

## SURREY COUNTY COUNCIL

8 FEBRUARY 2022

ITEM 5 (i) – AMENDMENT TO ITEM 5 - 2022/23 FINAL BUDGET AND  
MEDIUM-TERM FINANCIAL STRATEGY TO 2026/27

## Item 5 (i)

**Amendment by Jonathan Essex (Redhill East) to item 5 – 2022/23 Final Budget and Medium-Term Finance Strategy to 2026/27***Seconder: Catherine Baart (Earlswood and Reigate South)***Recommendations****Council is asked to approve the following budget proposals:**

1. That a Gap Analysis study be undertaken to identify additional evidence to deliver Surrey's Local Transport Plan 4 (LTP4) ambitions for modal shift.  
**Budget commitment:** *£100k to fund gap-analysis, modelling modal shift, energy use and infrastructure investment needs to decarbonise transport in Surrey.*
2. That a Climate Citizens' Forum be established to explore options to reduce demand and damage from road transport in Surrey. A Climate Citizens' Forum to explore options to reduce demand and damage from road transport in Surrey.  
**Budget commitment:** *£50k to fund participation process to strengthen strategic response to deliver LTP4 and overall road transport decarbonisation in Surrey.*
3. That research be undertaken to establish a baseline to enable a coordinated action-plan to target energy efficient retrofit and address fuel poverty across all Surrey homes.  
**Budget commitment:** *£217k to fund 2 FTE – a PS11 manager and a PS10 officer (£117K) and a consultancy support (up to £100K) for a baseline study to kick-start a coordinated plan for energy-retrofit of Surrey homes.*
4. That the scope of the additional £6.5 million in the budget envelope for Mental Health be widened to target early interventions to prevent and address child poverty.  
**Budget commitment:** *In addition to the £8 million included in the budget for Mental Health, add a further £8 million, doubling the size of the earmarked fund. Extend the remit of this £16 million allocation to include Public Health and Child Poverty, as follows:*

- *Reverse the recent reduction in numbers of children’s centres and universal youth services;*
  - *Provision of funding to deliver the recently published child poverty strategy; and*
  - *Enhance public health delivery across Surrey.*
5. That the first year funding for Surrey’s Bus Back Better plans be guaranteed.  
**Budget commitment:** *guarantee first year funding for Bus Back Better in Surrey County Council’s BSIP bid to central government. £17.7m revenue to be met from reserves and £10m capital to be met from reprioritising the Capital Pipeline.*

**Table 1. Summary of budget proposals to be funded from reserves**

<b>Proposal</b>	<b>2022-2023 revenue budget impact</b>
<b>1.Transport:</b> Gap Analysis	£100,000
<b>2.Transport:</b> Climate Citizens’ Forum	£50,000
<b>3. Homes:</b> Baseline Study	£217,000
<b>4. Prevention and Early Intervention:</b> Child poverty and Public Health	£8,000,000
<b>5.Transport:</b> guarantee Bus Back Better funding	Up to £17,674,000

These are explored in more detail in the proposals below.

## **1. Transport: Gap Analysis.**

**Budget commitment:** *£100k to fund gap-analysis, modelling modal shift, energy use and infrastructure investment needs to decarbonise transport in Surrey.*

Currently the level of transformational investment in road transport (BSIP, road safety, LCWIP implementation) to be constrained by funding availability without being informed by a plan that sets out first what is actually required. This gap-analysis will enable the scale of transformation to be articulated and delivery modalities explored.

This work should inform efforts to secure sufficient funding to deliver the changes envisaged through Surrey’s own pipeline and capital programme, through strategic partners (e.g. National Grid investments in Surrey’s infrastructure, Network Rail electrification plans), linked to government (and private sector) investment. This will enable the extent of EVs to be balanced against modal shift, walking and cycling to ensure there is both the renewable

energy generation capacity and national grid capacity to support Surrey's future transport.<sup>1</sup>

This must set out the level of local transport network investment needed to be included in the budget of Surrey's capital pipeline and programme, and provide a basis for lobbying government for funding, legislative changes and sufficient leadership to deliver on this agenda across the UK in the near future.

This level of infrastructure investment requires uptake from residents, such as through increased walking and cycling, a modal-shift from car to train and bus, and localisation such as increased home working post-pandemic. Thus, this analysis could feed and be informed by the Climate Citizen's Forum proposed below.

Currently there is a significant backlog of suggestions for transport improvements across Surrey (Surrey County Council published ITS lists), together with a strong public appetite for improvements that are in line with the LTP4 stated priorities. This study will help inform the types and scale of transport-related investment across Surrey, which will help prioritising appropriate road safety and integrated transport schemes, and other investments across Surrey.

## **2. Transport: Climate Citizen's Forum:**

***Budget commitment:*** £50k to fund participation process to strengthen strategic response to deliver LTP4 and overall road transport decarbonisation in Surrey.

Across the UK local authorities under all forms of leadership have been setting up climate forums and assemblies to raise awareness of climate crisis and solutions, to engage local residents, businesses and community organisations, and to inform climate action and policymaking by elected members and officers.

A Surrey Citizens' Forum on Transport and Travel would add value to understanding how best Surrey can reduce energy use, carbon emissions whilst delivering reduced air pollution and accidents on Surrey's roads. Behaviour change, demand reduction and infrastructure investment must combine to enable Surrey's residents, and workers, to change how we move around. This engagement would bring together elected members from different councils, senior officers, community groups and charities, businesses and public sector bodies across Surrey. Its goal would be to map out and discuss the challenges and opportunities for sustainable travel and transport

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<sup>1</sup> The Cambridge University led UK-FIRES research team have developed a transport modelling tool, which is currently at an academic demonstration stage, which could be used as part of this analysis (see <https://transport-energy-calculator.herokuapp.com/app>).

in a Greener Futures - Net Zero Surrey in line with Surrey's Climate Strategy and emerging Local Transport Plan 4.

The Citizens' Forum would explore ways to reduce demand for, and damage from, vehicle transport on Surrey's roads. And it would look at ways to promote walking, cycling, bus and local rail use as well as post-Covid flexible teleworking. The aim will be to produce a shared understanding and commitment to Greener Net Zero travel and transport for the benefit of Surrey's residents, businesses, communities and urban/rural environments.

The Forum would include: a participatory process to map out problems, opportunities and potential projects; expert presentations from council members/officers and local transport and business speakers; group discussions on key issues; visits to transport and travel project sites; and drafting of a Greener Surrey Transport pledge for citizens, community groups and other organisations. This will inform both sustainable transport delivery plans and council communications on how best to bring about the behaviour change required.

Useful links:

<https://cat.org.uk/events/county-communities-climate-action-forum-transport/>  
[https://www.climateassembly.uk/documents/67/How\\_we\\_travel\\_FINAL.pdf](https://www.climateassembly.uk/documents/67/How_we_travel_FINAL.pdf)  
<https://climateoutreach.org/media/knoc-a-why-talk-climate-assemblies/>

### **3. Surrey Retrofit Together: Baseline Study and Delivery Plan to Improve the Energy Efficiency and cut fuel bills across Surrey Homes**

***Budget commitment:*** £217k to fund 2 FTE – a PS11 manager and a PS10 officer (£117K) and a consultancy support (up to £100K) for a baseline study to kick-start a coordinated plan for energy-retrofit of Surrey homes.

The forthcoming energy price increase highlights the opportunity cost in reducing the fuel bill required to heat Surrey's homes. There is an opportunity here to deliver at scale, and move beyond the current piecemeal, grant-seeking approach, in partnership with government. This will enable Surrey to pivot from the anticipated need to address fuel poverty in the short-term to provide leadership and coordination (between boroughs and districts, social housing providers operating across the county, government, private sector, skills and training providers) to tackle a major part of Surrey's carbon footprint that has not been addressed in a substantial way. Improving insulation and reducing energy demand in homes should precede further replacement of gas boilers, as these improvements will reduce the size and cost of new heating systems needed.

The government has set a target for all social housing and private rented homes to be retrofitted to be at least better than a class 'C' Energy

Performance Certificate (EPC) data by 2030.<sup>2</sup> Some councils have already set higher targets and set in train a plan of actions. However, there is so far no such plan in Surrey that spans these different ownership types and aims to reach all homes, in line with government targets.

This budget item is to create a basis for detailed planning and property retrofit prioritisation across Surrey, building on Surrey County Council's valuable insights team and GIS capability. This will clarify and document the scale of the home retrofit challenge and opportunity and to actively upscale work in this area:

1. Integrate Energy Performance Certificate (EPC) data into Surrey's insights GIS mapping and interpolate across property types.
2. Overlay and mesh with data on housing property types and age, demographic information (fuel poverty risk, income deprivation), ownership type (owner occupied, and identified private rental and social housing providers).
3. Use mapping across Surrey/Borough & District/ Parish areas to inform housing stock interventions and prioritise street-by-street / house-by-house<sup>3</sup> plans for retrofit action. This should include cost estimates and energy cost benefit over 10 years (together with resultant carbon invest-to-save benefit).

This would help drive collaboration across Surrey's district and borough councils, residential social landlords and Action Surrey to set the above plan against experiences of delivering retrofit best practice in Surrey. It should also draw on research by the UK100 network, of which Surrey is a member.

Experience of actual physical installation work would allow the programme of work to be understood, the skills/training gap to be better understood and planned for, and increase confidence in viability of solutions.

The prime outcome will be to develop an implementation programme of works that draws in government regulatory support and addresses finance gaps to deliver is best value for carbon reduction and energy cost reduction.

Delivery could combine in-house (Insight and Greener Futures) resource and specialist services. The budget item assumes two FTE council workers to own and drive forward the Surrey Retrofit Together programme, combined with one-off consultancy costs.

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<sup>2</sup> See Clean Growth Strategy (HM Government, 2017) and Improving the Energy Performance of Privately Rented Homes (BEIS, 2020).

<sup>3</sup> As appropriate.

## 4. Prevention and Early Intervention: (Child) Poverty and Public Health

In addition to the £8 million included in the budget for Mental Health, add a further £8 million, doubling the size of the earmarked fund. Extend the remit of this £16 million allocation to include Public Health and Child Poverty, as follows:

- Reverse the recent reduction in numbers of children’s centres and universal youth services;
- Provision of funding to deliver the recently published child poverty strategy; and
- Enhance public health delivery across Surrey.

### 4.1 Prevention and Early Intervention to improve educational outcomes.

The case for extending Surrey’s early intervention support for our children, and how it affects educational outcomes in children is clear and is not new: it was made in the Plowden Report in 1967. The impact of the removal of universal youth work provision and the hyper local support provided by full coverage of 58 children’s centres, cut due to austerity, has still not been subject to rigorous scrutiny. The scale of funding being targeted to the mental health crisis in Surrey should equally be directed towards local early intervention.

Recent research commissioned by Action for Children, Barnardo’s, The Children’s Society, National Children’s Bureau and NSPCC showed that early intervention spending fell by an average of 59% between 2010 and 2020 in the most deprived local authorities, compared to 38% in the least deprived.<sup>4</sup> But whilst nationwide council spending on early intervention fell by £1.8 billion, reliance on ‘expensive’ and ‘disruptive’ late invention spending surged by £1.9 billion to £7.6 billion. These figures show that the reduction in early-intervention measures in councils across the UK has been a false economy.

Surrey’s new child poverty strategy was approved during the Cabinet meeting in January 2022. It stated that it is the intention to leave no one behind, and the intention to “align existing services with potential *new activity that targets the root causes of poverty*“. Its suggestion that there is a need to focus on hyper-local provision suggests a revisiting of the services provided by the universal youth service and children’s centres that were removed in the last council term. However, whilst the strategy proposes a framework of activities the report to cabinet states that it is yet to have any financial implications – and no budgeted expenditure is evident in this budget.

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<sup>4</sup> <https://www.nursinginpractice.com/clinical/addiction-and-mental-health/spending-on-vulnerable-children-cut-by-up-to-80-charities-warn/>

## 4.2 Prevention and Early Intervention through Public Health investment in Surrey

The King's Fund reports that planned spending on public health across councils in 2019-20 was, on a like for like basis, 15% less than when this responsibility was transferred from the health service to councils in 2013-14.<sup>5</sup> Surrey has a low (at one point lowest) grant per resident across all UK councils, Unlike other authorities this amount is not topped up in Surrey. See **Table 2** below. This compares Surrey's Public Health spend against grant to nine other authorities commonly used as comparators.

The extent to which Surrey's initial public grant is much lower is highlighted in Table 3. In 2020-21 the grant per head in Surrey was £31.68, compared to an average of £38.82 across the other nine authorities. This would equate to an additional £8.6 million in grant.

The King's Fund notes that, "Pound for pound local government public health services have a greater impact on population health than putting the same money into the baseline of the NHS."<sup>6</sup> The national increase in insurance to fund the NHS in the short-term and social care in the longer-term does not address this. So it is left to councils to intervene.

Others have. But unlike the other authorities in the table, Surrey chose not to fund an increase in its public health spending. Across the other nine local authorities the average uplift of expenditure on public health over the public health grant was 26%. This percentage, applied to Surrey's public grant of £33.4 million for 2022/23, would equate to an additional £8.7 million.

Considered together, the average actual spend in 2020/21 in Surrey was £18.21 per resident less than in the other authorities considered. This equates to a level of spending of £21.8 million lower in Surrey than for the *average* of the other nine authorities.

This reduced spending on public health, means that Surrey's spend per capita on preventative health is far lower than elsewhere. Increasing this spending would strengthen a preventative, early-intervention led approach to both physical and mental health of Surrey residents.

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<sup>5</sup> See <https://www.kingsfund.org.uk/projects/nhs-in-a-nutshell/spending-public-health>

<sup>6</sup> See <https://www.kingsfund.org.uk/blog/2019/07/public-health-spending-blog>.

**Table 2. Benchmarking Surrey's Total Public Health Grant and Spending against comparator authorities**

	2020/21 Expenditure RO (£'000)	Population	Ranking of spend per head (£)	Actual spend per head (£)	Variation compared to actual spend/head (£)	Grant per head (£)	Ranking of grant per head (£)	Public Health Grant 2020-21 RG (£'000)	Excess
Oxfordshire	32,247	696,880	6	46.27	3.73	44.83	1	31,239	1,008
Essex	81,714	1,497,759	3	54.56	-4.55	42.2	2	63,203	18,511
Cambridgeshire	35,934	657,204	2	54.68	-4.67	41.46	3	27,248	8,686
Hertfordshire	53,634	1,195,672	7	44.86	5.15	41.19	4	49,248	4,386
Warwickshire	35,466	583,786	1	60.75	-10.74	40.02	5	23,363	12,103
Gloucestershire	28,060	640,650	9	43.80	6.21	37.9	6	24,281	3,779
Hampshire	68,975	1,389,206	5	49.65	0.36	37.68	7	52,348	16,627
Leicestershire	36,392	713,085	4	51.03	-1.03	35.39	8	25,234	11,158
West Sussex	38,582	867,635	8	44.47	5.54	34.68	9	30,091	8,491
Surrey	38,159	1,199,870	10	31.80	18.21	31.68	10	38,006	153
Totals				50.01 (1)		38.82 (1)			

Source: 2020-21 RG: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1050248/RG\\_2020-21\\_data\\_by\\_LA.ods](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1050248/RG_2020-21_data_by_LA.ods)

Source to 2020-21 RS: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1050246/RS\\_2020-21\\_data\\_by\\_LA.ods](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1050246/RS_2020-21_data_by_LA.ods)

Note 1. Average of nine authorities, not including Surrey.

## 5. Accelerating Bus Back Better

**Budget commitment:** guarantee first year funding for Bus Back Better in Surrey County Council's BSIP bid to central government. £17.7m revenue to be met from reserves and £10m capital to be met from reprioritising the Capital Pipeline.

Surrey County Council has submitted a bid to the government to extend bus network and patronage in Surrey. This seeks £50 million of revenue and £72 million of capital funding from the DfT of which a nominal allocation of £17.7m revenue and £10.0m capital is allocated for 2022/23. This is summarised in **Table 3** below.

**Table 3. Summary of Surrey BSIP bid for bus improvements.**

2022/23 (£ nominal)		2023/24 (£ nominal)		2024/25 (£ nominal)		Beyond 2025 (£ nominal)		Total cost of project or proposal (£ nominal) ***	
Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
17,674,833	10,042,500	17,584,333	20,992,500	14,822,333	22,816,000	55,500	18,100,000	50,137,000	71,951,000

It is also trialling on-demand transport in Mole Valley and investigating different ways to provide home to school transport in future. Together, applied across Surrey and combined with journeys for care and health, and school travel Surrey could transform the number of bus journeys across Surrey, and achieve the modal shift outlined in LTP4 in Surrey's villages, large urban areas and London fringe.

In parallel, Surrey is embarking on a plan to roll-out EV charging points, which is budgeted to be funded by either government and/or council capital. Just as with EV charging, the level of ambition of our expansion, decarbonisation and transformation of the use of public buses across Surrey must not be constrained by the level of funding awarded us by government.

If the full bid amount is not forthcoming, Surrey County Council should fund the first year as planned regardless of the level of support provided by government for our Bus Back Better bid, to enable work to start on achieving modal shift to public transport in the timescale necessary to achieve our net zero targets.

## **Section 151 Officer Commentary**

The financial information set out in these proposals has been developed in consultation with officers from the Greener Futures Team, Highways and Transport, and Finance.

Proposals 1, 2 and 3 are deemed to be viable and within the legal powers of the Council to implement, albeit representing a modest call on reserves.

Despite making good headway with building earmarked reserves and contingencies, the Council faces significant financial headwinds over the medium-term. The Government's Fair Funding Review (expected in 2023/24), the uncertain impact of Adult Social Care reform, and the £151m medium-term funding gap mean that the retention of the Council's reserves is essential in order to mitigate risk and provide sustainability and resilience in the delivery of services.

Proposal 4 (Prevention and Early Intervention - £8m) and Proposal 5 (Guarantee Bus Back Better funding - £17.7m) represent a substantial call on reserves, individually and collectively. Taken together, the combined impact would be up to £25.7m; a 17% reduction in available balances in the first year of a five-year Medium-Term Strategy, which is significant given the financial context. If all else were to remain equal, the residual reserves would be only marginally in excess of the basic level set out in the Section 151 officer's Section 25 report (on the robustness of reserves), limiting room for future manoeuvre.

The £10m capital element of Proposal 5 would be funded on the basis of reprioritising the capital pipeline to support the commitment. Although this does not increase the size of the Capital Programme, it ultimately leaves less funding available for other projects.

Generally, the Council's strategy is to recognise the role of Government in meeting a fair share of our spending needs, whilst recognising that we need to address our own financial challenges. Seeking additional Government funding to meet Surrey's priorities is an appropriate approach, though adequate funding is not guaranteed.