

Resources & Performance Select Committee

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

9 December 2022

Annex 1



SURREY
COUNTY COUNCIL

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

The Resources & Performance Committee has an important role in providing scrutiny of the overall budget process.

The following slides set out to this Select Committee:

- the overarching approach of the Council to budget setting
- The Council's budget setting principles
- a framework against which we carry out a self assessment of the budget setting process
- the 2023/24 Draft budget gap2023/24
- 2027/28 summary position
- detailed Directorate progress for the areas of specific interest to this Committee
- Summary positions and key messages from the other Directorates of the Council

This presentation to Committee should be considered alongside the 'Draft Budget 2023/24 and the Medium Term Financial Strategy to 2027/28 Report' to Cabinet on 29 November 2022.

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



Budget Setting Process

The Council has based its financial planning practices on a budget envelope approach since 2018. This aims to increase accountability and budget management responsibility.

An integrated approach is taken, initially establishing core planning assumptions and sharing these widely across the organisation for input and challenge.

Funding projections over the medium-term are developed based on estimates of likely funding from Council Tax, Business Rates and Government Grants and Directorates are given a fixed envelope, proportionate to the expected size of the available budget.

Directorates are tasked, with support from Finance, with costing the core planning assumptions and developing Directorate scenarios to identify pressures in their services for the MTFS from 2023/24 to 2027/28.

They are required to identify efficiencies to offset these pressures and deliver services within the available budget envelope.

Throughout the process, monthly iterations are taken to the Corporate Leadership Team (CLT) and there has been significantly more Member engagement than in previous years:

- Regular informal Cabinet briefings
- Select committee briefings (July, Oct, Dec)
- Budget Task Group Workshops (July, Sept, Nov)
- Briefings on specific challenges (eg Home to School Transport, High Needs Block)
- Opposition Party Briefings (Sept)
- All Member Briefings (June / Nov)
- A focused joint Cabinet / CLT Away Day (Sept)

Draft budget presented to Cabinet 29 November with a gap to close before final budget



Overall Budget Principles

The MTFS for successive years has been built on a number of high-level principles which are used as a framework to set the budget. These have proven to be successful and have been reaffirmed for the 2023/24 budget.

- An integrated approach linking Organisation Strategy, Service and Transformation plans to the MTFS through cross-cutting business partnership;
- A balanced revenue budget with only targeted use of reserves and balances (i.e. using them for their intended purpose to cover one-off or time-limited costs);
- Regular review of reserves to ensure appropriate coverage for emerging risk;
- Budget envelopes set for each Directorate to deliver services within available resources;
- Budgets agreed and acknowledged by Accountable Budget Officers through Budget Accountability Statements;
- Cost and demand pressures contained within budget envelopes;
- Robust efficiency plans which are owned, tracked, and monitored;
- Managers accountable for their budgets;
- Scenario planning across pessimistic, optimistic, and likely assumptions to set realistic boundaries on the likely operating environment; and
- Working with partners to create best value for residents.

Overall Budget Process Self Assessment

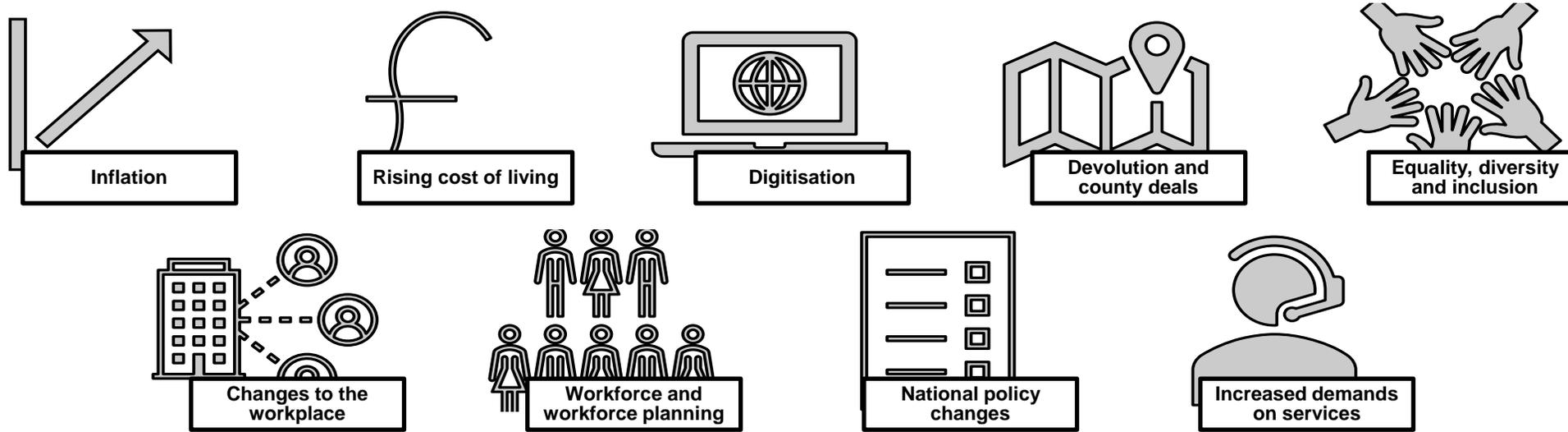
We committed as part of our Finance Improvement Programme, to assess our budget setting processes against a best practice framework. The following six hallmarks are used as a self-assessment tool. Details of the self assessment are included in the Draft Budget Report:

- The budget has a Medium-Term focus which supports the Strategic Plan
- Resources are focused on our vision and our priority outcomes
- Budget not driven by short-term fixes and maintains financial stability
- The budget is transparent and well scrutinised
- The budget is integrated with the Capital Programme
- The budget demonstrates how the Council has listened to consultation with local, people, staff and partners



Strategic Context

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



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.

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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 & Prosperity, Partnerships & Growth	141.7	3.0	144.7	153.1	8.4
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 £69 million, previous anticipated increase in funding of £27 million plus an additional estimated £15 million for adult social care, 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

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 & childrens' 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 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	0.0	4.3	0.0	4.3
Total efficiencies	10.3	50.7	7.7	68.6

Indicative Funding Assumptions

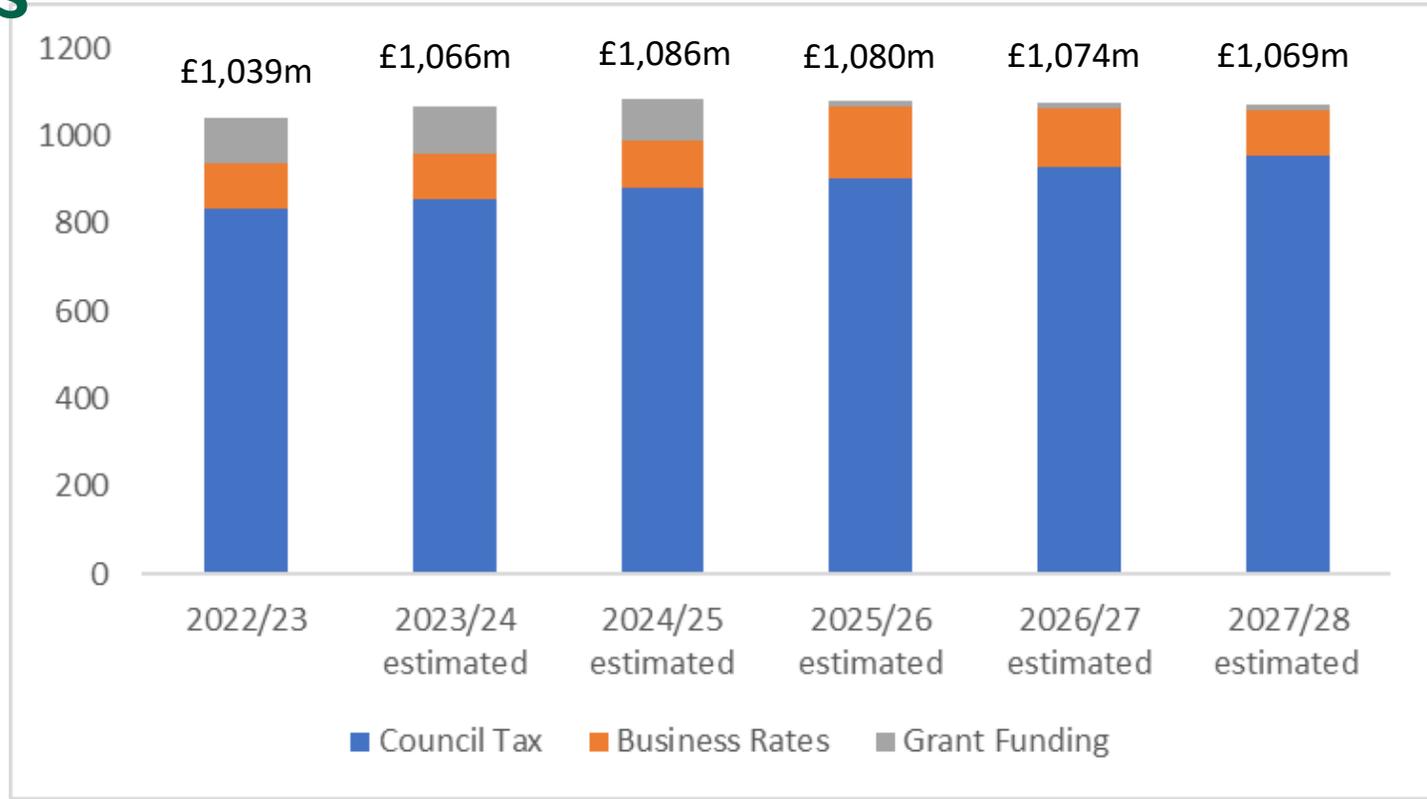
Council Tax & Business Rates

- 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.

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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.



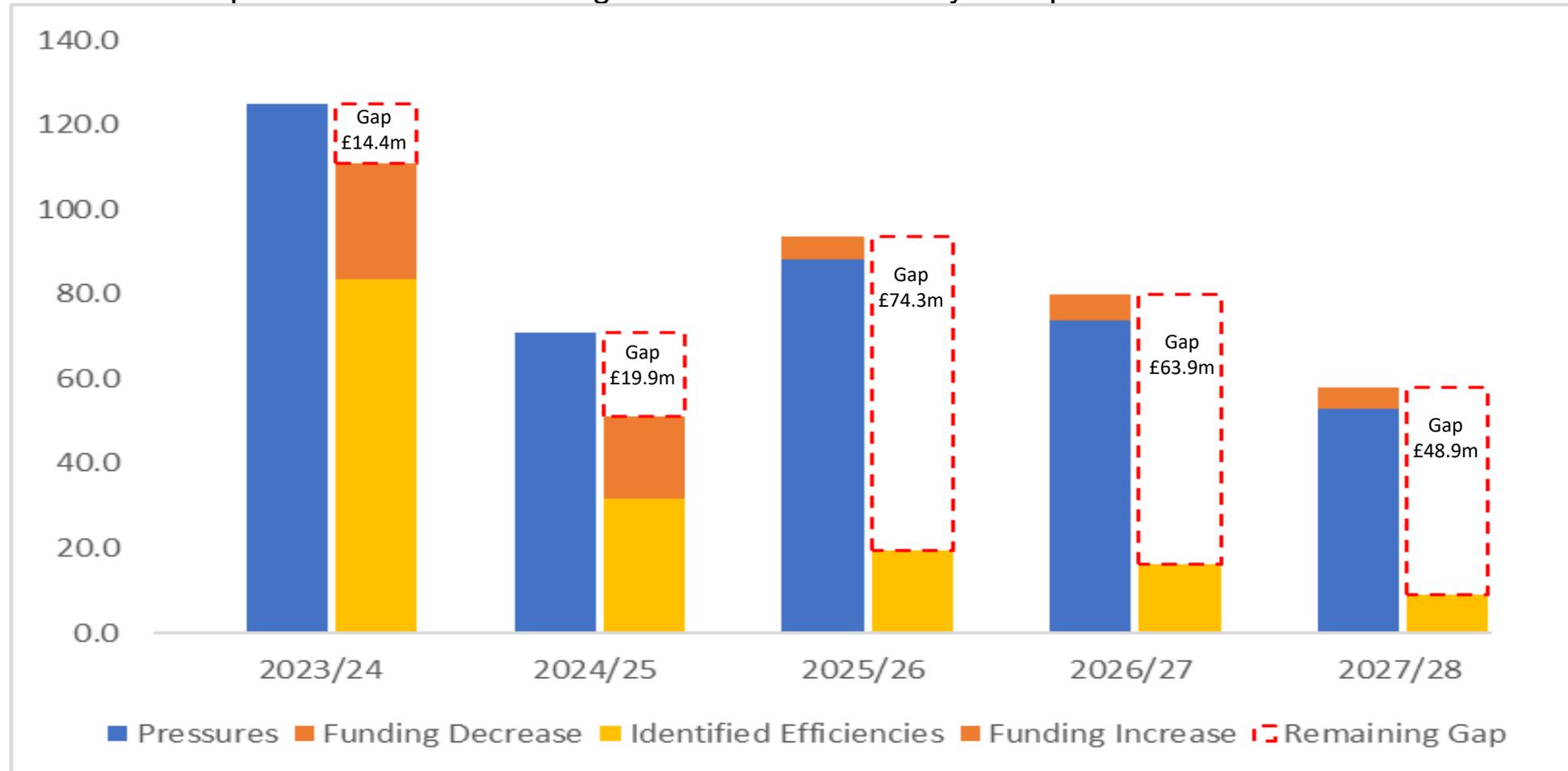
Medium Term Funding

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 £14.4 million

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 percent 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

- **Resources**
- **Customer & Communities**
- **Communications, Engagement & Public Affairs**



Resources

Summary of Services Provided by Directorate



Land & Property



IT&D



Finance



Performance Management



Legal & Democratic Services



People & Change



Leadership Office



Strategy & Policy



Transformation & Strategic Commissioning



Twleve15



Orbis Partnership

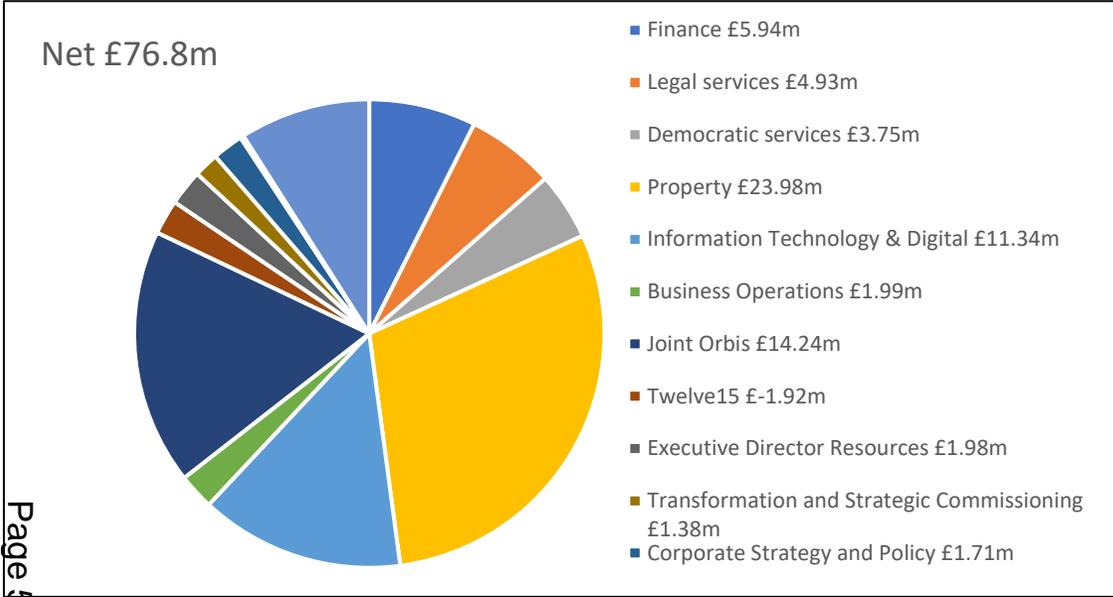


Procurement



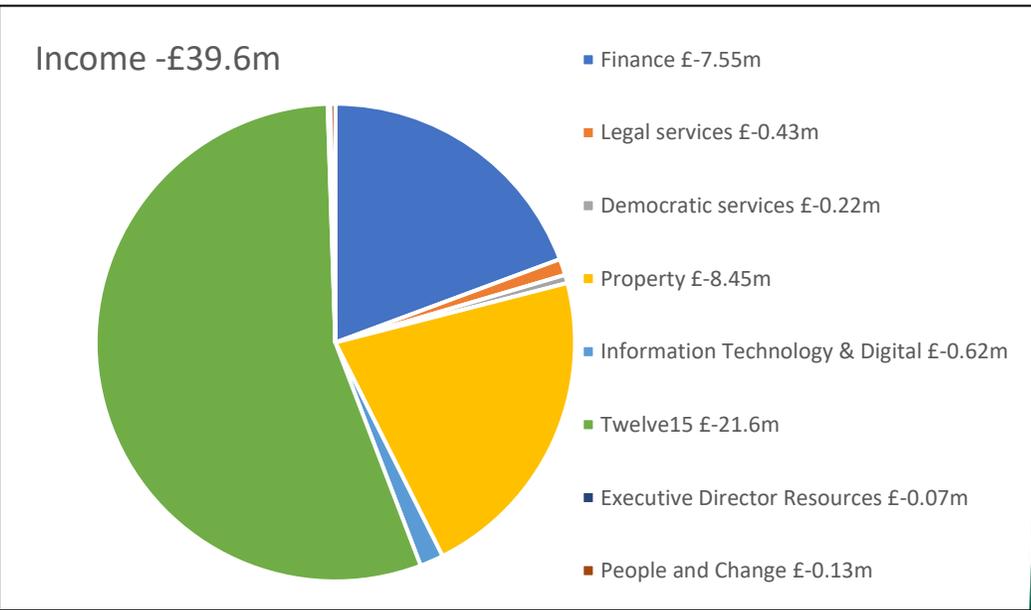
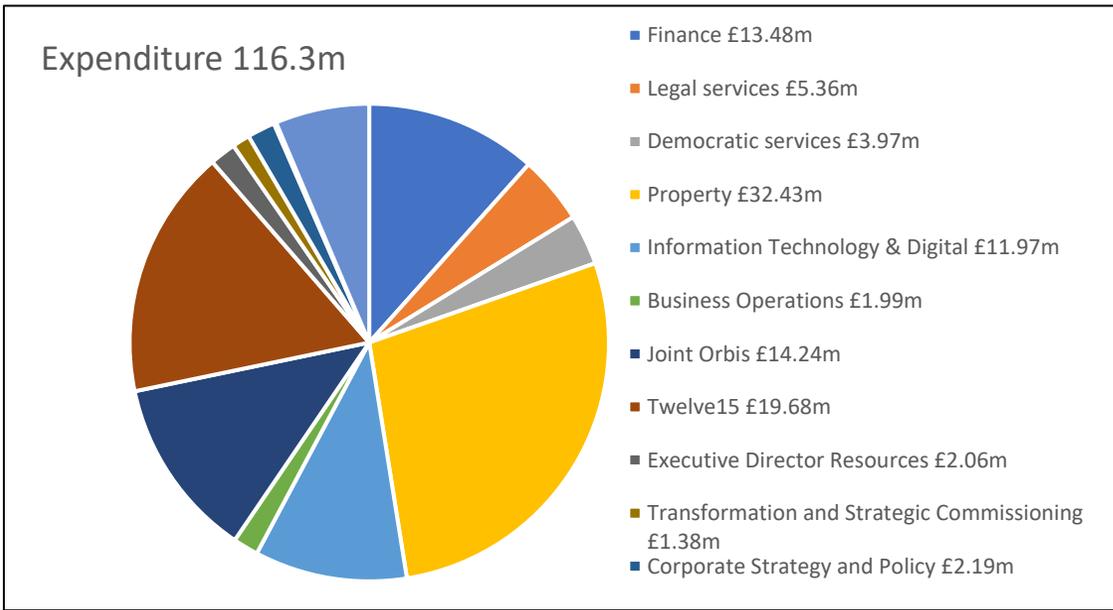
Business Operations

How is the service budget spent – breakdown of major services

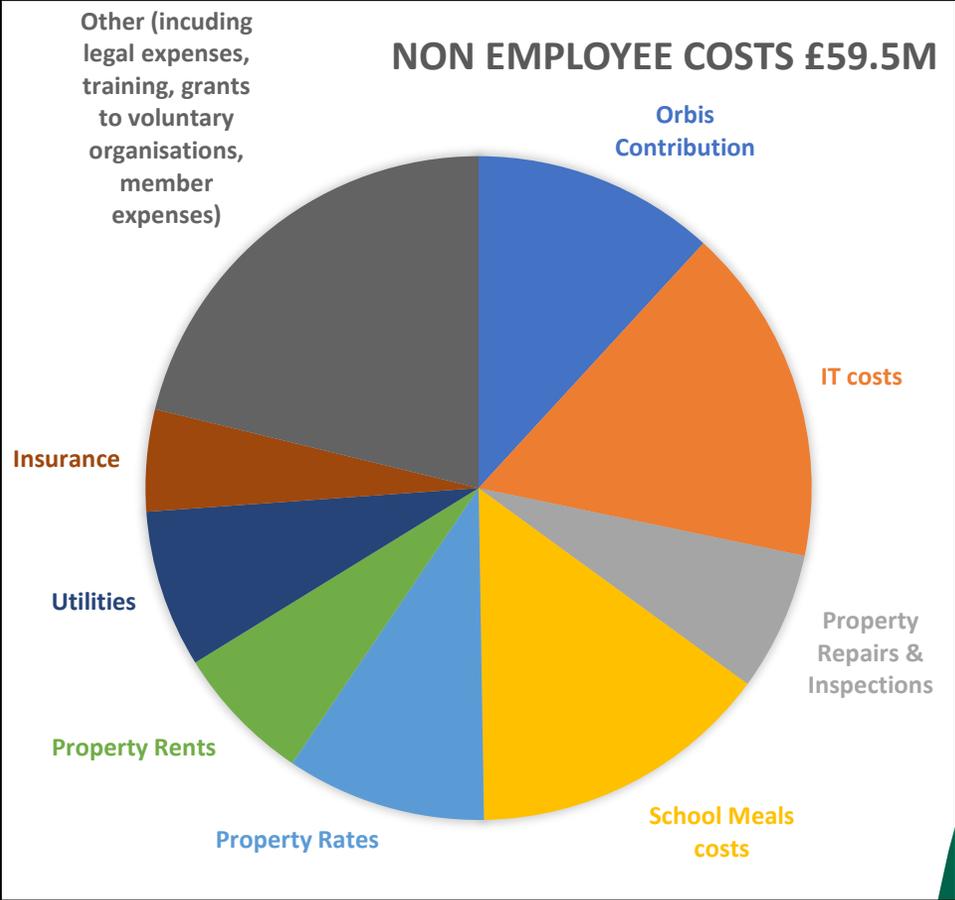
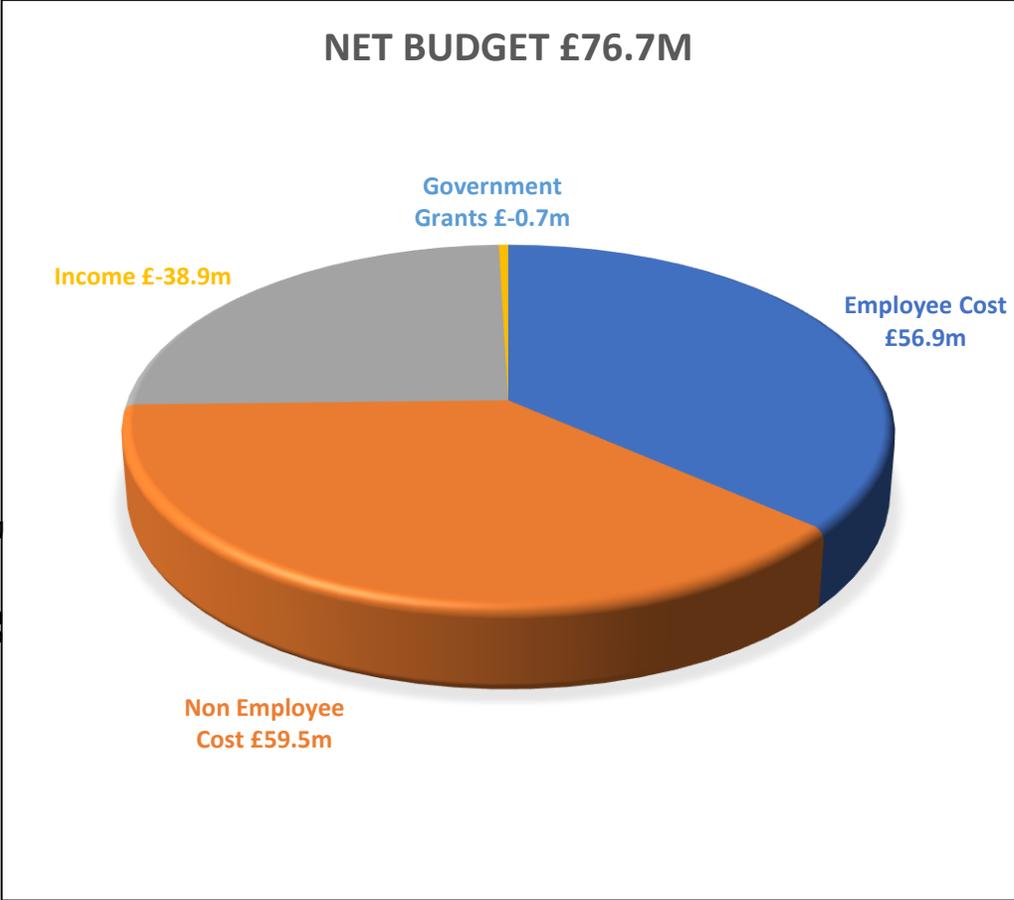


The chart to the left shows the split of the Resources net budget by service. Showing the largest areas of spend as Land & Property and the Information, Technology & Digital (IT&D) sovereign budgets. The Finance Service budget includes contributions to the Self Insurance Fund.

The charts below show the expenditure budget (£116.3 million) and the income budget (-£39.6 million) by service.



How is the service budget spent – subjective breakdown of spend



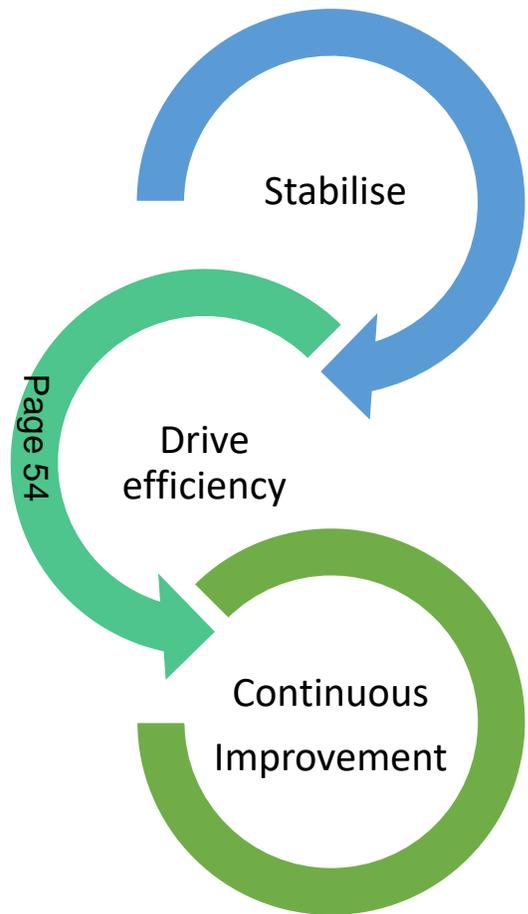
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The chart shows the types of Resources budget spend. The Orbis joint budget is shown as a non employee cost although it is mostly staffing. Therefore, the majority of spend is on staffing.

The chart shows the non employees expenditure budget. The largest non staffing spend is IT&D.

Service strategy headlines for 2023-28 MTFS

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



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

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

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

- | | | |
|-----------------------------|--|--|
| Implementation of My Surrey | Agile Office Estate Strategy | Renewed focus for estate rationalisation |
| Performance Management | Digital Business Insights and Digital Transformation | Adopting a Business Partnering Approach |

There is limited published data to compare the Resources budgets to. Furthermore authorities have different operating models making comparison difficult, for example some adopt a corporate model like Surrey others a devolved model where functions are part of service budgets. This makes comparison difficult and needs a full understanding of the delivery models.

The directorate is working on being able to provide comparisons:

- A Resources benchmarking group with near neighbours has recently been established.
- The directorate is working closely with Hertfordshire and will learn from this work.



2023-28 MTFS Budget Summary for Resources

Resources	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	76.8	76.8	79.3	78.5	79.0	81.2	
Pressures		8.9	2.6	2.6	2.7	2.7	19.6
Identified efficiencies		(6.3)	(3.4)	(2.1)	(0.5)	(0.5)	(12.7)
Total budget requirement		79.3	78.5	79.0	81.2	83.5	
Change in Directorate net budget requirement		2.5	(0.8)	0.6	2.2	2.2	6.7
Opening funding		76.8	78.4	79.1	77.8	76.7	
Share of funding change and borrowing costs		1.6	0.7	(1.3)	(1.1)	(0.8)	(0.9)
Funding for Year (Budget Envelope)		78.4	79.1	77.8	76.7	75.9	
Year on Year - reductions still to find		0.9	(1.5)	1.8	3.3	3.0	7.8
Overall Reductions still to find		0.9	(0.6)	1.2	4.5	7.6	

High levels of energy, building and food inflation are the main reasons why the directorate is facing significant financial challenge this year and next. In addition to this, demand for services such as Legal are leading to further pressures and a forecast 2022/23 overspend of £1.4 million. These pressures are addressed as part of budget planning but as a result the directorate needs to deliver efficiencies of £7.3 million to achieve a balanced budget. The next two slides set out the pressures and proposed efficiencies.

Summary of Budgeted Pressures

Pressure	2023/24 £m	Total MTFS £m
Non-pay inflation	3.90	8.10
Pay Inflation	3.60	10.10
IT&D Loss of income from Data Centre contract as key clients migrate to SaaS solutions.	0.07	0.07
New posts in IT&D established to help embed new digital and agile ways of working	0.17	0.17
Additional capacity in the Strategy Team to support Council-wide strategy and enhance ability to support people, place and organisational portfolios	0.17	0.17
Changes to staffing structure of Leadership Office	0.15	0.15
Ongoing demand for Legal Services linked to case volumes require additional capacity/increased external fees	0.40	0.40
Insurance above inflation cost increases and loss of schools income as schools move to academies	0.30	0.30
Audit fee - reprocurement	0.17	0.17
Total budgeted pressures	8.93	19.63

Planned Efficiencies

Efficiency Proposal		2023 /24 £m	Total MTFS £m	2023 /24 RAG
IT&D - efficiencies	Various such as MySurrey implementation resulting in reduced running costs of new system and Jive, reduced councilwide mobile phone savings and additional Fire Service income	-1.1	-0.9	Yellow
IT&D - Unicorn	Unicorn, new contract as per Cabinet paper, net of annual increased borrowing cost	0.0	-0.3	Green
Land & Property Agile Transformation	Office building rationalisation, lease cost reductions offset by additional running costs and borrowing costs	-0.8	-1.7	Yellow
Land & Property Indigo Transformation	Review of services	-0.5	-1.7	Yellow
Land & Property efficiencies	Twin track efficiencies from assets, business infrastructure and staffing	-0.6	-1.6	Yellow
Land & Property efficiencies	Variety of measures including improved supply chain management and a review of income generation opportunities	-0.2	-1.7	Red
Land & Property energy usage	Contain inflation by reducing energy usage	-0.6	-0.6	Red
People & Change - Efficiencies	Various such as Improved processes following MySurrey will lead to a reduction in FTE and increased income	-0.2	-0.3	Yellow
Finance efficiencies	Increased income from Commercial work and District & Borough support and delaying contribution to insurance reserve	-0.4	-0.1	Green
Exec Dir of Resources	Vacant post - partnership with Health and digitalisation	-0.1	-0.1	Green
Legal & Democratic Services	Administrative saving due to Joint Committees ending	-0.1	-0.1	Green
Twelve15 - Transformation Programme efficiencies	Efficiencies relating to staffing restructure and measures to increase customer base/income generation	-0.1	-0.1	Yellow
Twelve15 efficiencies	Income - Increase charge for paid meals by a further 3.8% in April 2023, this is in addition to a 6% increase in September 2022 and will impact parents	-0.3	-0.3	Red
Twelve15 efficiencies	Increase volumes of universal free schools meals	-0.1	-0.1	Yellow
Twelve15 efficiencies	Increase charge for universal free school meals by 2% from April. This will impact on schools unless government increases the rate to this level.	-0.2	-0.2	Red
Business Operations Transformation	Proposed structure changes from April	-0.3	-0.3	Yellow
Orbis service efficiencies	Efficiencies realised from a comprehensive review of the partner contribution rates.	-0.6	-0.6	Green
Orbis Joint Operating Budget	Joint efficiencies to be agreed with Joint Management Board	-0.2	-0.2	Red
All - Twin Track	Maximising our Income	0.0	-1.4	Red
All - Twin Track	Making the most of our contracts	-0.2	-0.6	Red
Total		-6.3	-12.7	

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Resources: Impact of 2021/22 budget decisions and efficiencies

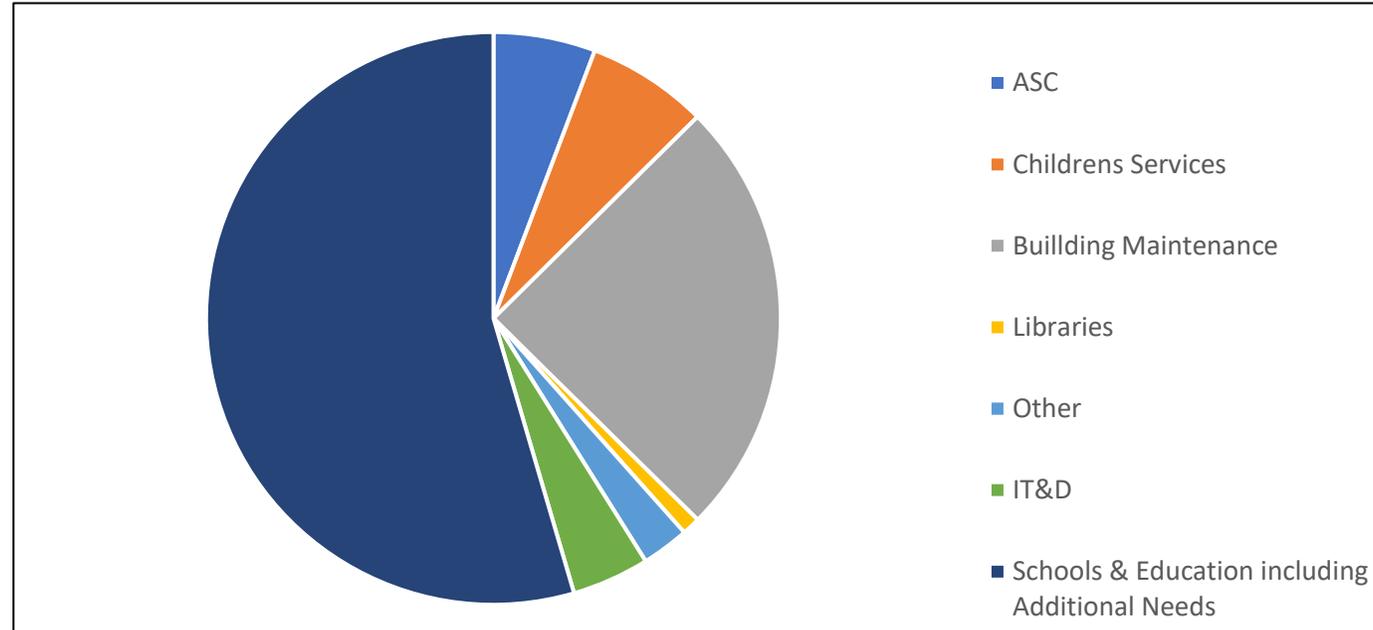
Corporate Strategy & Policy	MTFP Saving Title	How the saving was made	Category	Saving Target	Savings Achieved
Impact	Insight, Analytics & Intelligence	Healthwatch contract efficiencies	Efficiency	£30,000	£30,000
<p>This is a five year contract (with the potential to extend by an additional two years). Savings had been built in to years two and three of the contract from the outset. The provider was fully aware a 5 per cent saving of £30,000 was to be applied in year three. The commissioner and provider had planned for this change. This planning ahead has meant that any risks associated with this were mitigated. The provider is a Community Interest Company and part of the rationale of building in the savings was to drive efficiency within the commissioning arrangement, but to also encourage/give time for new income to be generated, which was achieved.</p>					
IT&D	MTFP Saving Title	How the saving was made	Category	Saving Target	Savings Achieved
Impact	IT&D efficiencies	Service-wide review and realignment, recognising implications of agile and digital transformation funding	Efficiency	£800,000	£800,000
<ul style="list-style-type: none"> The £800,000 was a revenue provision, built into the IT&Digital base budget, to fund the modernisation of the council's technology and support technology enabled innovation in the workplace. This was a legacy funding arrangement that related to a modernisation strategy from circa 2014/15 and did not directly relate to the TSU programmes of work such as Agile Organisation and Digital. The direct consequence of the budget reduction is that the IT&Digital service is no longer in the position to meet the cost of innovation and technology modernisation projects from within its own cash limits. All new areas of expenditure on new technology investment and digital innovation are subject to business case proposals that seek corporate. This change ensures all sense is cost and outcome justified, however, it is acknowledged that the additional governance steps would create an inherent lag and delay in the speed of response to new opportunities. 					
Orbis Partnership	MTFP Saving Title	How the saving was made	Category	Saving Target	Savings Achieved
Impact	Orbis business plan efficiencies	SCC share of efficiencies within IT&D and Procurement, contained within the Orbis Business plan	Efficiency	£289,000	£289,000
<p>There was no direct service impact as this efficiency was delivered by reductions in staff travel costs, following the pandemic and more effective use of IT, and by realigning some staff costs into the sovereign IT&D budget.</p>					

Resources: Impact of 2021/22 budget decisions and efficiencies

Land & Property	MTFP Saving Title	How the saving was made	Category	Saving Target	Savings Achieved		
Impact	Land & Property efficiencies	Efficiencies to be realised from property rationalisation, reduction in leased properties, focus on reducing utility costs and capitalisation of project staff costs where appropriate	Efficiency	£3,000,000	£3,000,000		
<p><i>“L&P improved its Net Revenue position by £3 million of which only £700,000 was attributed to a reduction in service (Maintenance)”</i></p>							
<table border="1"> <tr> <td>Increased Capitalisation of resourcing costs linked to projects</td> <td>£1m</td> </tr> </table>		Increased Capitalisation of resourcing costs linked to projects	£1m		<ul style="list-style-type: none"> • Estate Maintenance: reduction in estate maintenance spend with no immediate impact. <ul style="list-style-type: none"> ○ ,Current strategy to optimise the estate and replace dated expensive assets with new efficient buildings (Capital) whilst continuing to review the Facilities Management operating model to maximise vfm (FM transformation). Prevents the risk of asset deterioration and substandard service, and provides ongoing assurance. • Utility savings achieved in 2021/22 with no impact on service. (external factors impacting 2022/23) • Rental income increase & Business Rate rebates: no impact on service. • Capital projects: increase in activity resulted in resource costs (revenue) capitalised to projects 		
Increased Capitalisation of resourcing costs linked to projects	£1m						
<table border="1"> <tr> <td>Increased use of feasibility fund to reduce pressure on revenue</td> <td>£200k</td> </tr> </table>		Increased use of feasibility fund to reduce pressure on revenue	£200k				
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<table border="1"> <tr> <td>Maintenance reduction (Reactive and PPM)</td> <td>£700k</td> </tr> </table>		Maintenance reduction (Reactive and PPM)	£700k				
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<table border="1"> <tr> <td>Increased rate rebates etc</td> <td>£300k</td> </tr> </table>		Increased rate rebates etc	£300k				
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Draft Capital Programme

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 Resources totals £543 million over five years, funded from a number of sources including grants and borrowing.



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

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

Customer & Communities



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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:

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

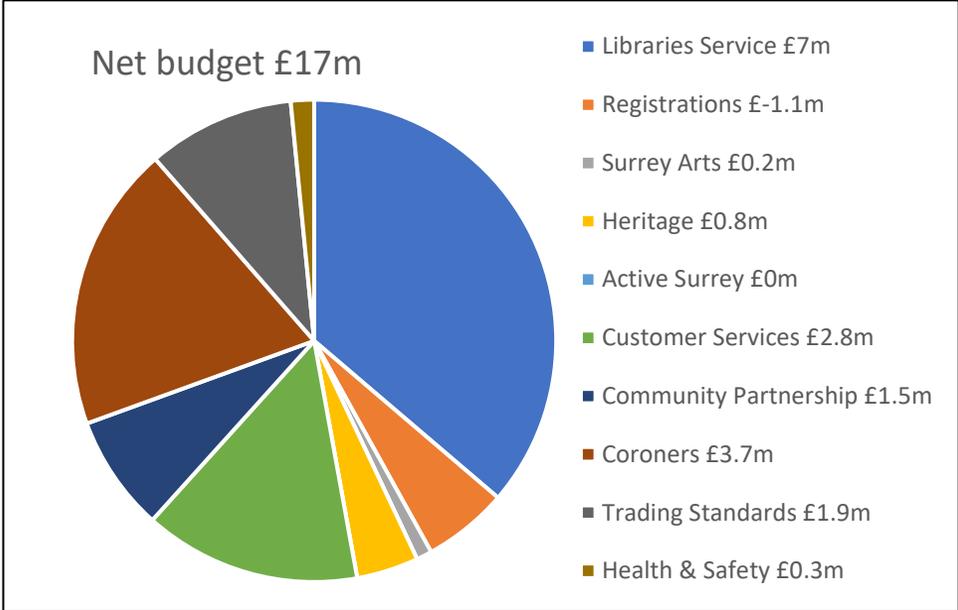
The Directorate is delivering key transformation programmes that continue to adapt and improve services to meet the changing needs of our residents and ensure financial sustainability:

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



How is the service budget spent – breakdown of major services

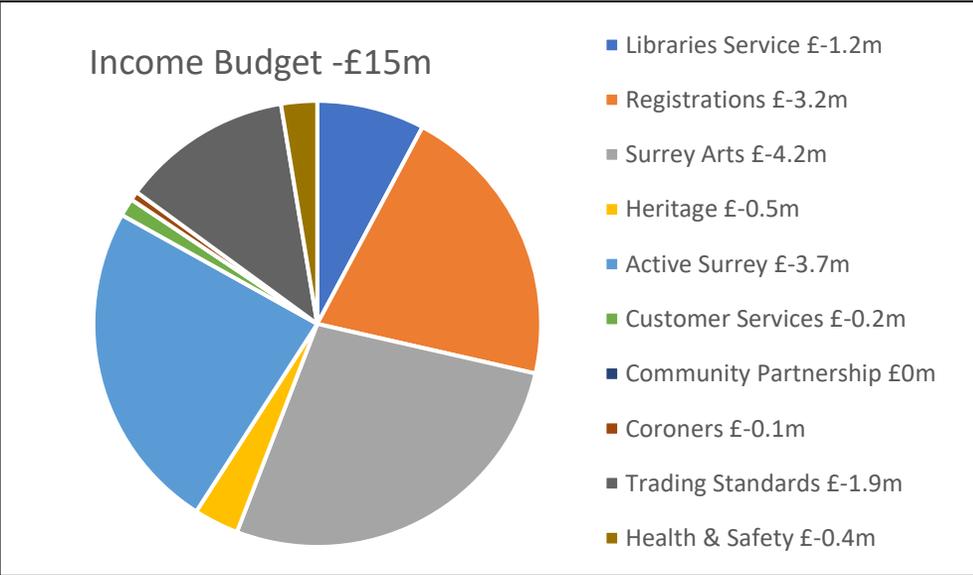
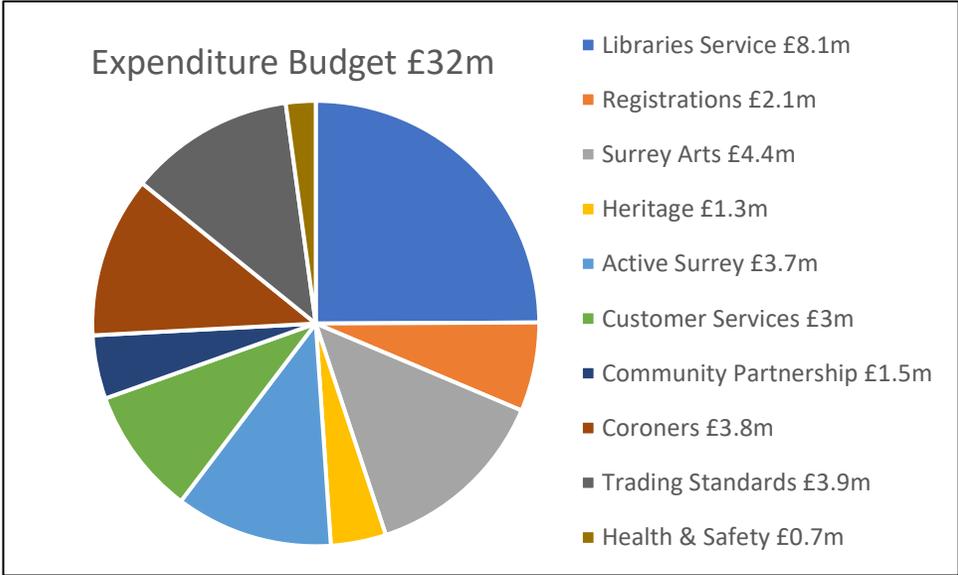
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The 2022/23 net budget is £17 million, this is £32 million of expenditure reduced by £15 million of income.

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.

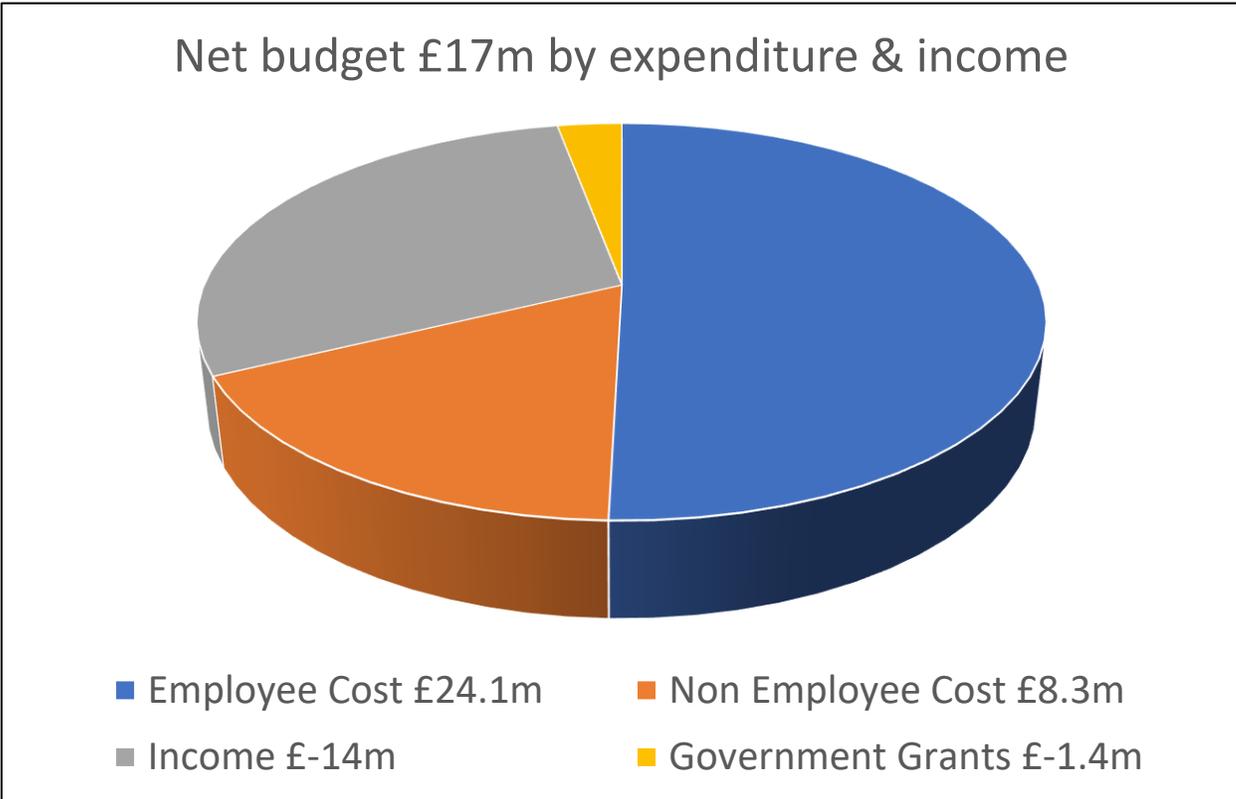
The Trading Standards budget is a joint budget with Buckinghamshire, £1.9 million is the net Surrey element.



How is the service budget spent – subjective breakdown of spend

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- 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

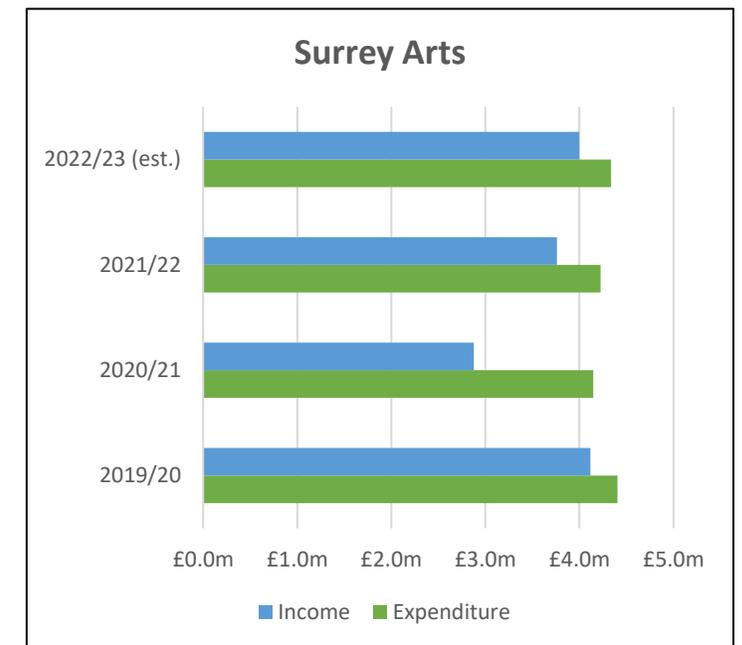
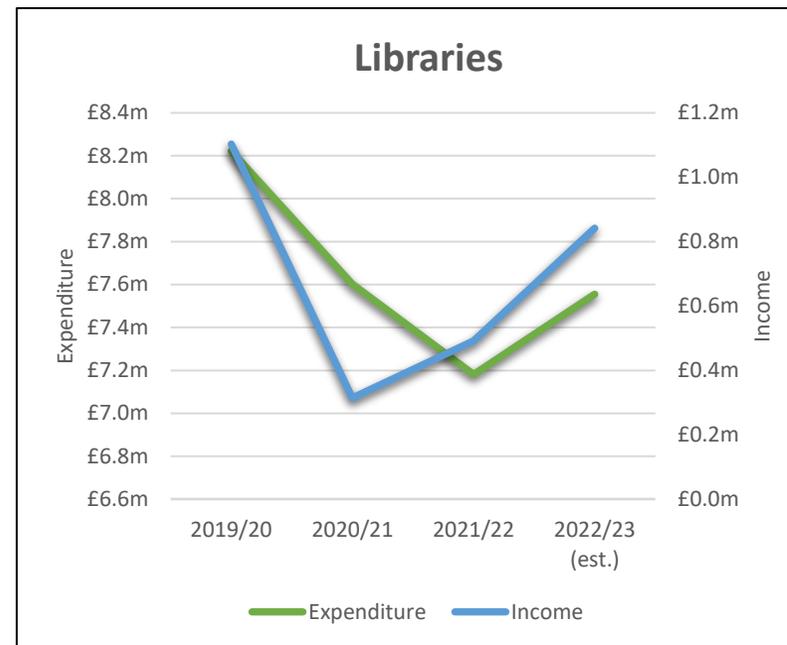
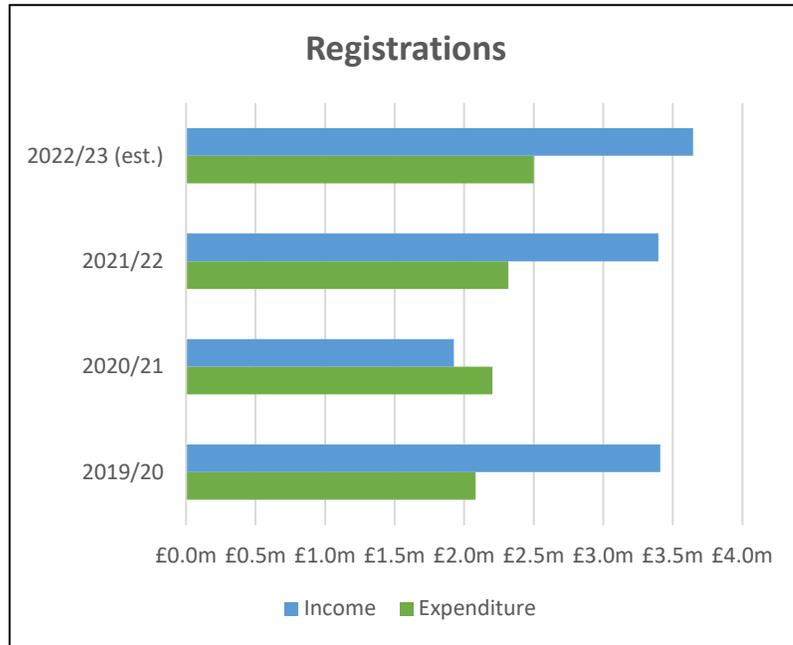
- specific direction on service levels and coverage
- establishing and extending new approaches as part of a wider transformation of the council's operating model (e.g., new approach to local engagement, community capacity building, extending the customer model, maximising impact of universal services)

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 three local authorities for birth and top five 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	

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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: <ul style="list-style-type: none"> - 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	

How are impacts of prior year decisions/efficiencies measured?

The financial savings and efficiencies we have made as part of the programme have resulted from revising our contracts, charging models and workforce structures. We have created a staffing model for libraries which is lean, future-proofed and appropriately upskilled to respond to the current and future climate. We delivered £800,000 in savings from the libraries restructure over two years – 2021/2022 and 2022-2023 and we have reshaped the service to deliver improved outcomes.

Year	Staffing costs £000	Operating costs £000	Total target £000	Commentary	RAG
2019/20	1,500		1,500	Achieved	
2020/21	600	200	800	Achieved	
2021/22	600		600	Achieved	
2022/23	200	350	550	Plans detailed on slide to your right	
2023/24 +	TBC	TBC	TBC	Financial plans for 2023/24 and beyond would be attributed to the services rather than transformation, as embedded into BAU.	
Total	2,900	550	3,450		

Measure	Target £000	RAG
Extend the teaching weeks across the year 30-33	45	
Staff restructure	30	
Total Arts	75	
Workforce efficiencies	200	
Donations	5	
Photocopier contract	20	
Van contract	25	
Other supplies & services reductions	20	
Total Libraries	270	
Heritage review	50	
Donations	5	
Total Heritage	55	
Review of charging model	100	
Total Registrations	100	
Further transformation savings	50	
Total	550	



How are impacts of prior year decisions/efficiencies measured?

The impacts of these savings and efficiencies are measured by how users and staff have responded to the service changes and how efficiently the services are operating. We are in the process of measuring the change that has resulted from the staffing restructure. There were risks associated with these changes which included; disengaged workforce and decreased performance but these were managed appropriately and we have seen an increase in performance, with an increased number of events (178 per cent with over 3400 events) and attendees following the relaxation of COVID restrictions increased number of book borrowing and events. We continue to monitor the Equality Impacts Assessments ([EIA](#)) we have produced as part of the workforce restructure for libraries and we have realised many of the positive impacts already, including the fact that the new structure has created opportunities for staff of varying ages to develop new skills and responsibilities.

97 per cent of respondents reported they received a good or very good standard of care when visiting our Libraries

93 per cent of respondents reported feeling good or very good about the Library they visited

“Since we began the programme in the autumn of 2020, we have seen a marked change in the attitudes and confidence of library staff at all levels. At the beginning we were able to answer questions and provide support and guidance. As we moved through the restructure and staff moved into their new roles, we saw an emerging confidence and proactive approach that bodes well for the new leadership team and the whole service.”

Sue McKenzie, Red Quadrant Training Provider



SURREY
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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.

Weybridge Library refurbishment

Permanent Mortuary

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



Communications, Public Affairs and Engagement



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

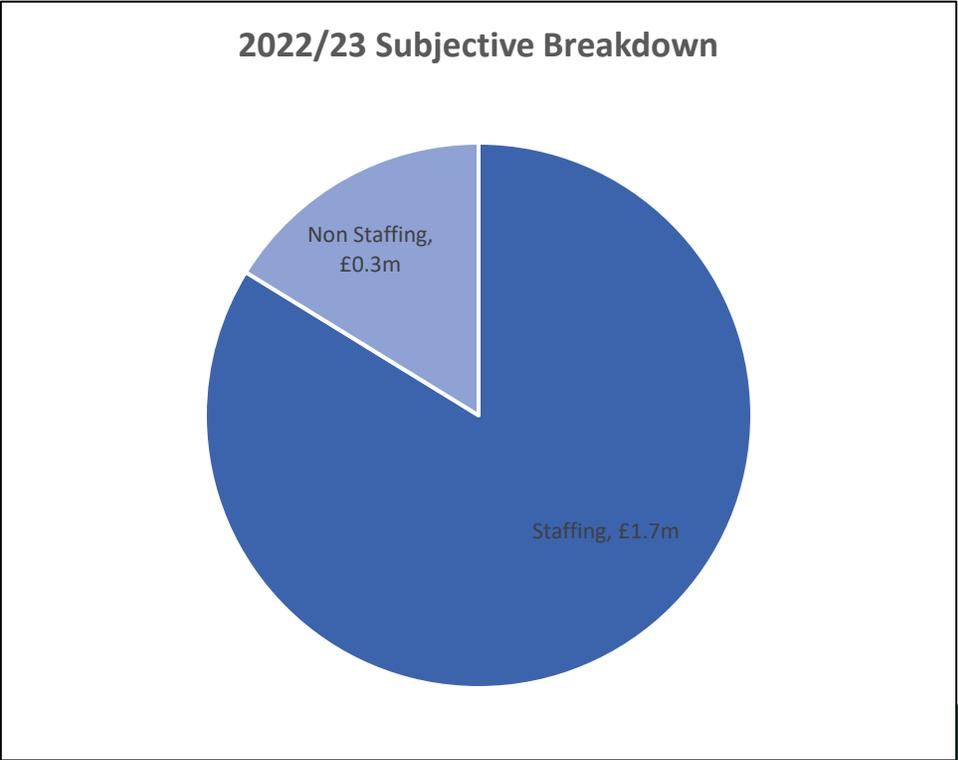
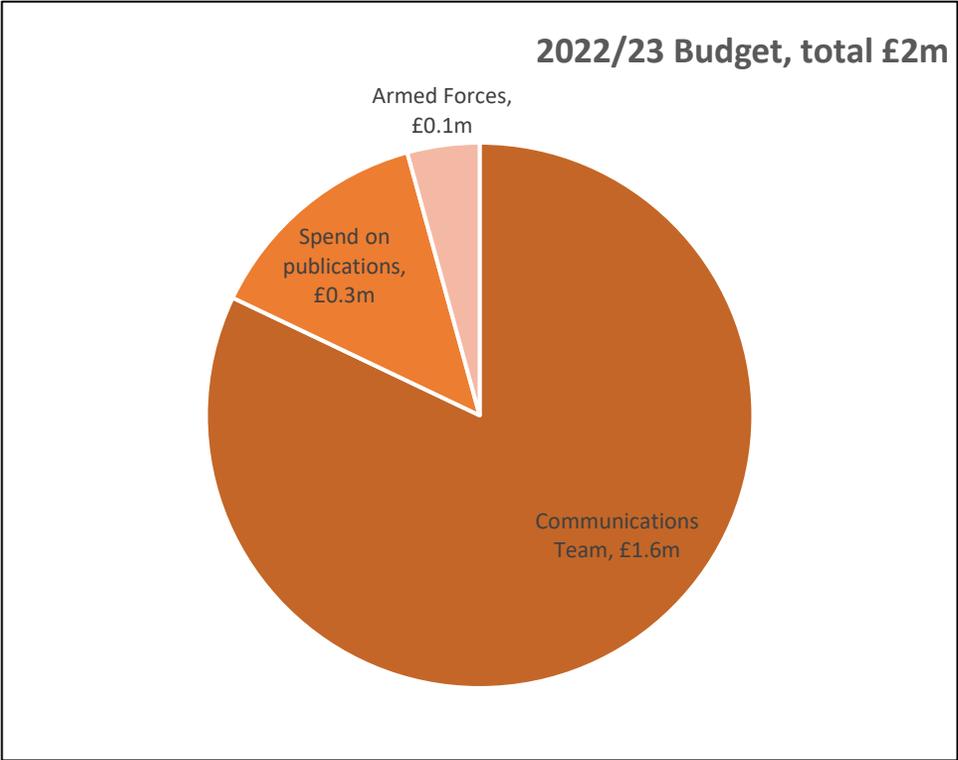
The Communications, Engagement and Public Affairs service is responsible for developing a Communications Strategy for Surrey County Council, mapping out a high-level narrative based on organisational priorities, underpinned by 'super campaigns' and ongoing resident and stakeholder communications.

The Directorate:

- Through a clear and consistent narrative, ensures residents understand the Council's challenges and its transformation achievements;
- Delivers a public affairs strategy which focuses the Council's political activities and makes clear the Surrey offer to key national Government stakeholders;
- Is responsible for developing an internal engagement plan that cultivates a culture of inclusion, nurtures talent, promotes diversity and creates connected employee communities;
- Ensures the organisation is prepared to respond to high profile media interest, protecting the Council's reputation, particularly in the areas where we are making critical service improvements; and
- Ensures the Council is prepared to deal with reputational challenges by being able to provide crisis management and support, ensuring that the bigger picture and a clear direction is connecting with stakeholders and partners.



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



The majority of the directorates spend is on staffing (£1.7 million) and £0.3 million is spent on publicity and printing.

2023-28 MTFS Budget Summary for Communication, Engagement & Public Affairs

Comms, Eng & PA							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	2.0	2.0	2.1	2.1	2.2	2.2	
Pressures		0.1	0.1	0.1	0.1	0.1	0.4
Identified efficiencies		(0.0)	0.0	0.0	0.0	0.0	(0.0)
Total budget requirement		2.1	2.1	2.2	2.2	2.3	
Change in Directorate net budget requirement		0.1	0.1	0.1	0.1	0.1	0.3
Opening funding		2.0	2.0	2.1	2.0	2.0	
Share of funding change and borrowing costs		0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Funding for Year (Budget Envelope)		2.0	2.1	2.0	2.0	2.0	
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	0.1	0.2	0.3	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	0.07
Pay Inflation	0.08	0.29
Total budgeted pressures	0.12	0.36

Efficiency Proposal	2023/24 £m	Total MTFS £m	2023/24 RAG
Contain inflation	-0.03	-0.03	
Increased vacancy factor	-0.02	-0.02	
Total	-0.05	-0.05	



Annexes

Key Messages in relation to:

- **Adults Social Care**
- **Children, Families & Lifelong Learning**
- **Environment, Transport & Infrastructure**



Key Messages – Adult Social Care

- The directorate is facing an **incredibly challenging financial outlook** where the scale of the latest estimated required increased in budget resources is well in excess of current known available funding.
- **Key pressures** include:
 - **Care package spending pressures in 2022/23 that will carry forward into 2023/24.** Costs of care grew significantly during the pandemic due to increased acuity of care needs and market pressures. Continued cost pressures are now combining with rapidly rising demand for care services following reductions during the pandemic. The Draft Budget includes a carry forward pressure of £7.4 million, although this will need to be reviewed for the Final Budget in light of continued growth in care package commitments in recent months.
 - Very substantial budgeted **inflationary pressures for ASC provider fees and wider contracts & grants.** Pressures of £27.5 million in 2023/24 and £108 million across the whole MTFs are currently budgeted and account for over half of ASC's total pressures. These pressures factor in the current high rates of inflation as well as sizeable increases to the National Living Wage which drive changes in pay for care workers.
 - **Future years' demand pressures** of £6 million in 2023/24 and £35 million across the whole MTFs period for the anticipated increase in the numbers of people with eligible care needs who will require support funded by the Council.
 - The cost impact of supporting discharge from Surrey's hospitals for people with ASC needs. A pressure of £5.3 million is included in the Draft Budget for 2023/24 relating to **Discharge to Assess**, and this is also contributing to the care package spending pressures in 2022/23.
- ASC's budget position contains a **challenging set of efficiency plans** including strengths based practice and demand management, continuing to change models of care, purchasing of care efficiencies (set at levels in the context of the current economic climate), efficiencies associated with ASC services operated in-house and ensuring appropriate Continuing Health Care & Section 117 Aftercare funding from the National Health Service (NHS).
- It had been anticipated that significant pressures may also occur in the next two years relating to the **ASC charging reforms** that were due to come into effect from October 2023 due to additional costs for new burdens being well in excess of expected government funding. A two year delay until October 2025 was announced in the 17 November 2022 Autumn Statement. As such pressures representing the mid-point estimated funding gap have been deferred, with £14 million included in 2025/26 rising to £33 million in 2026/27.
- One of the key considerations for the Final Budget will be understanding the level of increased in SCC's **ASC funding** the next two years



Key Messages – Children, Families & Lifelong Learning

- The position within Children, Families & Lifelong Learning (CFLL) is significantly impacted by pressures being experienced in 2022/23. As at month six, CFLL is forecasting an overspend of £24.6 million.
- The largest variances are within Home to School Travel Assistance (HTSTA) (£15 million), External Children Looked After (CLA) Placements (£4.1 million) and staffing budgets linked in particular to social workers within the four quadrants (£2.5 million).
- These three areas are the largest pressures identified in 2023/24 and each pressure includes not only the year on year growth but an amount to reflect the 2022/23 overspend.

Efforts to mitigate pressures in H2STA and placements are focused on utilising ‘levers’ which can impact on demand and costs in a similar way to that which has been successful in approaching the Councils Dedicated Schools Grant (DSG) High Needs Block Deficit. These focus on in particular;

- Managing demand through effective practice and policies
 - Market management to mitigate the impact of inflation
 - Capital programme providing greater provision in Surrey
 - Working with partners to utilise economies of scale or opportunities for more cost effective options
- The Capital programme is a key element of the Special Educational Needs and Disabilities (SEND) and CLA financial strategies. During the MTFs planning for 2023/24 and beyond the impact of inflation on capital projects has been spotlighted. Work is ongoing to mitigate and identify other funding options but along with the wider capital programme the affordability of the overall programme will remain the key driver.



Key Messages – Environment, Transport & Infrastructure

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.

Budgeted pressures in 2023/24 total £14.9 million. Key items include:

- Non-pay (contract) inflation of £11.7 million across key contracts including highway maintenance, waste management, street lighting and bus services, including an adjustment in respect of 2022/23 where actual inflation is higher than included in the budget at the start of the financial year.
- Other smaller pressures in 2023/24 include pay inflation, the introduction of a young person's half price travel scheme (£0.5 million) and a new highway works management system (£0.5 million), as well as adjustments to prior year efficiencies and the cost of managing the impact of ash dieback.

Budgeted efficiencies total £3.5 million next year. Key items include:

- Prices of dry mixed recycling materials have improved over recent years and are currently providing a benefit of £2 million, which is assumed to continue into next year. However prices have historically been volatile, and this remains a risk.
- The volume of concessionary bus journeys taken by the elderly and disabled has reduced since the pandemic, resulting in a lower cost (£0.6 million) which is expected to continue.
- Other smaller efficiencies include reviews of fees and charges and contract management which are anticipated to deliver efficiencies of £0.4 million next year, increasing over the medium term; review of planning fees and developer funding (£0.4 million); expansion of on-street parking (£0.3 million), and reduced energy consumption following conversion of street lights to LED.

In addition Environment, Transport & Infrastructure (ETI) plans to deliver a five year capital programme of £1 billion, including maintenance of roads, bridges and other highway assets, the River Thames flood alleviation scheme, transport improvement schemes including the A320 North of Woking, supporting the introduction of low emission buses, the Surrey Infrastructure Plan and the Greener Futures carbon reduction programme.



2023-28 MTFS Budget Summary for Adult Social Care

Adults Social Care							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	401.7	401.7	434.5	458.6	493.6	531.8	
Pressures		52.6	38.2	45.5	48.1	29.5	213.9
Identified efficiencies		(19.8)	(14.1)	(10.5)	(9.9)	(2.9)	(57.2)
Total budget requirement		434.5	458.6	493.6	531.8	558.4	
Change in Directorate net budget requirement		32.8	24.1	35.1	38.2	26.6	156.7
Opening funding		401.7	410.2	413.8	407.2	401.3	
Share of funding change and borrowing costs		8.5	3.6	(6.6)	(6.0)	(4.1)	(4.6)
Funding for Year (Budget Envelope)		410.2	413.8	407.2	401.3	397.1	
Year on Year - reductions still to find		24.2	20.5	41.6	44.2	30.7	161.3
Overall Reductions still to find		24.2	44.7	86.4	130.5	161.3	

ASC's 2023/24 Draft Budget and 2023-28 MTFS presents an incredibly challenging financial outlook.

The 2023/24 requirement budgets for pressures of almost £53 million. Over half of this pressure relates to high level of care package and contract inflation in the context of the wider economic climate, cost of living crisis and ASC sector workforce challenges. Other key pressures include higher than budgeted levels of care package expenditure in 2022/23 expected to carry over into 2023/24, demand increases, pay inflation and pressures related to Discharge to Assess.

Continued substantial inflation and demand pressures are forecast from 2024/25 onwards together with the latest mid-point estimated funding gap for the proposed ASC charging reforms of £14 million in 2025/26 rising to £33 million in 2026/27.

A very challenging set of efficiency proposals is included in budget plans. The scale of efficiencies and cost mitigation achieved in previous years and broader system pressures makes it harder to achieve further savings in the years ahead.

This combined position equates to a gap of £24 million in 2023/24 rising to £161 million in 2027/28 compared to current estimated available corporate funding. Some difficult decisions will need to be made to close this gap if further funding is not forthcoming.

2023-28 MTFS Budget Summary for Public Service Reform

Public Service Reform							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	34.4	34.4	34.4	34.4	34.5	34.5	
Pressures		0.1	0.0	0.0	0.0	0.0	0.2
Identified efficiencies		0.0	0.0	0.0	0.0	0.0	0.0
Total budget requirement		34.4	34.4	34.5	34.5	34.5	
Change in Directorate net budget requirement		0.1	0.0	0.0	0.0	0.0	0.2
Opening funding		34.4	34.4	34.4	33.8	33.3	
Share of funding change and borrowing costs		0.0	0.0	(0.6)	(0.5)	(0.4)	(1.4)
Funding for Year (Budget Envelope)		34.4	34.4	33.8	33.3	33.0	
Year on Year - reductions still to find		0.0	0.0	0.6	0.5	0.4	1.6
Overall Reductions still to find		0.0	0.1	0.6	1.2	1.6	

Public Service Reform is showing a balanced budget position in 2023/24 and very near balanced in 2024/25.

This is based on the assumption that cost pressures resulting from pay inflation and contract inflation can be contained within modest budgeted increases to Public Health grant funding in the next two years.

There are risks that pressures could emerge for some contracts, most notably related to potential cost increases linked to the NHS Agenda for Change pay award which affects some Public Health contracts.

The current MTFS planning assumption is that the Public Health grant may become unringfenced as part of wider local government funding reform from 2025/26. If that happens the Public Health service budget would be required to contribute to corporate efficiencies in the same way as all other services that are not funded by ringfenced grants. This will need to be kept under close review as more information about funding reforms emerges.



2023-28 MTFS Budget Summary for Children, Families & Lifelong Learning

Childrens, Families & Lifelong Learning							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	221.8	221.8	250.0	254.9	260.9	267.1	
Pressures		38.7	11.7	11.1	10.1	10.2	81.8
Identified efficiencies		(10.5)	(6.8)	(5.1)	(3.9)	(4.1)	(30.4)
Total budget requirement		250.0	254.9	260.9	267.1	273.2	
Change in Directorate net budget requirement		28.2	4.9	6.0	6.2	6.1	51.4
Opening funding		221.8	226.5	228.5	224.9	221.6	
Share of funding change and borrowing costs		4.7	2.0	(3.6)	(3.3)	(2.3)	(2.5)
Funding for Year (Budget Envelope)		226.5	228.5	224.9	221.6	219.3	
Year on Year - reductions still to find		23.5	2.9	9.7	9.5	8.4	53.9
Overall Reductions still to find		23.5	26.4	36.1	45.5	53.9	

The 2023/24 reductions still to find within CFLL are a reflection of the pressures currently being experienced in 22/23 continuing into next year. As per the 2022/23 month six monitoring report, CFLL is projecting an overspend of £24.6 million. With the largest variances within Home to School Travel Assistance (£15 million), External Children Looked After (CLA) Placements (£4.1 million) and Social worker staffing (£2.5 million).

These pressures, which are being consistently seen in County authorities across the country, remain the main drivers for the funding gap in 2023/24, and whilst efficiencies have been identified to mitigate some of them and identified demand pressures. The overall budget envelope gap is still £23.5 million.

2023-28 MTFS Budget Summary for High Needs Block (Dedicated Schools Grant)

High Needs Block (DSG)	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	27.2	27.2	5.0	5.0	5.0	5.0	
Pressures		0.0	0.0	0.0	0.0	0.0	0.0
Identified efficiencies		(22.2)	(0.0)	(0.0)	(0.0)	(0.0)	(22.2)
Total budget requirement		5.0	5.0	5.0	5.0	5.0	
Change in Directorate net budget requirement		(22.2)	(0.0)	(0.0)	(0.0)	(0.0)	(22.2)
Opening funding		27.2	5.0	5.0	5.0	5.0	
Share of funding change and borrowing costs		0.0	0.0	0.0	0.0	0.0	0.0
Funding for Year (Budget Envelope)		27.2	5.0	5.0	5.0	5.0	
Year on Year - reductions still to find		(22.2)	(0.0)	(0.0)	(0.0)	(0.0)	(22.2)
Overall Reductions still to find		(22.2)	(22.2)	(22.2)	(22.2)	(22.2)	

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In March 2022 the Council entered into a 'Safety Valve' agreement with the Department for Education (DfE). This agreement sees the Council receive up to £100 million of additional DSG funding if successful in remaining on an agreed trajectory to achieving financial sustainability by 2027/28.

As a result of this the Council will no longer require a financial contribution from the General Fund to reserves beyond 2023/24 in order to have sufficient funds set aside to cover the agreed SCC contribution within the 'Safety Valve' agreement. A balance of £5 million per annum remains in place each year over that period to provide some contingency should the trajectory deviate.

To date the Council has received over £46 million of the additional grant funding, with that figure rising to £52 million should it remain on track to the end of 2023/24 meaning over half the funding will have been received.



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.

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

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.

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	

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The Directorate has a balanced position.



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