

Communities, Environment & Highways Select Committee

2023/24 Draft Budget Report and Medium-Term Financial Strategy (MTFS) to 2027/28

5 December 2022

Annex 1

Introduction – 2023/24 Draft Budget and Medium-Term Financial Strategy

Purpose and content

Set out to Select Committee the 2023/24 Draft Budget and MTFs, including:

- 2023/24 budget gap
- 2023/24 – 2027/28 summary position
- Detailed Directorate progress

The process to date

- Establish Core Planning Assumptions and funding projections
- Significant Member engagement (Cabinet, scrutiny, opposition party, All Member Briefings)
- Monthly iterations to Corporate Leadership Team
- Cabinet / Corporate Leadership Team (CLT) Away Day
- Convert the assumptions into the Draft Budget position
- Identify efficiencies to contribute towards closing the gap for 2023/24 and the medium-term
- Draft budget presented to Cabinet 29 November with a gap to close before final budget

Next Steps

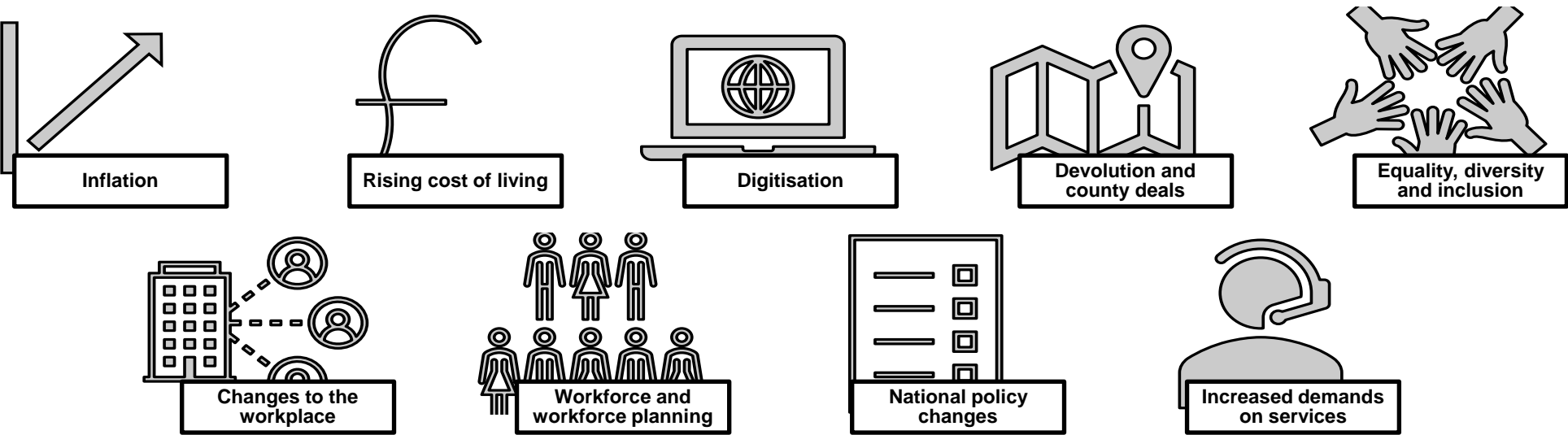
- Refine funding assumptions based on December local government settlement
- Finalise efficiency proposals and consider options to close the gap
- Finalise the 2023/24 – 2027/28 Capital Programme
- Consultation with residents on draft proposals and Equality Impact Assessments
- Final Budget to Cabinet in January 2023 & Council February 2023



SURREY
COUNTY COUNCIL

Strategic Context

A number of drivers are influencing our operating context, including:



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Delivering priorities, ensuring no one is left behind

Our Organisation Strategy sets out our contribution to the 2030 Community Vision.

Our **four priority objectives** and guiding principal that **no one is left behind** remain the central areas of focus as we deliver **modern, adaptive and resident-centred services for all**.



Budget consultation and engagement

Extensive multi-method **consultation and engagement exercise in autumn 2021** is a key source of evidence for decisions on where and how the council spends its money over the medium-term:

- Raised awareness of our priorities, budget context and views on the need to transform services and develop new approaches to service delivery
- Identified residents' informed spending preferences
- Tested spontaneous and informed attitudes towards service changes and residents' roles in supporting change.

Further sources of insight from e.g.

- Cost of living survey (Surrey Health and Wellbeing Panel)
- Joint Neighbourhood Qualitative Research exploring residents views on council services
- Directorate-led engagement with resident representative groups

In addition, **a survey on the draft budget and the options to close the budget gap is currently live** and open to all residents and businesses in Surrey. The results will feed into the final budget report. Please continue to promote this opportunity widely

2023/24 Draft Budget

The table shows the overall picture for the Council for 2023/24 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 expected before Christmas

	Base Budget 2022/23 £m	Initial allocation of Funding Change £m	Budget Envelope 2023/24 £m	2023/24 Indicative Requirement £m	Draft Budget Gap £m
Adult Social Care	401.7	8.5	410.2	434.5	24.2
Public Service Reform	34.4	0.0	34.4	34.4	0.0
Children, Families & Lifelong Learning	221.8	4.7	226.5	250.0	23.5
CFL - High Needs Block - DSG	27.2	-	27.2	5.0	(22.2)
Comms, Public Affairs & Engagement	2.0	0.0	2.0	2.1	0.0
Surrey Fire & Rescue Service	33.2	0.7	33.9	38.6	4.7
Customer & Communities	16.9	0.4	17.2	17.4	0.2
Environment, Transport &	141.7	3.0	144.7	153.1	8.4
Prosperity, Partnerships & Growth	1.6	0.0	1.6	1.6	0.0
Resources	76.8	1.6	78.4	79.4	1.0
Total Directorates	957.2	19.1	976.2	1,016.2	40.0
Central Income & Expenditure	81.9	8.1	89.9	64.3	(25.6)
Total - Our Council	1,039.0	27.1	1,066.1	1,080.5	14.4

The draft budget includes net pressures of £125 million, with efficiencies of £84 million and an anticipated increase in funding of £27 million, leaving a net gap of £14.4 million.

Detailed pressures and efficiencies are set out in subsequent slides

Specific Factors Impacting 2023/24 and the MTFS to 2027/28

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Inflation

- Ongoing impact of above budgeted level of inflation in 2022/23
- Continued high inflation assumed throughout 2023/24, impact on Council, suppliers & partners
- Pay Inflation – either as a result of national policy (eg Fire) or in order to attract and recruit to key roles

Policy Changes

- Significant anticipated gap between costs and available funding re Adults Social Care Reform
- Discharge to Assess – continuation of policy change enacted during pandemic, removal of funding

Cost of Living Crisis

- Impact on residents felt by the Council in increased demand for services
- Unlikely to have currently felt the full effects, entering an anticipated difficult winter

Ongoing Demand Pressures

- Significant current year overspends forecast in Home to School Transport (demand & inflation led)
- Demand pressures associated with unaccompanied asylum seekers & children’s placements
- Forecast continued demand in other services including Adults social care and children with disabilities

Medium Term Impact of Covid-19

- Ongoing impact on service demand as a result of the pandemic
- Behavioural change means income has not recovered to pre-Covid levels in some services (eg libraries)

Funding Uncertainty

- Uncertainty and/or delayed funding announcements risk unnecessary additional efficiencies
- Uncertainty over Fair Funding Reform impacts on ability to effectively plan for the medium term

2023/24 Draft Efficiency Programme

- Efficiencies are rated on risk of acceptability/achievability – **£7.7 million categorised as red**
- Stretch targets for efficiencies are included to ensure full ambition is quantified – corporate contingencies are in place to manage the risk of delivery
- It is often the case that more efficiencies are classified as red/amber at the draft budget stage vs the final budget, given timing and progress in activities to deliver

	Green £m	Amber £m	Red £m	Total £m
Adult Social Care	7.6	11.0	1.3	19.8
Public Service Reform and Public Health	0.0	0.0	0.0	0.0
Children, Families and Lifelong Learning	0.2	5.6	4.7	10.5
DSG High Needs Block	0.0	22.2	0.0	22.2
Environment, Transport and Infrastructure	0.7	2.8	0.0	3.5
Surrey Fire & Rescue Service	0.6	0.4	0.0	1.0
Customer and Communities	0.0	0.9	0.0	0.9
Prosperity, Partnerships and Growth	0.1	0.0	0.0	0.1
Communications, Public Affairs & Engagement	0.0	0.0	0.0	0.0
Resources	1.1	3.5	1.7	6.3
Central Income and Expenditure (incl additional ASC funding)	0.0	19.3	0.0	19.3
Total efficiencies	10.3	65.7	7.7	83.6

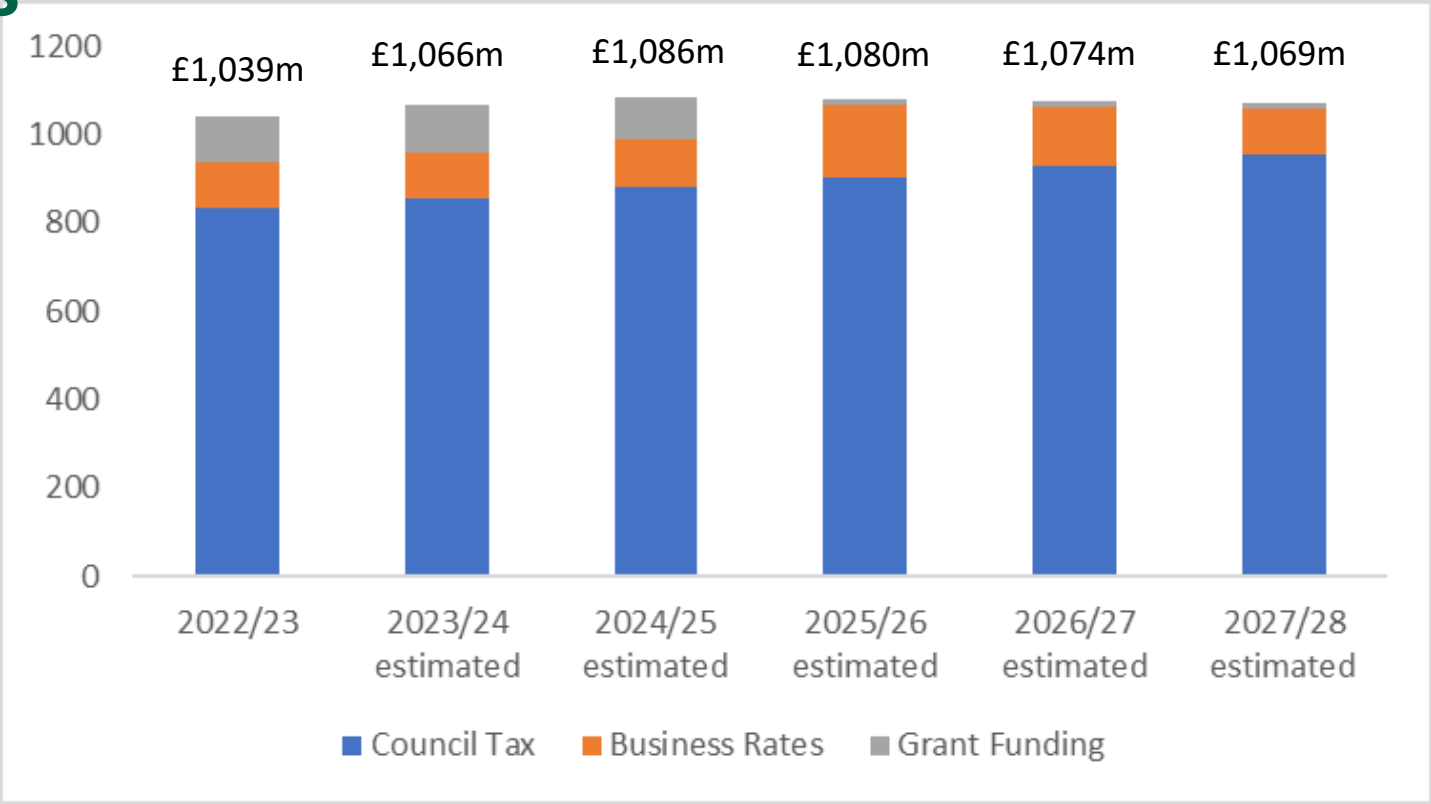
Indicative Funding Assumptions

Council Tax & Business Rates

- Draft Budget assumes a 1.99 per cent increase in Council Tax across all financial years of the MTFS
- Currently no increase in the Adult Social Care (ASC) Precept is assumed
- Other changes in Council Tax income rely on assumptions around local factors. For example, tax base changes, reliefs and premiums.
- Confirmation of District and Borough Council Tax bases are received in January.
- Factors that influence the amount of business Rates retained (growth and pooling arrangements) and reliefs are determined by central government.

Grant Funding

- Based on assumptions about Central Government decisions – provisional Local Government Finance Settlement in December.
- Currently assuming a roll forward of 2022/23 grant allocations in 2023/24.
- Additional ASC funding announced in Autumn



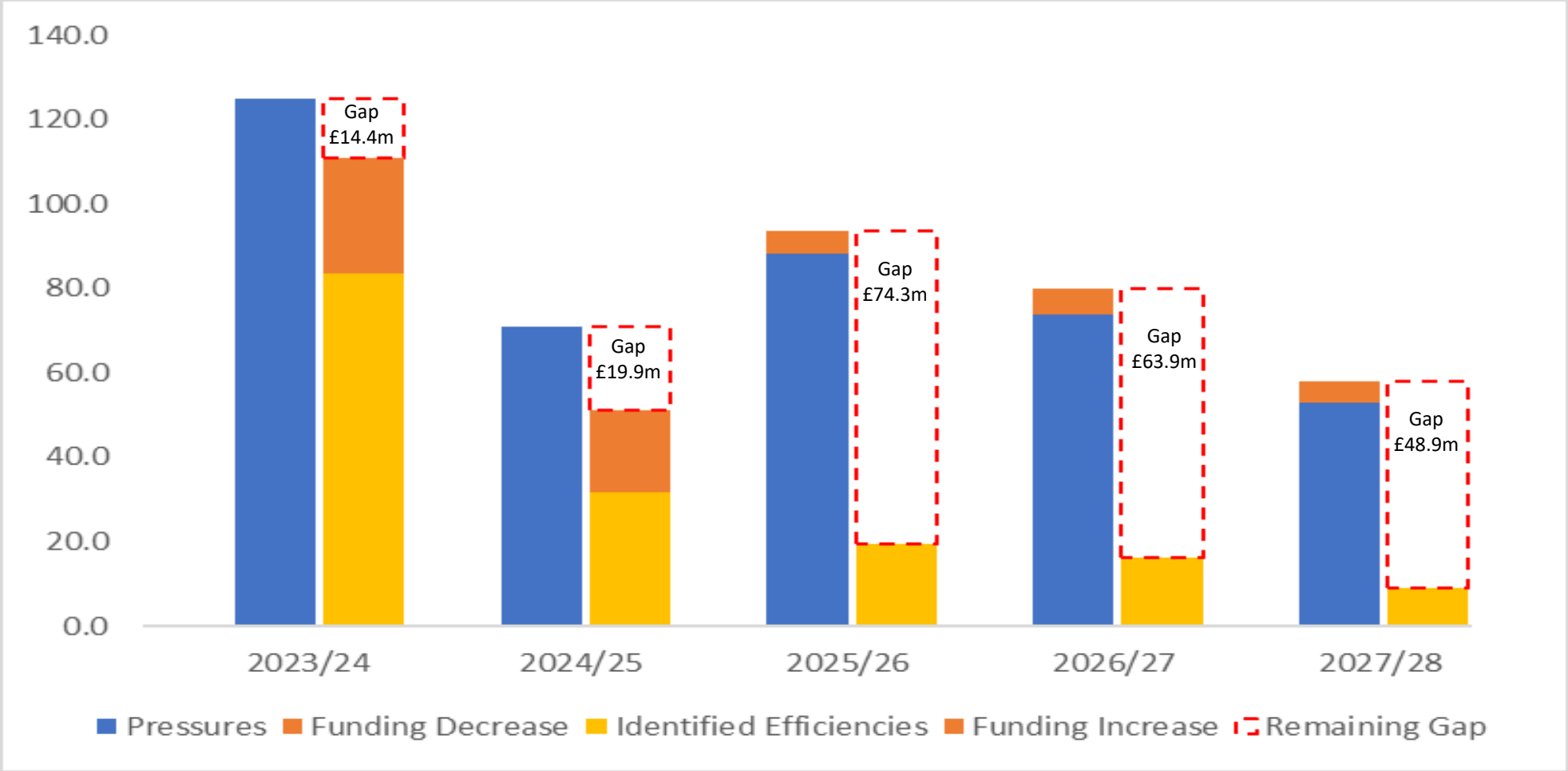
Medium Term Funding

The most significant influence on the Council’s medium term funding is the long-awaited implementation of Fair Funding Reforms, which are likely to see Surrey’s funding drop significantly over the medium-term.

With no indication from government as to their current plans for this reform and recent economic turmoil, our planning assumptions assume that reform is now more unlikely before the next General Election (included from 2025/26).

2023-28 Medium Term Financial Position

- Directorates are tasked with costing the core planning assumptions and developing Directorate scenarios to arrive at pressures and efficiencies for the MTFS from 2023/24 to 2027/28 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.
- **There is an estimated budget gap of £221 million by 2027/28.** The gap widens from 2025/26 as a result of the estimated impact of both Fair Funding Reforms and the delayed implementation of ASC Reforms



Options to close the Draft Budget Gap of £14.4m

Additional Government Funding

- Significant uncertainty over Government funding both for 2023/24 and into the medium term
- Autumn Statement provided indication of additional funding for ASC and Education, no certainty on amounts until December Local Government Settlement

Identification of Additional Efficiencies

- Directorates continue to look for further deliverable efficiencies.
- List of 'alternative measures' developed which would likely result in service delivery reductions - would be required if no further funding was identified

Use of Reserves

- Worked hard to re-build depleted reserve levels to improve financial resilience
- Current level of reserves is considered appropriate given assessment of the risk environment
- Any use of reserves should be for one-off expenditure rather than to meet ongoing budgetary pressures.

Increase Council Tax

- Current budget assumptions are a 1.99 per cent increase, based on historical referendum level
- Autumn Statement announced ability for Councils to raise Council Tax (CT) by up to 3 per cent per year from April 2023 and an additional 2 per cent ASC Precept
- Any increase equates to c£8 million for every 1 per cent rise

Draft Capital Programme 2023 - 2028

- The draft capital programme for 2023/24 – 2027/28 equates to £1.9 billion - £1.1 billion approved programme and an additional £0.8 billion in the pipeline.
- The programme is deemed affordable and while it represents an increase in the revenue borrowing costs both in absolute terms and as a percentage of the net revenue budget (to c8 per cent by 2027/28), it brings us in line with other similar sized authorities.
- The impact of inflation on schemes has led to a number of programmes needing to re-scale / value engineer proposals to ensure affordability within pipeline budget envelopes.
- These will need continued focus as we approach the final budget setting stage and throughout 2023/24 to ensure the impact is mitigated.
- The capital programme cannot continue to increase at this rate in perpetuity. If we continued to invest at these levels then the revenue pressure would become unsustainable and unaffordable.
- Therefore, from **2026/27 a 'cap' on unfunded borrowing of £40 million per annum** has been recommended. This is currently achieved in the Draft programme proposed, but needs to be maintained between the draft and final budget iterations.
- A review of profiling of capital schemes to ensure deliverability will be undertaken before the Final Budget is presented to Cabinet in January 2023 and Full Council in February 2023.



Directorate Positions

- **Environment, Transport & Infrastructure**
- **Surrey Fire & Rescue Service**
- **Customer & Communities**
- **Partnerships, Prosperity & Growth**



Environment, Transport & Infrastructure

Summary of Services Provided by Directorate

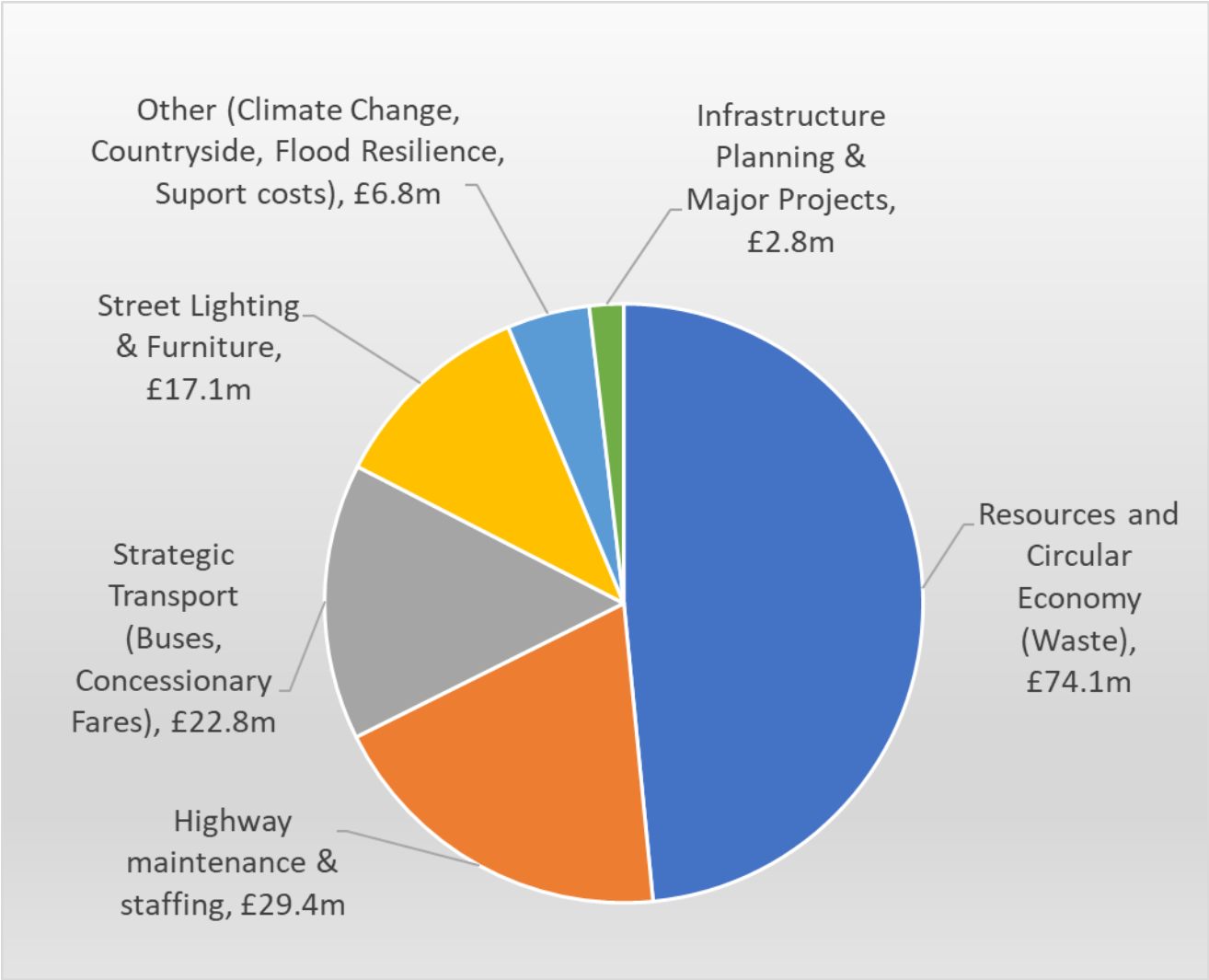
Environment Transport & Infrastructure (ETI) provides many “universal services” to residents, i.e. services which many/all residents access including waste management and highways. Key service areas include:

- 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 resident's 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.



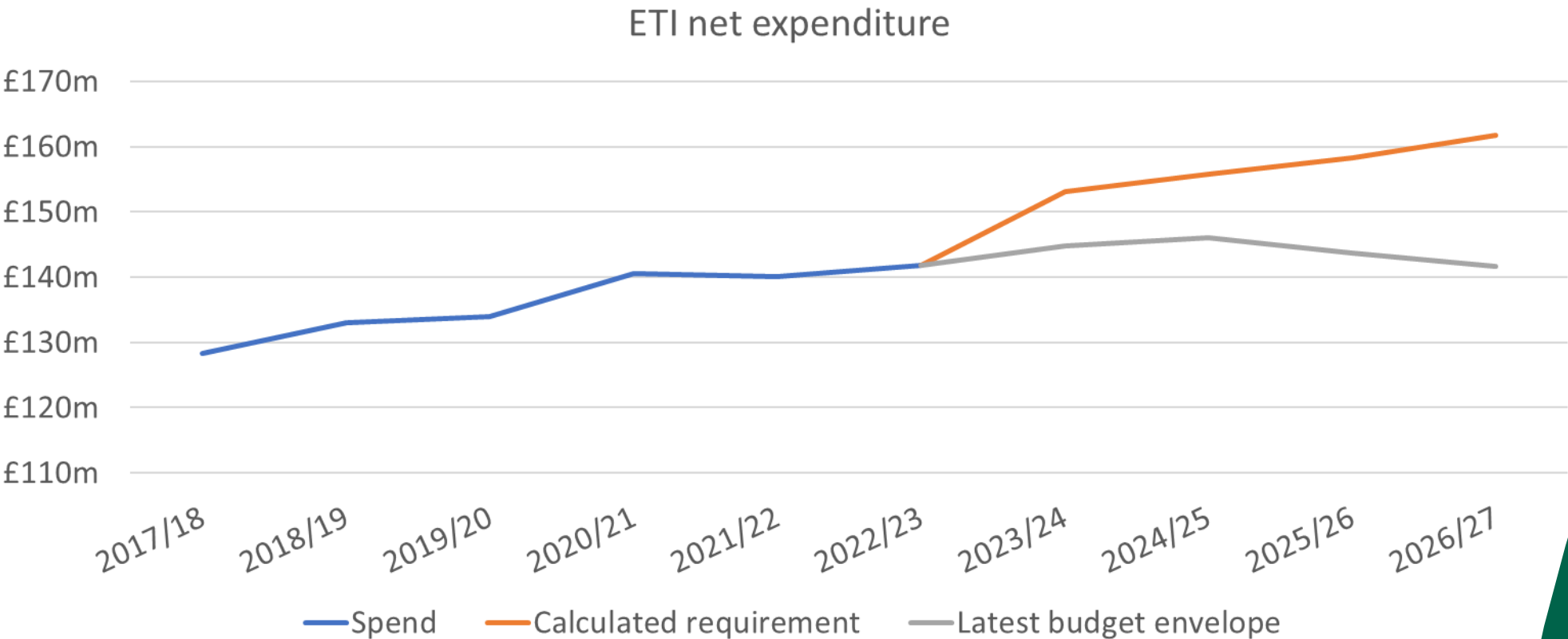
Service strategy headlines for 2023-28 MTFS

Over the period of the Medium Term Financial Strategy, ETI’s key priorities are to:

- Continue to build upon the new Directorate organisation design - embedding the new Highways and Greener Futures structures, coupled with further reviews of our Waste 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;
- Embed and optimise 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 per cent Electric Vehicle (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 conclude the waste contract 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 delivery of the Surrey Transport Plan, EV network rollout and Bus Back Better plans;
- Deliver the capital programme including the River Thames flood alleviation scheme in partnership with the Environment Agency, and £70 million of capital schemes identified in phases 1-3 of the Surrey Infrastructure Programme and develop the pipeline for future schemes;
- Implement a new governance model to better support delivery of the Climate Change Delivery Plan and Surrey Infrastructure Plan;
- Continue to maximise external funding toward revenue and capital activities, including grants, income and developer contributions; and
- Working across Surrey County Council (SCC) and with local authority and voluntary, community and faith sector partners, support residents in immediate crisis as a result of fuel poverty, and enable mitigation of impacts by improving the energy efficiency of homes across the county.

Year on year expenditure

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Across 2018-2022 ETI expenditure has increased in line with market costs and demand for services, including the impacts of Covid-19 on services including waste and public transport. In future years there is a gap between the calculated requirement and budget envelope driven mainly by non-pay inflation, requiring significant changes to keep spending within currently estimated resources in the medium term.

2023-28 MTFS Budget Summary for Environment, Transport & infrastructure

Environment, Transport & Infrastructure							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	141.7	141.7	153.1	155.8	158.3	161.8	
Pressures		14.9	4.8	3.0	3.8	3.9	30.4
Identified efficiencies		(3.5)	(2.2)	(0.6)	(0.3)	(0.3)	(6.8)
Total budget requirement		153.1	155.8	158.3	161.8	165.4	
Change in Directorate net budget requirement		11.4	2.7	2.5	3.5	3.6	23.6
Opening funding		141.7	144.7	146.0	143.7	141.6	
Share of funding change and borrowing costs		3.0	1.3	(2.3)	(2.1)	(1.5)	(1.6)
Funding for Year (Budget Envelope)		144.7	146.0	143.7	141.6	140.1	
Year on Year - reductions still to find		8.4	1.4	4.8	5.6	5.1	25.2
Overall Reductions still to find		8.4	9.8	14.6	20.2	25.2	

The 2023/24 ETI budget requirement is driven by pressures of £14.9 million including contract and pay inflation, and additional resources to meet demand and deliver Council priorities, such as the introduction of a young person’s travel scheme and funding to address ash dieback. These are partially offset by efficiencies totalling £3.5 million including improved waste market prices for recyclables, reduced concessionary travel, and smaller efficiencies including contract management and fees and charges. Once changes in funding are included this results in a gap of £8.4 million when compared to currently estimated funding, which will be reviewed once the Provisional Local Government Finance Settlement is published (expected in December).

This gap increases in future years primarily as a result of inflation and estimated changes to the Council’s funding in future years.

Summary of Budgeted Pressures

Pressure	Description	2023/24 £m	Total MTFS £m
Non-Pay Inflation	Expected inflationary increase in contract and related costs. Assumes additional 6.8% catch-up for 22/23, 7.3% for 23/24, 2% thereafter.	11.7	22.6
Pay inflation	Estimated costs of pay inflation	1.5	5.4
Environment - Waste - CRC charges	Government is expected to remove ability to charge for DIY materials. Change may not be immediate, and cost will depend on the volume of materials returning to CRCs.		1.1
Environment - Waste team capacity	Review the waste management team structure in line with future contract changes		0.6
Highways & Transport - Young person's travel scheme	Estimated cost of half price travel scheme for under 20s	0.5	0.5
Highways & Transport - works IT system	Replacement system	0.5	0.4
Prior year efficiency	Prior year "marginal gains" have not been delivered	0.4	0.4
Highways & Planning - Legal support	Additional ongoing resource to support ETI services	0.2	0.2
Highways & Transport - active travel	Maintaining new active travel infrastructure to heightened design standards		0.1
Environment - Countryside - ash dieback	Dealing with ash dieback impact on countryside trees, e.g. where they effect public rights of way	0.2	0.0
Environment - Waste volumes	The 2021/22 MTFS reflected increased volumes, e.g. due to home-working, which are assumed to reduce over the period.		(0.7)
Environment - Staffing	Partial reduction in additional resources to support delivery of Greener Futures and Rethinking Waste		(0.1)
Environment - Waste contract reprocurement	Reprocurement costs, to the extent they are not expected to bet met from other sources including Transformation Funding.		0.0
Total Pressures		14.9	30.4

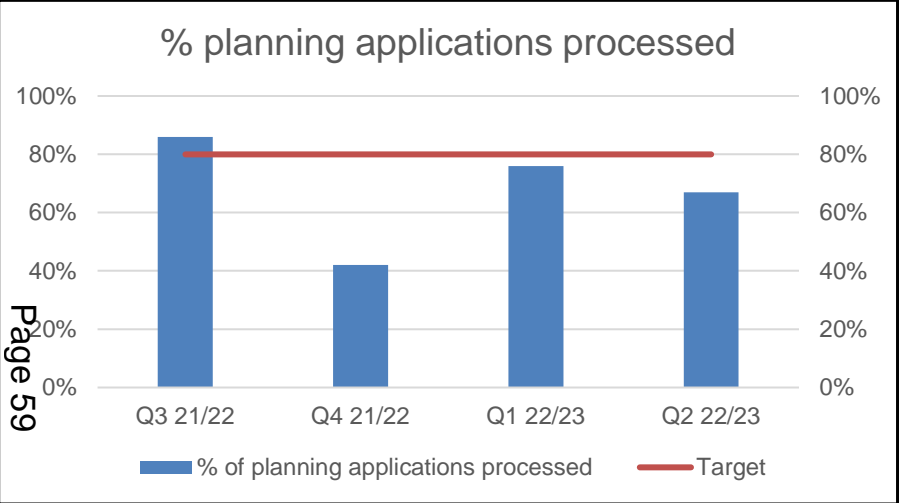
Planned Efficiencies

Efficiency	Description	2023/24 £m	Total MTFS £m	RAG Rating
Environment - Waste - DMR prices	DMR prices continue to provide a benefit, although historically have been volatile.	(2.0)	(2.0)	A
Maximising our income	Council-wide cross cutting project to review income, e.g. from fees & charges	(0.2)	(1.0)	A
Environment - Waste - Rethinking waste	Review of waste operating model and assess the implications of Government strategy - including extended producer responsibility, deposit return scheme, recycling credits, infrastructure		(1.0)	A
Making the most of our contracts	Council-wide cross cutting project to improve contract management	(0.2)	(0.6)	A
Highways & Transport - concessionary fares volumes	Volumes are lower than budgeted	(0.6)	(0.6)	A
IPMP - Planning income and developer funding	Review developer funding (e.g. S106) to identify schemes already delivered, review application of planning fees to cover relevant costs	(0.4)	(0.4)	A
Highways & Transport - expanding on-street parking and charging	Continuing expansion of on street parking charging through parking reviews etc.	(0.3)	(0.5)	A
Street lighting LED conversion	Energy savings as street lights are converted to LED	(0.3)	(0.3)	G
Highways & Transport - moving traffic offences	Estimated contribution to highway costs	0.0	(0.5)	A
Highways & Transport - savings & pressures identified during 2022/23	Net position following a number of number of budget adjustments to reflect different savings and pressures.	(0.2)	(0.2)	G
Highways & Transport - insurance claims	Reduction in overall cost of insurance claims	(0.1)	(0.1)	G
Environment - Countryside - various	Events on the countryside estate, income from property investment, and development of the Basingstoke Canal Centre campsite.	(0.1)	(0.1)	A
Highways & Transport - bus lane enforcement	Expansion of current bus lane enforcement measures to improve reliability of public transport services	0.1	(0.1)	A
Highways & Transport - commercialisation & innovation	Advertising on the Highway. Large and Small format	(0.0)	(0.3)	A
IPMP - Planning fees	Income from Planning Performance Agreements and charges for discretionary services	(0.0)	(0.1)	G
Environment - Waste - growth in reuse shop income	Continue to expand reuse shop offer at Community Recycling Centres	(0.1)	(0.1)	G
Highways & Transport - one off funding (reversal)	Reversal of one-off 22/23 grant funding and income	1.0	1.0	A
Total Efficiencies		(3.5)	(6.8)	

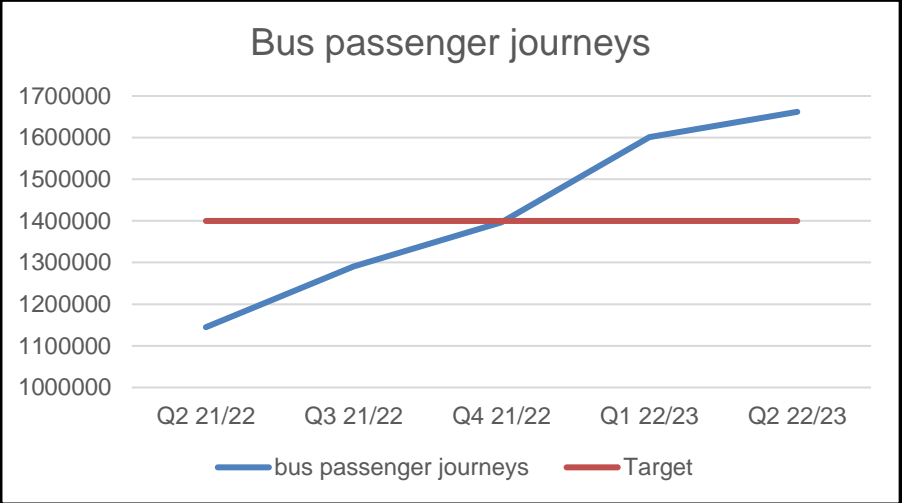
How are impacts of prior year decisions/efficiencies measured?

ETI provides many universal services which many/all residents access that are not specifically user or need led. The efficiency plans for recent budgets, and this coming budget, focus on internal changes to process, improvements in delivery or income generation and changes in market rates or in contract management. It should be noted that the majority of ETI spend is committed to strategic contracts.

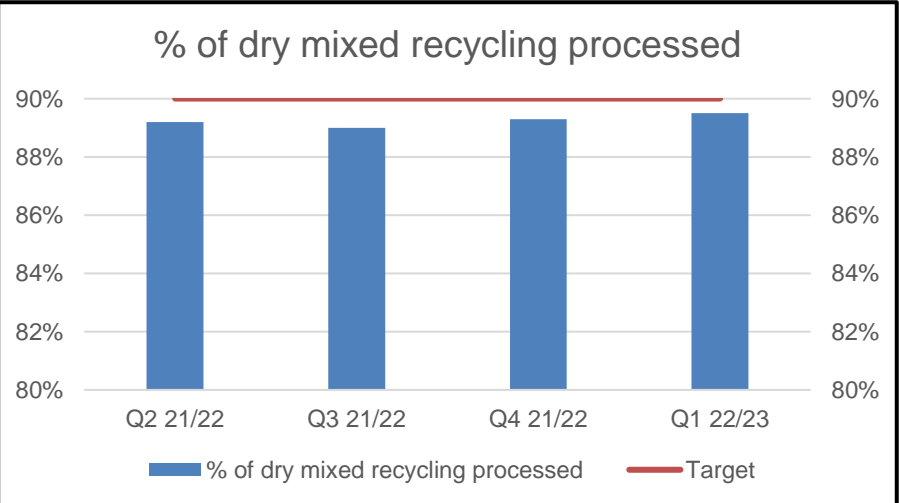
Key operational performance indicators are tracked to monitor the impact of efficiencies on service delivery and residents with some examples below.



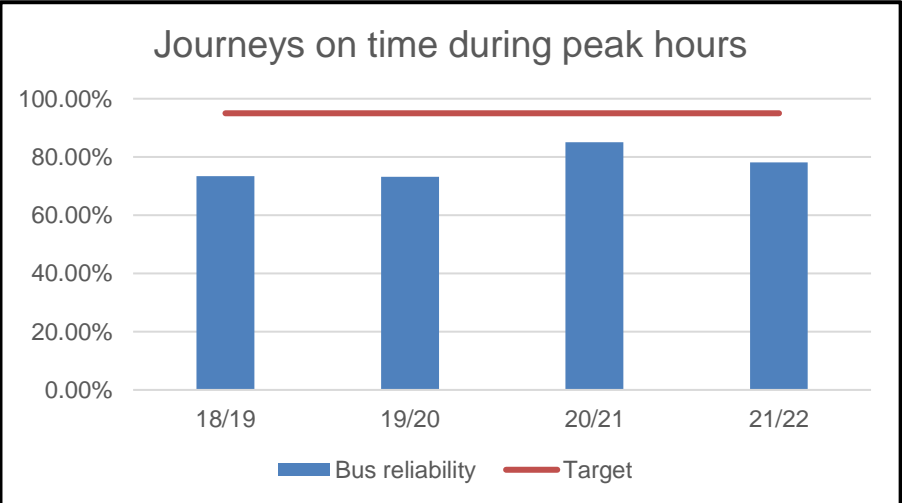
Planning application fees are being reviewed to increase income generation so being resourced to process applications is key. Recent processing timescales highlight this as an area of improvement which is being addressed.



Overall bus passenger numbers are improving from the pandemic but spend on concessionary fares was lower than expected highlighting the need to consider as part of Bus Service Improvement Plan.



Dry Mixed Recycling (DMR) prices continue to provide a benefit so tracking the % that can be processed (vs contamination) is important.



Income from bus lane enforcement is an identified efficiency in the MTFS which will also bring about improvements in bus reliability.

Draft Capital Programme - Budget

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 £576 million over five years, funded from a number of sources including grants and borrowing. In addition the Land & Property capital budget includes provision for Salt Barns

Service	Project	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total Budget £000	Supports Greener Futures
H&T	Highway Maintenance	71,310	29,500	29,500	29,500	29,500	189,310	
IPMP	Surrey Flood Alleviation - River Thames	8,000	8,000	30,000	50,000	50,000	146,000	Y
H&T	Bridge/Structures Maintenance	13,192	10,167	10,167	10,167	10,167	53,860	
IPMP	A320 North of Woking and Junction 11 of M25	35,681	-	-	-	-	35,681	
Environment	Surrey Flood Alleviation - Wider Schemes	3,553	5,969	4,920	3,784	3,112	21,338	
H&T	Ultra Low Emission Vehicles - Buses	16,250	-	-	-	-	16,250	Y
H&T	Local Highways Schemes	11,839	1,000	1,000	1,000	1,000	15,839	
H&T	Traffic signals	3,230	2,915	2,915	2,915	2,915	14,890	
IPMP	SIP: A308 Modernisation	1,425	3,770	3,795	-	-	8,990	
H&T	Ultra Low Emission Vehicles - bus priority	1,800	2,000	2,600	2,500	-	8,900	Y
H&T	Flooding & drainage	1,744	1,707	1,707	1,707	1,707	8,572	
H&T	Safety Barriers	2,306	1,510	1,510	1,510	1,510	8,346	
H&T	Ultra Low Emission Vehicles - Community Transport - Third Sector	3,000	2,839	-	-	-	5,839	Y
H&T	External funding	869	1,200	1,200	1,200	1,200	5,669	
H&T	Active Travel Tranche 3	5,443	-	-	-	-	5,443	Y
H&T	Illuminated Street Furniture	1,950	1,900	500	500	500	5,350	
H&T	Drainage Asset Capital Maintenance/Improvements	1,003	1,000	1,000	1,000	1,000	5,003	
Environment	Public Rights of Way	740	740	740	740	740	3,700	Y
H&T	Highway Maintenance - Signs	475	400	400	400	400	2,075	
H&T	School road safety schemes	1,000	1,000	-	-	-	2,000	Y
H&T	Road safety - speed management	1,000	1,000	-	-	-	2,000	
H&T	Road Safety Schemes	228	200	500	500	500	1,928	
IPMP	Farnham Infrastructure Programme Town Centre - Quick Wins	1,823	-	-	-	-	1,823	Y
H&T	Ultra Low Emission Vehicles - RTPI for buses	350	450	550	-	-	1,350	Y
H&T	Surrey Quality Bus Corridor Improvement	725	400	-	-	-	1,125	Y
All	Schemes below £1m	2,558	461	405	405	405	4,234	Y
Total ETI		191,494	78,128	93,409	107,828	104,656	575,515	

Draft Capital Programme - Pipeline

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 £402 million across the five year MTFS. The largest of these (schemes over £1 million) are shown below. In addition the Land & Property capital pipeline includes provision for highway depots.

Service	Project	Total Budget £000	Supports Greener Futures
IPMP	Surrey Infrastructure Plan	127,553	Y
IPMP	Farnham Infrastructure Programme A31 Hickley Corner	114,865	
Environment	Greener Futures - net zero 2030	45,385	Y
Environment	Greener futures - Net Zero 2050 target	30,000	Y
Environment	Materials Recovery Facility	21,000	Y
IPMP	Farnham Infrastructure Programme Town Centre	17,000	Y
H&T	Ultra Low Emission Vehicles - Bus Companies	15,900	Y
Environment	CRC Improvements (Slyfield)	12,300	Y
IPMP	Local Cycling & Walking Infrastructure Plans (LCWIPS)	10,500	Y
IPMP	Electric Vehicle Infrastructure	5,000	Y
H&T	Local Enterprise Partnerships (LEP) Funded Schemes	1,409	
All	Schemes below £1m	975	Y
Total ETI		401,887	

Surrey Fire & Rescue Service

Service strategy headlines for 2023-28 MTFS

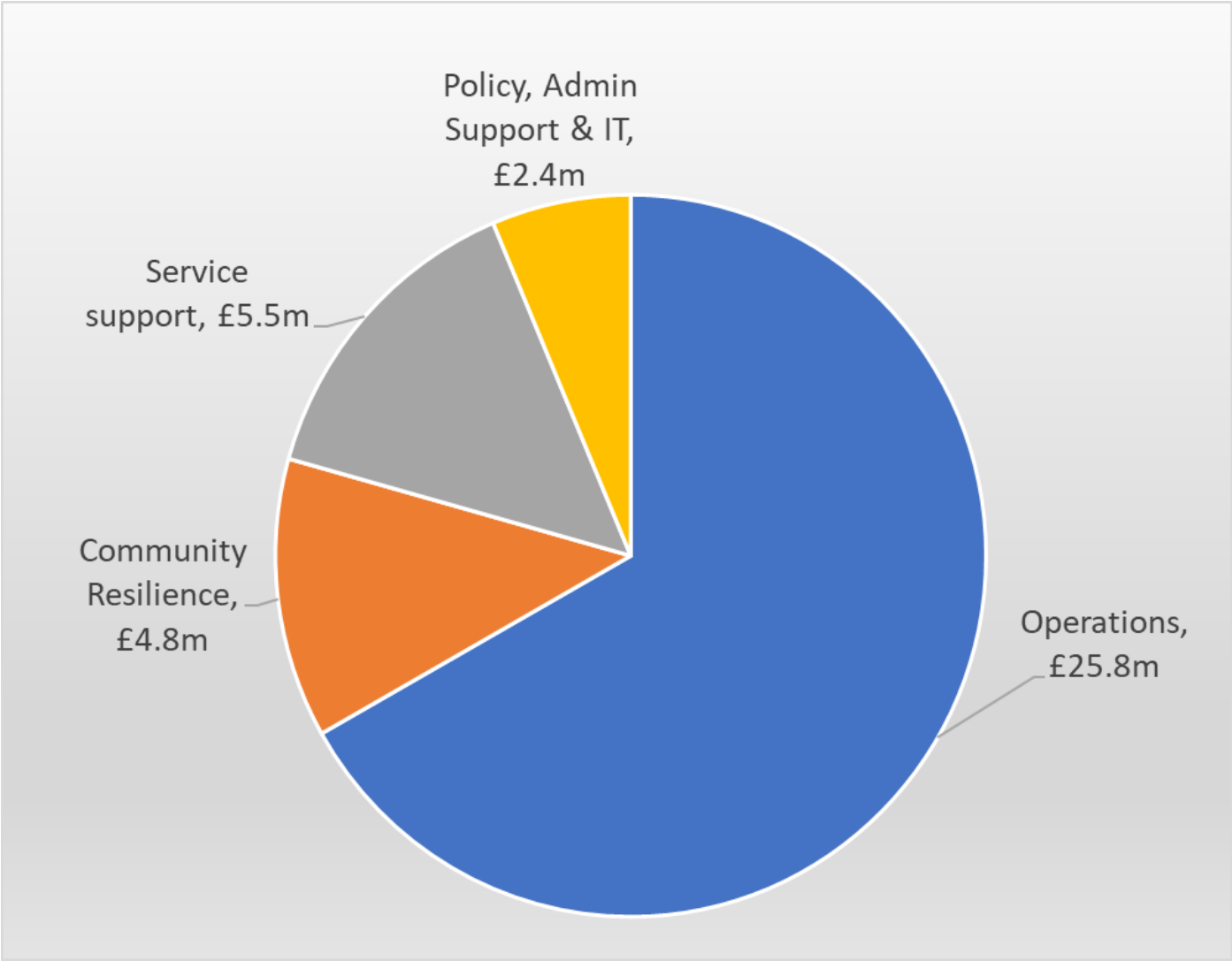
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The Surrey Fire and Rescue Service (SFRS) is a statutory service which aims to make Surrey a safer place to live, work, travel and do business. In recent years, in response to now His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HIMCFRS), SFRS has put in place a major improvement programme which is set out in the Making Surrey Safer Plan (MSSP) 2020-24. A big part of the MSSP is about improving how we deliver prevention and protection activities, helping to prevent emergencies from happening in the first place.

Partnership working is key to the success of the MSSP, starting within Surrey County Council with Adult Social Care and Integrated Commissioning, Children, Families and Lifelong Learning and Public Health services, to help prioritise support to our most vulnerable residents. SFRS also aim to work better with other emergency services, District and Borough Councils and closer working with businesses to support the Surrey economy.

How is the service budget spent

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The Fire service budget is primarily linked to employee costs (£40 million) offset by grants and income, e.g. from collaboration activities.

Key service areas are:

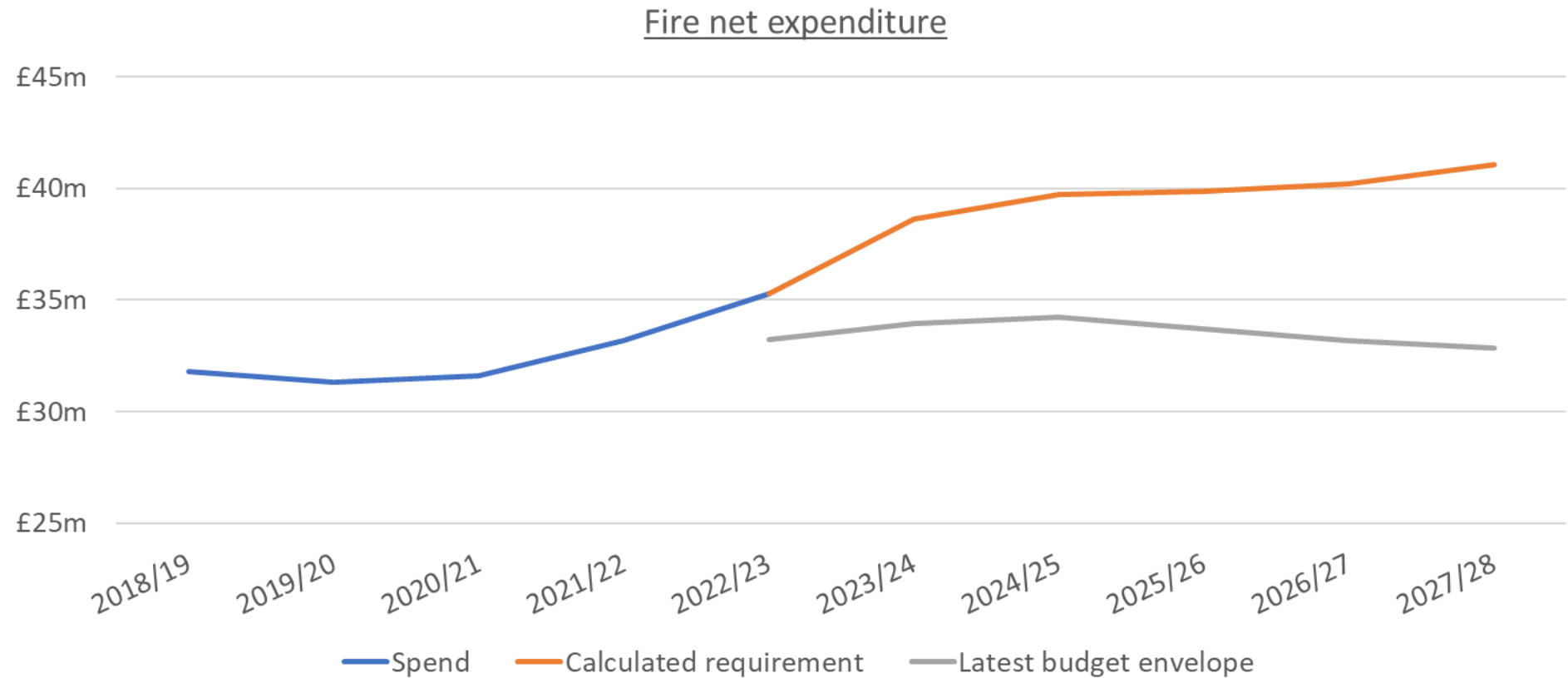
- Operations: front line response, control centre and Fire service management
- Community Resilience: business and community safety and prevention
- Service Support: logistics (e.g. vehicle maintenance), learning & development, occupational health
- Policy, Admin & Support: including Chief of Staff, Incident Management Team (IMT) and pension administration

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.



Year on year expenditure

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Across 2018-2021 Surrey Fire & Rescue costs increased primarily due to inflation, offset by Making Surrey Safer Plan efficiencies of £2 million across 2020-2022. In 2022/23 spend has increased as a result of recruitment and staffing issues following London Fire Brigade recruitment, and other cost increases including fuel and communications. These pressures impact on future budget requirements resulting in a gap between the calculated requirement and budget envelope, requiring significant changes to keep spending within currently estimated resources in the medium term.

2023-28 MTFS Budget Summary for Surrey Fire & Rescue Service

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SFRS							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	33.2	33.2	38.6	39.7	39.9	40.2	
Pressures		6.4	1.2	0.2	0.6	0.9	9.3
Identified efficiencies		(0.9)	(0.2)	0.0	(0.4)	0.0	(1.5)
Total budget requirement		38.6	39.7	39.9	40.2	41.1	
Change in Directorate net budget requirement		5.4	1.1	0.2	0.3	0.9	7.8
Opening funding		33.2	33.9	34.2	33.7	33.2	
Share of funding change and borrowing costs		0.7	0.3	(0.5)	(0.5)	(0.3)	(0.4)
Funding for Year (Budget Envelope)		33.9	34.2	33.7	33.2	32.9	
Year on Year - reductions still to find		4.7	0.8	0.7	0.8	1.2	8.2
Overall Reductions still to find		4.7	5.5	6.2	7.0	8.2	

The Fire service’s 2023/24 budget requirement is driven by pressures of £6.4 million including: anticipated national pay inflation, increased costs across the service including fuel & vehicles, training and communications, and additional costs associated with recruitment and resilience including staffing numbers, measures to aid retention and learning & development. These pressures are partially offset by efficiencies totalling £0.9 million including a reduction in overtime and utilisation of grant and capital funding. Once changes in funding are included this results in a gap of £4.7 million when compared to currently estimated funding, which will be reviewed once the Provisional Local Government Finance Settlement is published (expected in December). The gap increases in future years primarily as a result of anticipated pay inflation and estimated changes to the Council’s funding in future years.

Summary of Budgeted Pressures

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Pressure	Description	2023/24 £m	Total MTFS £m
Pay inflation	Estimated costs of pay inflation	2.67	6.13
Fire - Non Pay inflation	Expected inflationary increase in costs	0.23	0.51
Training	Increase volume and cost of providing training due to level of BAU staff turnover	0.29	0.29
Fleet costs	Increased costs of operating vehicles	0.20	0.20
Reduction in income	Costs no longer covered through secondments	0.20	0.20
Over the border response	Use of neighbouring Fire authorities to attend Surrey incidents where closer	0.16	0.16
Airwave communications system	Grant not kept pace with costs & grant reduction	0.25	0.25
Fire Pension Ill Health Charges	Requirement for all officers to meet fitness requirements leading to more ill health retirements. Assumption costs will reduce, but may need smaller residual funding.	0.25	0.00
Recruitment & resilience: incentive package	Incentive package incl. skills (e.g. HGV), notice periods	0.20	0.20
Recruitment & resilience: temporary staffing increase	Multi skilled, agile group to provide cover, 12FTE to end of 2024	0.64	0.00
Recruitment & resilience: management of annual leave	Centralise coordination of staff deployment and annual leave	0.05	0.00
Recruitment & resilience: learning & development	Increase L&D team establishment	0.09	0.09
Recruitment & resilience: new protection skills	Enhance watch commander protection skills to meet new requirements, e.g. post-Grenfell legislation changes.	0.01	0.01
Recruitment & resilience : removal of operational vacancy factor	Requirement to be over operational establishment to allow time to recruit and train staff to be operational. Expected to be 1-2 years to reach this level.	0.40	0.80
140 day plan	Short term changes required within service	0.38	0.10
Transformation programme continuation	Transition to BAU	0.34	0.34
Total Pressures		6.36	9.29

Planned Efficiencies

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Efficiency	Description	2023/24 £m	Total MTFS £m	RAG Rating
Automatic Fire Alarm (AFA) Policy	Further expand the Automatic Fire Alarm (AFA) Policy by stopping response to all or some AFA Incident Types. Needs to link to revised Making Surrey Safer Plan (MSSP)	(0.01)	(0.01)	A
Animal Rescue Incidents	Stop responding to all or some Animal Rescue Incidents. Needs to link to revised MSSP	(0.01)	(0.01)	A
Utilisation of Grants	Protection grant & Building Regulation grant. Funding partly used to fund establishment posts	(0.31)	(0.31)	A
Fire investigation	Options being assessed. Rationalisation of posts.		(0.12)	A
Capitalisation of staff time: Engineering & operational development	Recharge time bringing fleet into operational use to capital. Plus operational development post	(0.16)	(0.16)	G
Corporate subscription	Institute of Fire Engineers. Take advice through NFCC liaison instead	(0.06)	(0.06)	G
Fire Cadets	Stop scheme after current cohort completes. (avoids pressures from expanding scheme)		0.00	G
Utilise new training facilities. Expand L&D to external partners.	Linked to development of Wray park training facilities. Use by other FRS and/or private organisation. New facilities designed for use by two teams at same time.		(0.25)	A
Expand the use of new Logistics (Engineering) facilities to other users	Linked to development of Wray park workshop facilities. Use by other in services or external partners		(0.10)	A
Anticipated reduction in overtime requirement following additional recruitment	Linked to increased staffing for centralised team	(0.35)	(0.35)	A
Stop operational staff rotations	Reduces training requirements	(0.05)	(0.10)	G
Total Efficiencies		(0.94)	(1.46)	

SFRS - Impacts of prior year decisions/efficiencies

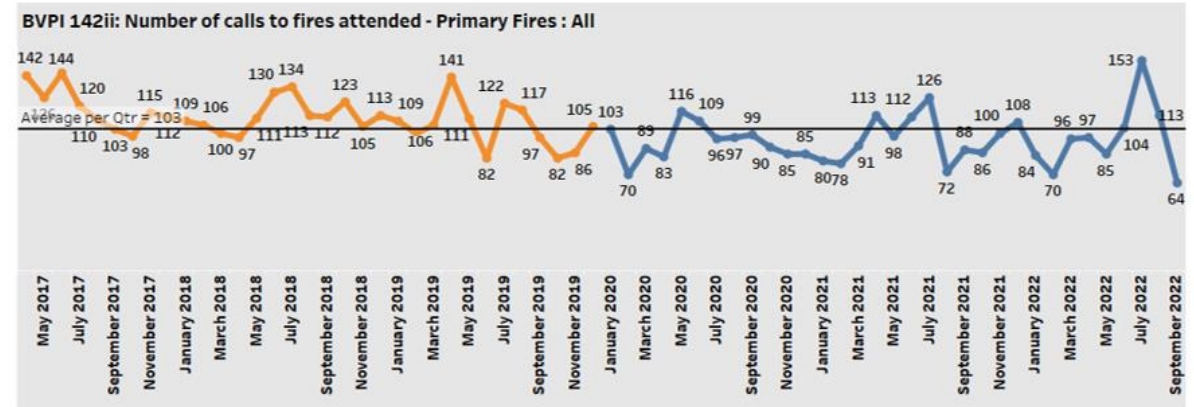
Implementation of our Community Risk Management Plan, the Making Surrey Safer Plan resulted in a net saving of **£2 million**. £3.3 million was taken out of the Response Model and invested into prevention and protection activities. The Response Model changes saw a move from 24 hour to day crewing at seven fire stations which is in line with the requirements identified in the Making Surrey Safer Plan.

The numbers of fires attended post Making Surrey Safer Plan has seen an overall decrease with some seasonal variation. This may be attributable to the increase in prevention and protection activities.

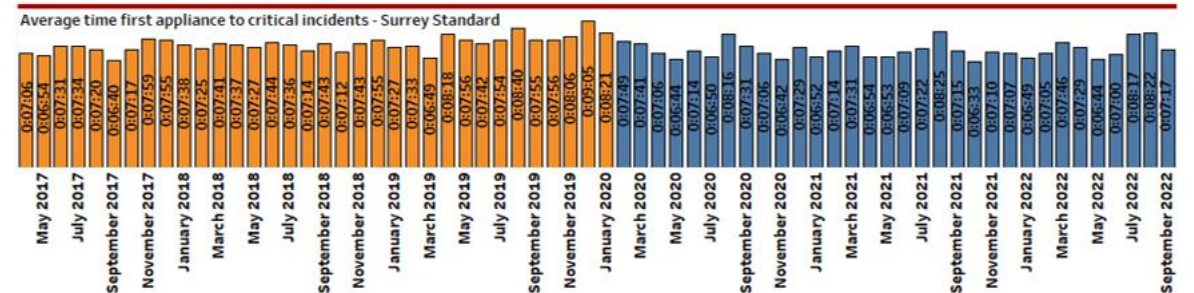
This includes increases in safety messages from our communications team, increase in Safe and Well Visits and a new initiative of Business Safe and Well Visits. By promoting safety messages, the community will be safer and be more aware of fire and other emergency leading to the drop we see in this data.

Throughout the period of change, the average response times have remained below current targets and broadly similar across the period taking into account seasonal variations. This demonstrates that with the changes made, the community continues to receive a strong response when they are in need.

	20/21	21/22	total
	£'m	£'m	£'m
Change to response Model	2.1	1.2	3.3
Investment in Business and community Safety	-1.6	-0.3	-1.9
Mobilising - collaboration with West Sussex	0.6		0.6
	1.1	0.9	2.0



Average Response Time for Surrey Standard attended critical incidents - First Appliance



Impacts of prior year decisions/efficiencies

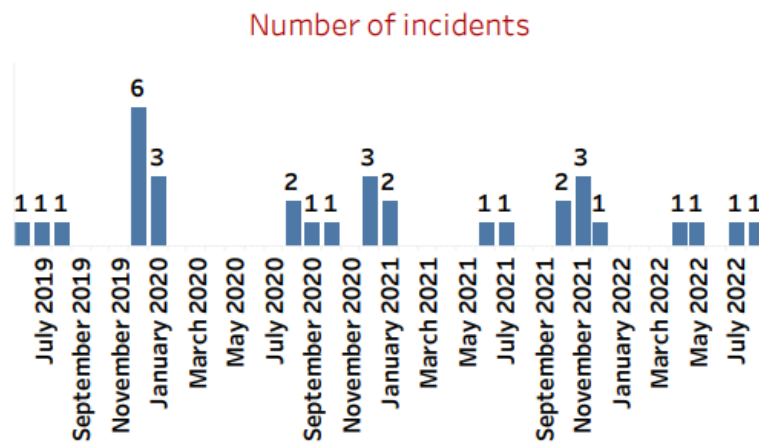
Through the data period, the number of fires have remained consistent and follow seasonal variations. When compared to those fires where a Safe and Well Visit was conducted this shows that those residents are safer and having fewer fires. These visits are predominately to the most vulnerable.

Further work is required to reduce the number of fires for those who may not have had access to a Safe and Well Visit. This will be done through targeted communications and the new home fire safety check (Safelincs) recently added to Surrey Fire and Rescue Service webpages.

The rate of fires where a fire alarm is present has remained fairly constant over the data period and demonstrates where greater prevention messages need to be targeted to help stop fires.

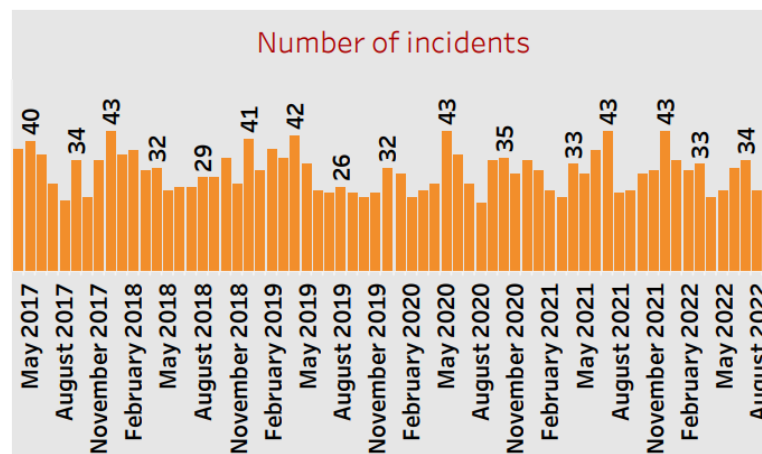
When this is compared to the number of fires where a Safe and Well Visit has been completed, this shows that these households have fewer fires and are therefore safer. Having a smoke alarm does not prevent you from having a fire but having a Safe and Well Visit just might!

Residents had previously received SAWV



33

Alarm system was present



2,031

Draft Capital Programme

The Proposed Capital Programme for the Surrey Fire & Rescue Service totals £23 million over five years, including Trading Standards purchases managed through Fire, as set out below:

Project	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total Budget £000
Surrey Fire - Purchase of New Fire Engines & Equipment	6,619	6,170	2,286	2,771	2,771	20,617
Fire - Making Surrey Safer – Community Resilience	456	456	456	456	456	2,280
Trading Standards Replacement Vehicles	45					45
Surrey Fire & Rescue Service	7,120	6,626	2,742	3,227	3,227	22,942

In addition the Land & Property capital programme makes provision for investment in Fire sites including vehicle workshops, training facilities and fire stations.



Customer & Communities



SURREY
COUNTY COUNCIL

Summary of Services Provided by Directorate

Customer and Communities delivers critical day-to-day universal services and operations that have a wide reach and strong public profile, while also shaping and driving several connected key strategies and transformation programmes that are central to the successful achievement of the Surrey County Council (SCC) Organisation Strategy, 2030 Community Vision and Surrey Health and Wellbeing Strategy. Libraries and Registration are both statutory services.

The Directorate is at the forefront of shaping and delivering the Council's priority ambition of empowering communities. Supporting the development of thriving communities is essential to delivering a greener future, driving a sustainable local economy, and tackling health inequalities - and strong and active communities are a crucial ingredient in enabling more people to live independently for longer.

The Directorate includes the following services:

- Community Partnership and Engagement;
- Customer Services
- Libraries, Arts, Active Surrey and Heritage;
- Registration & Nationality Services;
- Coroners;
- Trading Standards and Health & Safety.

The Directorate is delivering key transformation programmes that continue to adapt and improve services to meet the changing needs of our residents and ensure financial sustainability:

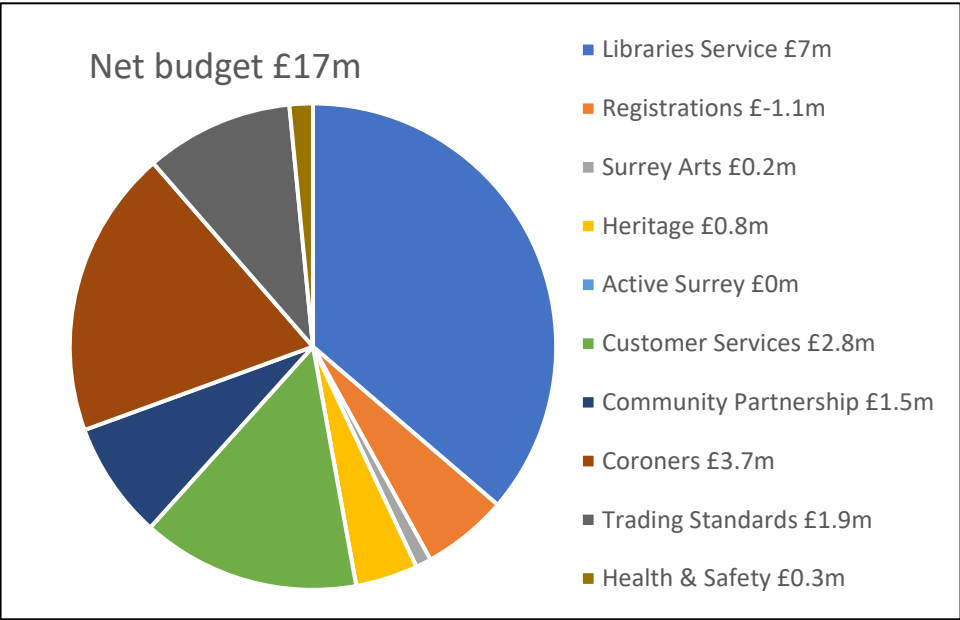
- Customer Experience;
- Libraries and Culture Transformation;
- Enabling Empowered Communities.



SURREY
COUNTY COUNCIL

How is the service budget spent – breakdown of major services

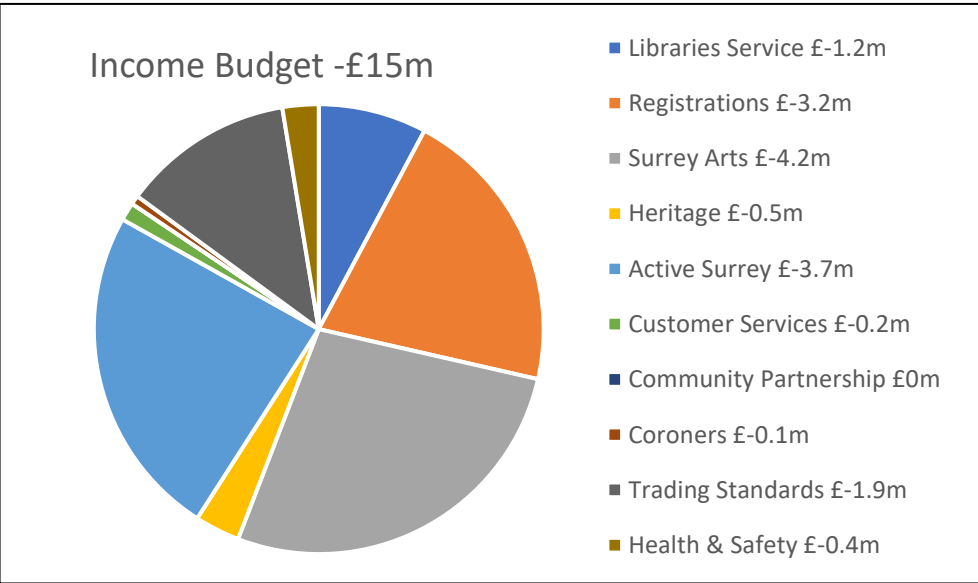
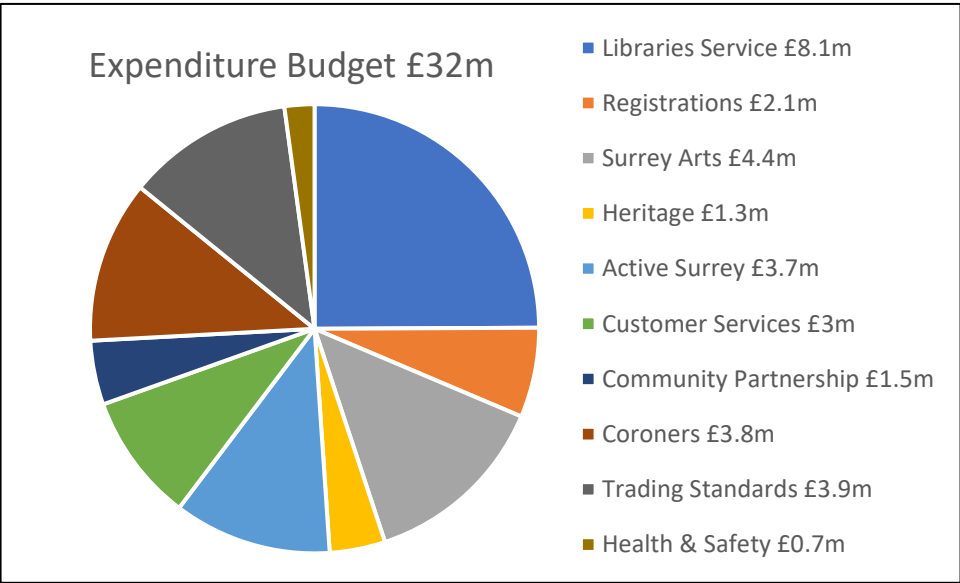
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The 2022/23 net budget is £17 million, this is £32 million of expenditure reduced by £15 million of income.

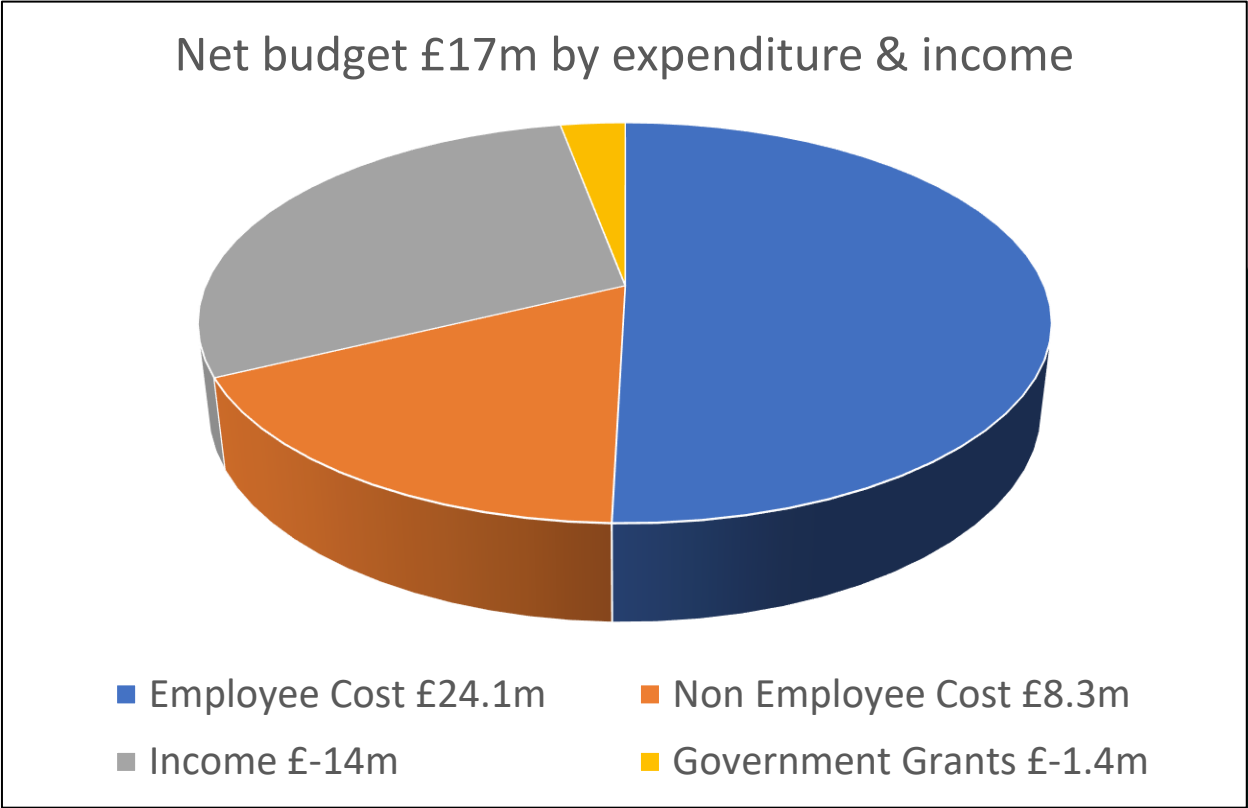
The Registrations service has a negative budget as it recovers more income than the direct costs in the directorate, the direct running costs of venues are held in the Resources directorate.

The Trading Standards budget is a joint budget with Buckinghamshire, £1.9 million is the net Surrey element.



How is the service budget spent – subjective breakdown of spend

- The largest expenditure is staffing and, of this, a higher proportion than the council averages are paid at the lower grades. Together this explains the high level of pressures relating to pay inflation as the 2022/23 pay award increased the lower graded staff by more than the higher grades;
- As shown in the previous slide the directorate generates high levels of income and has faced significant challenges due to Covid, however levels are on track to reach pre pandemic levels in 2023/24;
- The non-staffing expenditure includes the purchase of library books, the temporary body storage facility running costs and member allocations;
- Surrey Arts is part funded by grant from Department for Education through Arts Council.



Service strategy headlines for 2023-28 MTFS

The overall approach to the financial constraints next year and over the medium term is guided by:

Maintaining delivery of agreed strategic priorities

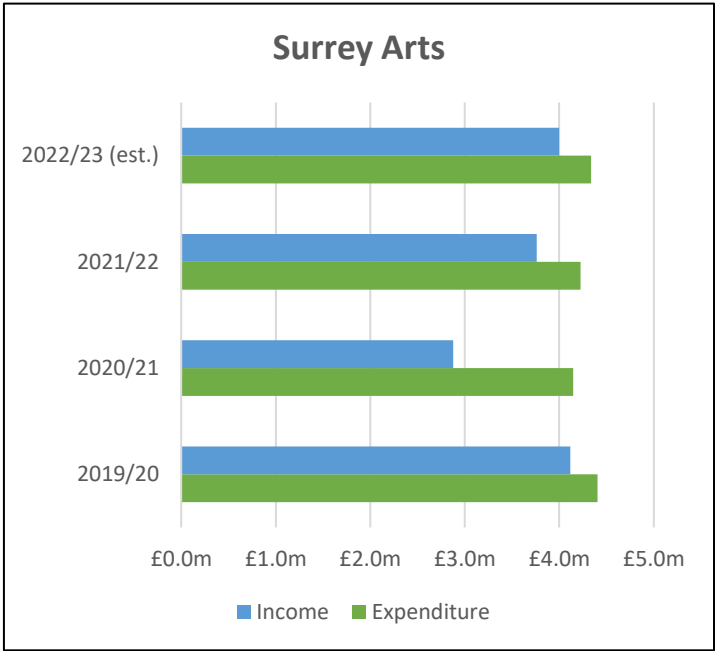
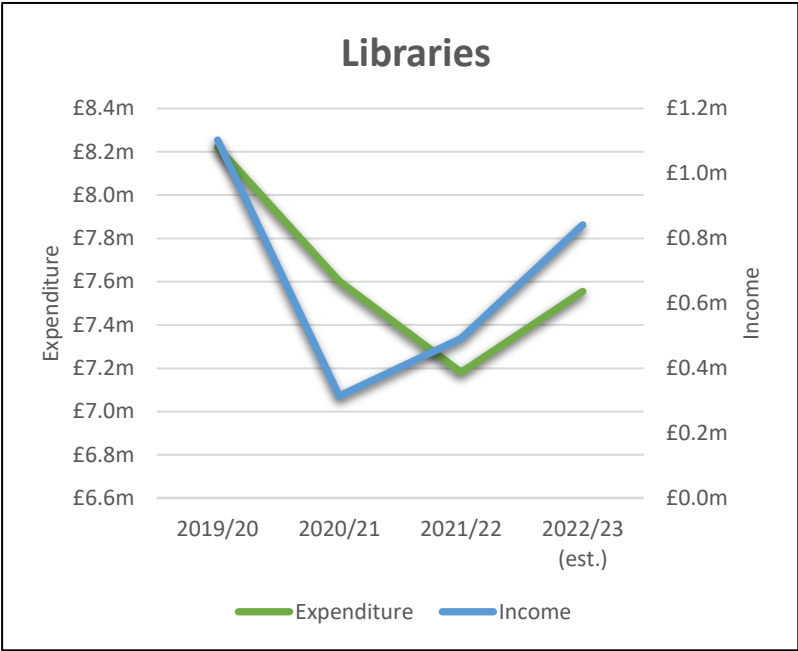
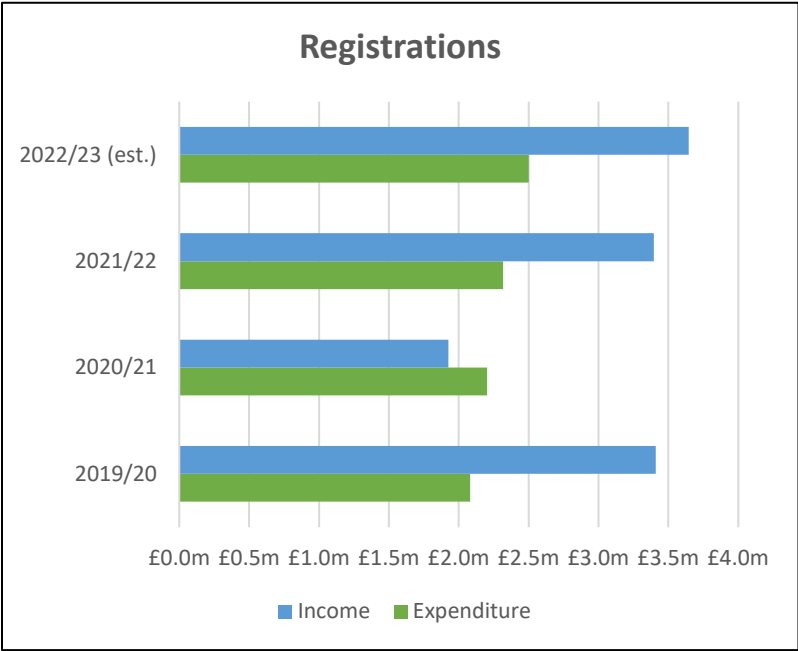
- specific direction on service levels and coverage
- establishing and extending new approaches as part of a wider transformation of the council’s operating model (e.g., new approach to local engagement, community capacity building, extending the customer model, maximising impact of universal services)

Proposing a mix of operating efficiencies, increased income and targeted reductions that do not significantly impact the strategic direction and / or can be mitigated

Over the medium term embed changes to our operating model (as referenced above) that will support the council to achieve wider efficiencies and also cost avoidance through enhanced prevention and community capacity building



Trend Analysis



As shown in the charts the level of income reduced significantly in 2020/21 due to the Covid pandemic but is returning to similar levels achieved in 2019/20.

Registrations expenditure is mainly fixed but when there is a higher volume of ceremonies carried out in a year due to customer demand (creating income), there will be a corresponding increase in expenditure due to the additional staff required, as is shown by the increase in expenditure this year. The Registration & Nationality Service registers c18,000 births, c11,000 deaths and delivers c3,300 marriages and civil ceremonies per year. In terms of volumes, this places SCC in the top 3 local authorities for birth and top 5 local authorities for death registrations nationally.

Libraries transformation has delivered significant efficiencies of £3.5 million since 2018/19.

2023-28 MTFS Budget Summary for Customer & Communities

Customers & Communities							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	16.9	16.9	17.4	18.0	18.6	19.2	
Pressures		1.6	0.8	0.8	0.8	0.9	5.0
Identified efficiencies		(1.0)	(0.3)	(0.2)	(0.2)	(0.2)	(1.9)
Total budget requirement		17.4	18.0	18.6	19.2	20.0	
Change in Directorate net budget requirement		0.6	0.5	0.6	0.6	0.7	3.1
Opening funding		16.9	17.2	17.4	17.1	16.9	
Share of funding change and borrowing costs		0.4	0.2	(0.3)	(0.3)	(0.2)	(0.2)
Funding for Year (Budget Envelope)		17.2	17.4	17.1	16.9	16.7	
Year on Year - reductions still to find		0.2	0.4	0.9	0.9	0.9	3.3
Overall Reductions still to find		0.2	0.6	1.5	2.4	3.3	

The directorate is facing significant pressures this year, mainly relating to the Coroners service which recently transferred into the directorate and additional pressures relating to income where usage of Libraries and Surrey Arts has not returned to pre pandemic levels yet.

For 2023/24 The Coroners pressures are recognised as a corporate issue and Libraries and Surrey Arts have reviewed likely income and direct costs to manage within existing budget envelopes next year. The main pressure facing the directorate is pay inflation leading to a need to deliver £1.8 million of efficiencies.

The next two slides set out the pressures and proposed efficiencies which result in a budget gap of £0.2 million.

Summary of Budgeted Pressures

Pressure	2023/24 £m	Total MTFS £m
Non-pay inflation	0.02	0.48
Pay Inflation	1.49	4.49
Agreed phased reduction in Coroners funding from Surrey Police	0.13	0.13
Trading Standards Income - reducing previous year pressure	-0.03	-0.11
Total budgeted pressures	1.61	4.99

Planned Efficiencies

Efficiency Proposal		2023 /24 £m	Total MTFS £m	2023 /24 RAG
Income Strategy	Generate additional income with a particular focus on additional service offers through Registrations plus inflationary uplifts to fees and charges	-0.4	-1.2	
Service & Cross directorate	Drive efficiencies and reduce costs whilst largely maintaining strategic direction and service delivery. This includes: - Reducing staffing costs through digitalisation and scheduling optimisation of registration services - Staff restructuring in Trading Standards - Not mediating non urgent highways calls through the contact centre - Reducing business support post the introduction of MySurrey. - Reducing spend on Community partnered libraries	-0.5	-0.7	
One-off funding	Watts Gallery - agreed repayment of loan	-0.1	0.0	
Total		-1.0	-1.9	

Customer and Communities

Impacts of prior year decisions/efficiencies

- There was one efficiency from 2022/23 relevant to this Select Committee, however the efficiency did not need an Equality Impact Assessment (EIA) so no impact analysis is needed
- For 2023/24 if there are any efficiencies that need an (EIA) they will be tracked so impact analysis can be provided next year.



Draft Capital Programme

Caterham Hill Library is part of the capital programme budget as it’s business case has been approved and there are three other schemes in the pipeline. These are dependent on further business cases in order to be included in the capital programme.

- 1. 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.
- 2. Weybridge Library refurbishment
- 3. Permanent Mortuary

In addition Sunbury Library is part of the Land & Property Hubs Scheme.

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Partnerships, Prosperity & Growth

Summary of Services Provided by Directorate & Service strategy headlines for 2023-28 MTFS

The Directorate plays a key leadership role in convening and developing lasting and effective relationships and partnerships with key organisations locally, regionally and nationally and in driving forward the Council's ambitions and Economic Growth Strategy for Surrey through convening and facilitating innovative programmes of work.

Relationships and partnership work with Government departments and officials, national agencies, national and regional representative bodies, District and Borough Councils, other authorities, County organisations and local bodies contribute to the achievement of the Community Vision 2030 and all four of the Council's strategic priorities. This is most obviously manifested in the proactive planning, preparation, positioning and activity in relation to Government policy and programmes, such as the forthcoming Levelling Up White Paper and potential to secure a County Deal in a subsequent round.

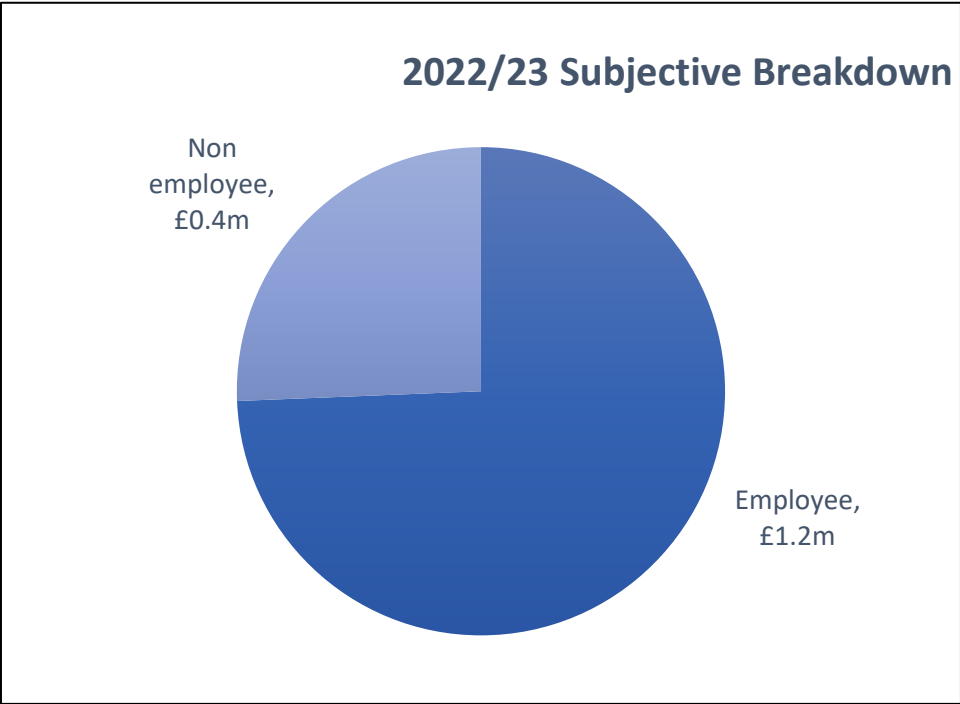
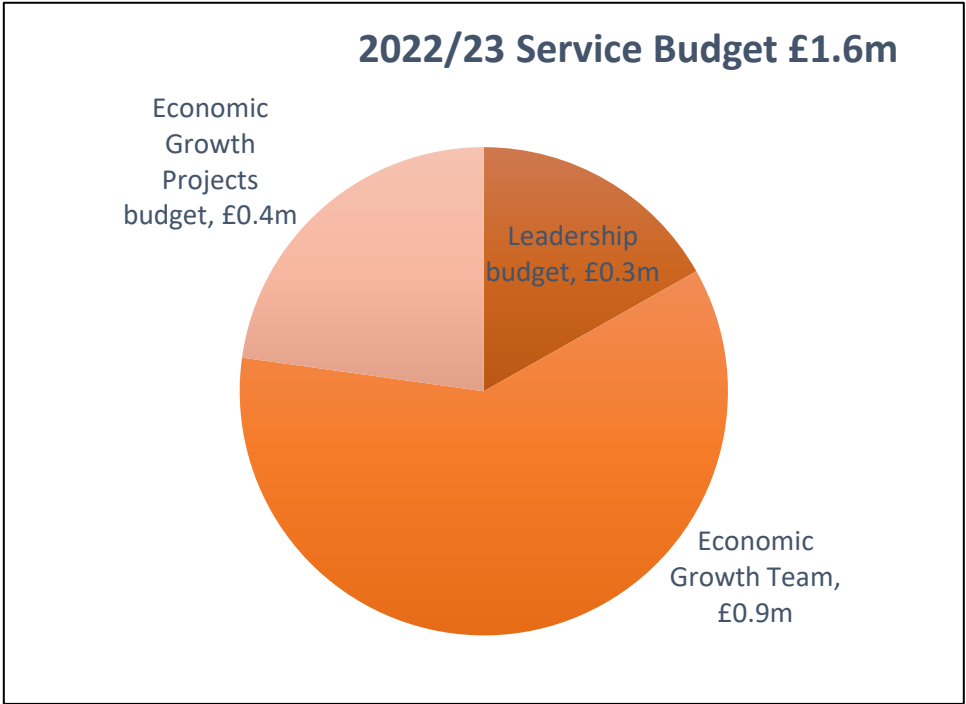
The Directorate sets out the path to 'Growing a sustainable economy from which everyone can benefit', identifying four main themes/opportunities for the County's post Covid-19 resilience and growth, including:

- Delivery of Surrey's Inward Investment Programme and promotion of the Surrey Story;
- Convening and place leadership to reimagine Surrey's High Streets for the future;
- Skills for growth: maximising opportunities through skills development for the future; and
- Delivery of key Infrastructure across Surrey, including gigabit capability, highways and transport, and business networks and partnerships.

Specific interventions are already being taken forward to drive a more innovative, inclusive, and productive economy. These include the launch of the Surrey Skills Plan, a new Surrey-specific approach to inward investment, a strategic, community-led approach to placemaking, the development of a county-wide accommodation, housing and homes strategy and a programme of work to improve full fibre digital connectivity in Surrey.

How is the service budget spent – breakdown of major services & subjective breakdown of spend

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The majority of the budget is staffing and there is £0.4 million budget for projects to deliver economic growth.

2023-28 MTFS Budget Summary for Partnerships, Prosperity & Growth

Partnerships, Property & Growth							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	1.6	1.6	1.6	1.6	1.7	1.7	
Pressures		0.2	0.0	0.0	0.0	0.0	0.3
Identified efficiencies		(0.1)	0.0	0.0	0.0	0.0	(0.1)
Total budget requirement		1.6	1.6	1.7	1.7	1.8	
Change in Directorate net budget requirement		0.0	0.0	0.0	0.0	0.0	0.2
Opening funding		1.6	1.6	1.6	1.6	1.6	
Share of funding change and borrowing costs		0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Funding for Year (Budget Envelope)		1.6	1.6	1.6	1.6	1.5	
Year on Year - reductions still to find		0.0	0.0	0.1	0.1	0.1	0.3
Overall Reductions still to find		0.0	0.0	0.1	0.2	0.3	

The Directorate has a balanced position.

Summary of Budgeted Pressures & Efficiencies

Pressure	2023/24 £m	Total MTFS £m
Non-pay inflation	0.04	0.08
Pay Inflation	0.05	0.20
Post to deliver Surrey Story	0.07	0.07
Total budgeted pressures	0.16	0.34

Efficiency Proposal	2023/24 £m	Total MTFS £m	2023/24 RAG
Contain price inflation	-0.02	-0.02	
Increased vacancy factor	-0.01	-0.01	
Cease funding for LEP	-0.08	-0.08	
Total	-0.11	-0.11	

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