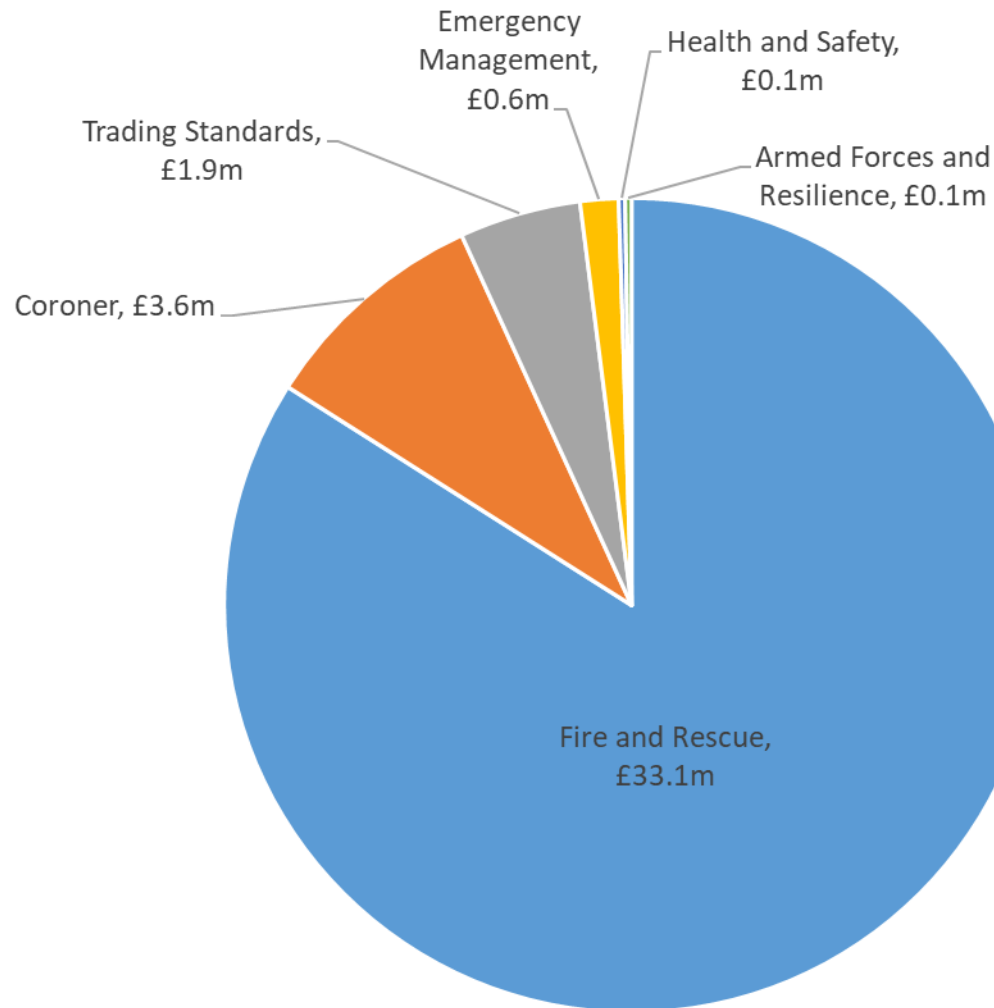
The Community Protection Group (CPG) is comprised of the following services:

- Surrey Fire & Rescue Service
- Trading Standards
- Emergency Management
- Coroners
- Health & Safety
- Armed Forces and Community Resilience

These are mainly statutory and regulatory services, brought together with the vision to make Surrey a safer place to live, work, travel and do business.

# How is the service budget spent – breakdown of major services

## CPG 2022/23 Net Budget: £39.4m



Surrey Fire & Rescue makes up 84% of the CPG net budget.

The largest cost type within CPG (and within the Surrey Fire & Rescue Service) is staffing, c.£40m, which is offset by income and grants.

*Note: the above provides an indicative breakdown, including high-level apportionments of the draft budget, which will be reviewed in line with the final budget.*



# Service strategy headlines for 2022-27 MTFS

To support the 2030 Vision and Organisation Strategy we will focus on the areas of People, Places, Products and Premises. We will work with partners, SCC services, communities and businesses to protect residents from harm both physically and financially through: our prevention and protection work, ensuring that SCC can effectively prepare for, respond to and recover from emergencies, tackling rogue traders and deceptive, unsafe, and illegal practices and products

The Group is also on a transformation journey. SFRS, in response to Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services inspection, has put in place a major improvement programme which is set out in the Making Surrey Safer Plan 20-24. A big part of the plan is about changing and investing in how we deliver better prevention and protection activities. This will help prevent emergencies from happening in the first place. The Coroners Service is also transforming with care and support for the bereaved and dignity and respect for the deceased, at the core of how it operates.

Partnership working is key to the success of the group, starting within Surrey County Council with Adults and Children's services, to help prioritise support to our most vulnerable residents. We also aim to work better with other emergency services, boroughs and district and closer working with businesses to support the Surrey economy. The role Trading Standards play in this is important particularly with digitalisation leading to more Scams directed at vulnerable people and businesses.

# 2021-26 MTFS Budget Summary for Community Protection Group

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	37.3	37.3	39.4	40.4	41.4	42.4	
Directorate Pressures		2.3	1.1	1.0	1.1	1.1	6.6
Identified Efficiencies		(0.2)	(0.1)	(0.0)	0.0	0.0	(0.4)
<b>Total Budget Requirement</b>		<b>39.4</b>	<b>40.4</b>	<b>41.4</b>	<b>42.4</b>	<b>43.5</b>	
Change in net budget requirement		2.1	1.0	1.0	1.1	1.1	6.2

<b>Opening Directorate budget envelope</b>		<b>37.3</b>	<b>36.6</b>	<b>35.8</b>	<b>35.1</b>	<b>34.1</b>	
Share of funding reductions and borrowing costs		(0.7)	(0.7)	(0.7)	(0.9)	(0.8)	(3.9)
<b>Budget envelope for the year</b>		<b>36.6</b>	<b>35.8</b>	<b>35.1</b>	<b>34.1</b>	<b>33.4</b>	

<b>Overall Reductions still to find</b>		<b>2.9</b>	<b>4.6</b>	<b>6.3</b>	<b>8.3</b>	<b>10.1</b>	
<b>Year on Year - Reductions still to find</b>		<b>2.9</b>	<b>1.7</b>	<b>1.7</b>	<b>2.0</b>	<b>1.8</b>	<b>10.1</b>

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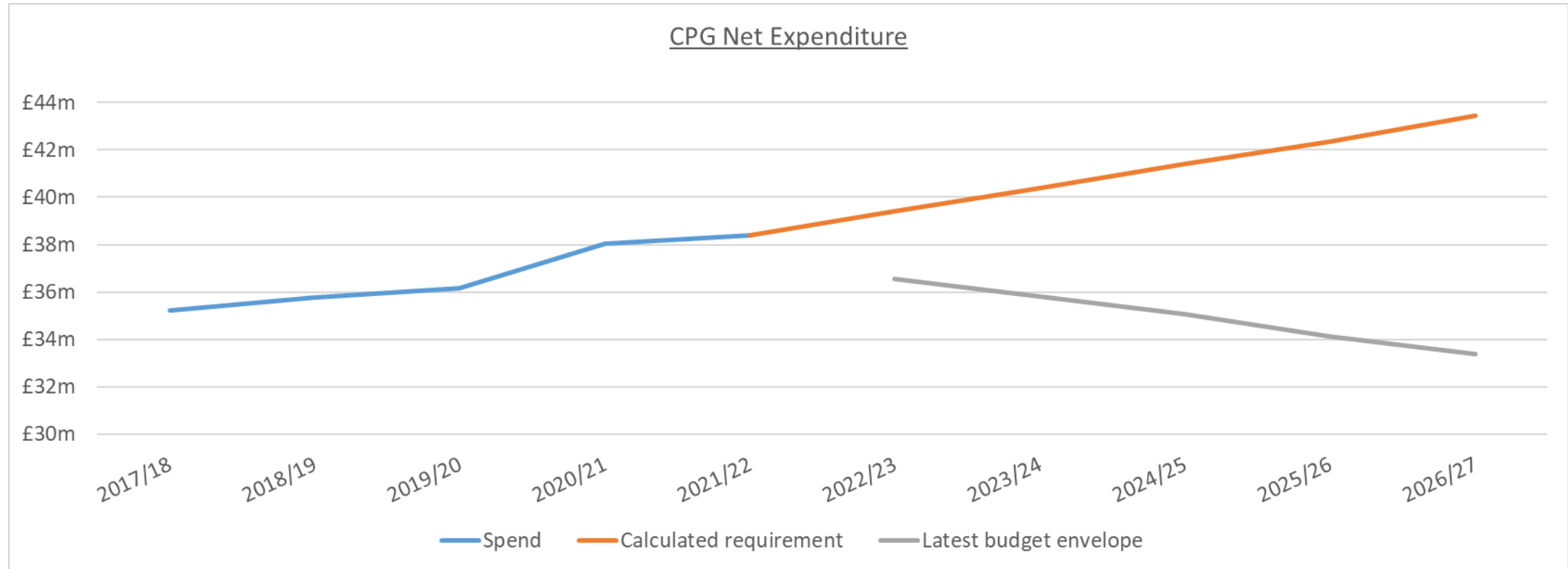
Table may not sum due to rounding

The 2022/23 CPG budget requirement is driven by pressures of £2.3m including pay inflation and other service pressures, offset by efficiencies of £0.2m. Individual proposals are shown on subsequent slides. Although significant progress has been made, a gap of £2.9m remains in 2022/23 compared to the Council's currently estimated available funding.

This gap increases to £10.1m by 2026/27 based on current modelling of potential changes to the Council's funding in future years.

The funding available in 2022/23 for all Council services will be reviewed when the Local Government Finance Settlement is published (expected in December 2021).

# Year on year expenditure



Across 2018-2021 CPG costs have increased due to inflation and other factors including Coronial costs, partially offset by efficiencies and other reductions within Fire and Trading Standards. In future years there is a gap between the calculated requirement and budget envelope, requiring significant changes to keep spending within currently estimated resources in the medium term. The main service cost pressure across that period is assumed pay inflation, including firefighter's pay which is agreed nationally.

# Summary of budgeted pressures and efficiencies

Pressure	Description	2021/22 £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
<b>Total Pressures</b>		<b>2.3</b>	<b>6.6</b>

Efficiency	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	0.4	A
<b>Total Efficiencies</b>		<b>0.2</b>	<b>0.4</b>	

# Draft Capital Programme

The Proposed Capital Budget for CPG totals £21.8m over 5 years, funded from a number of sources including grants and borrowing.

Project	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Surrey Fire - Purchase of New Fire Engines & Equipment	4.7	2.8	2.3	2.3	2.8	14.8
Additional Fire Vehicles & Equipment	4.0	0.4	-	-	-	4.4
Fire - Making Surrey Safer – Our Plan 2020-2023 (Community Resilience)	0.6	0.5	0.5	0.5	0.5	2.4
Fire - Emergency Services Network	0.2	-	-	-	-	0.2
<b>Total CPG</b>	<b>9.4</b>	<b>3.6</b>	<b>2.7</b>	<b>2.7</b>	<b>3.2</b>	<b>21.8</b>

Additional property related schemes, including proposed Fire and Coroners facilities, are included within the Resources Directorate capital budget and pipeline.

# **Directorate Pack – Partnership, Prosperity & Growth**

# 2021-26 MTFS Budget Summary for Prosperity Partnerships & Growth

The Directorate plays a key role in developing lasting and effective partnerships with key organisations in the County and in driving forward the Council's ambitions and Economic Growth Strategy for Surrey.

The brought forward budget of £1.3m relates almost entirely to the cost of the Economic Development Team (£1.1m)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	1.3	1.3	1.5	1.6	1.6	1.6	
Directorate Pressures		0.2	0.0	0.0	0.0	0.0	0.4
Identified Efficiencies		0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Budget Requirement</b>		<b>1.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	
Change in net budget requirement		0.2	0.0	0.0	0.0	0.0	0.4
<b>Opening Directorate budget envelope</b>		<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>	
Share of funding reductions and borrowing costs		(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
<b>Budget envelope for the year</b>		<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	
<b>Overall Reductions still to find</b>		<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	
Year on Year - Reductions still to find		0.3	0.1	0.1	0.1	0.1	0.5

Table may not sum due to rounding

Identified pressures relate to inflation (pay and non-pay) and the need to strengthen the Economic Development Team to meet increased demands on these services to support the organisation in the delivery of its priorities, Economic Growth Strategy & Vision 2030. There are limited opportunities to mitigate this pressure due to the overall size of the directorate budget.

# Summary of budgeted 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
<b>Total budgeted pressures</b>	<b>0.2</b>	<b>0.3</b>



# **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 (3<sup>rd</sup> 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 £m	Income £m	Net budget £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
	<b>21.6</b>	<b>10.6</b>	<b>11.0</b>

# 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 Customer & 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	<b>2.8</b>
Identified Efficiencies		(0.8)	0.0	0.0	0.0	0.0	<b>(0.8)</b>
<b>Total Budget Requirement</b>		<b>10.9</b>	<b>11.4</b>	<b>11.9</b>	<b>12.5</b>	<b>13.0</b>	
Change in net budget requirement		(0.1)	0.5	0.5	0.5	0.6	<b>2.0</b>

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

<b>Overall Reductions still to find</b>	<b>0.2</b>	<b>0.9</b>	<b>1.6</b>	<b>2.4</b>	<b>3.2</b>		
Year on Year - Reductions still to find		0.2	0.7	0.7	0.8	0.8	<b>3.2</b>

Table may not sum due to rounding

Significant progress to close the gap has been made, the overall gap/reductions still to find are £0.1m. However, there remains 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 disproportionately 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
Non-pay inflation	0.0	0.0
Pay inflation	0.5	2.6
Additional NI contribution	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
<b>Total budgeted pressures</b>	<b>0.7</b>	<b>2.8</b>

# 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	Green
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 with in the Libraries services.	0.4	0.4	Yellow
Planned end to historic grant contribution to Watts Gallery	0.1	0.1	Green
Community Partnerships – Re-set of staffing and non-staffing budgets to support new ways of working.	0.1	0.1	Yellow
<b>Total</b>	<b>0.8</b>	<b>0.8</b>	

## 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 fit and sustainable for the future.

The overall approach to this programme is being discussed at 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.