

## REPORT OF THE COUNCIL'S SELECT COMMITTEES

### Item under consideration: **SCRUTINY OF DRAFT REVENUE & CAPITAL BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL STRATEGY TO 2028/29**

#### Date Considered: 4 - 8 December 2023

- 1 The four Select Committees of the Council share responsibility for the scrutiny of the Council's budget. Each Committee held a public meeting in early December to consider the most up-to-date iteration of the draft revenue and capital budget 2024/25 and Medium Term Financial Strategy to 2028/29.
- 2 The budget scrutiny process in 2023 was revised from previous iterations. This year Finance, in conjunction with Cabinet Members, Executive Directors and Corporate Strategy and Policy, provided two full Committee briefings on the assumptions and emerging plans for Directorate revenue and capital budgets for each Select Committee.
- 3 In addition to the two briefings held in July and October 2023, Select Committees formed sub-groups to look at key areas of their remits in greater detail with support from Finance and Service Officers. It was envisaged that these sub-groups would begin the formulation of recommendations to Cabinet on their chosen areas. However, the testing and drafting of these recommendations took longer than anticipated and they could not be provided to the 28 November 2023 meeting of Cabinet. Reporting of recommendations to Cabinet has though, taken place earlier than in previous years by coming to its December meeting rather than its January meeting as before, creating a greater opportunity to influence the draft budget recommended to Council by Cabinet.

#### Table of Deep Dive Work

Select Committee	Deep dive topics
Adults and Health	<ul style="list-style-type: none"><li>• Demand Management</li><li>• Assessed Fees and Charges in Adult Social Care</li><li>• Direct Payments</li></ul>
Children, Families, Lifelong Learning and Culture	<ul style="list-style-type: none"><li>• Children Looked After Placements</li><li>• Home to School Travel Assistance</li><li>• SEND</li></ul>
Communities Environment and Highways	<ul style="list-style-type: none"><li>• Task &amp; Finish Group Outcomes &amp; Costs</li><li>• Parking and Waste Services: Income Opportunities</li><li>• Capital Programme</li></ul>

Resources and Performance	<ul style="list-style-type: none"> <li>• Rationalising Council Offices and Empty Buildings</li> <li>• Recruitment and Retention</li> </ul>
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Alongside the work done by the Select Committees, the informal Budget Task Group regularly reviewed in-year budget monitoring data. Furthermore, the Budget Task Group scrutinised aspects of budget setting this year. The Task Group, chaired by Catherine Powell and made up of the four Select Committee Chairs plus representatives from all the political groups at the Council, considered items on the revised transformation programme, the Equality Impact Assessment (EIA) process, the Core Planning Assumptions, payments to Foster Carers and on demand transport plus the draft 2024/25 – 2028/29 capital programme in detail. The Group also received regular updates on progress in setting the budget throughout the process.

- 4 When reviewing the draft budgets, as presented by Cabinet Members and Executive Directors, scrutineers sought to understand assumptions that underpin the figures, to probe the risks associated with efficiencies and to be sure that the budgets reflect resident and service-user priorities.
- 5 Brief summaries of the scrutiny undertaken by each Select Committee and the recommendations made at those public meetings are detailed below. Full minutes of the meetings will be available after Cabinet has taken place.

#### **Adults and Health Select Committee:**

1. The Committee raised the financial resilience of district and borough councils in Surrey and the risk that could be posed to their discretionary service delivery that complement the work of the Council's Adult Social Care services. Officers advised that this Council does contribute funding for local services such as meals on wheels, handymen and technology enabled care. The Cabinet Member for Adult Social Care reiterated the Council's commitment to work collaboratively with its district and borough council partners.
2. Members challenged the ambition behind the extra care programme to deliver enough units for those in need. The Cabinet Member for Health and Wellbeing, and Public Health was confident in the level of ambition and commented that the Council wanted to provide exemplary housing and not simply high volume while complying with the requirements of the Care Quality Commission on the size of dwellings.

3. The Committee highlighted the opportunities for transformation of adult social care services and possible future efficiencies to be realised through technology that could help mitigate rising demand for adult social care services in the county.
4. There was discussion on the difficulty of recruiting and retaining social workers including the potential for the Council to offer key worker housing. The Committee recognised the important work of social care staff and wanted the Council to do what it could to promote the value of care staff.
5. The Committee registered its disappointment in the minimal increase of 1.2% to the Public Health Grant and the negative impact of this funding level on the preventative approach the Council wishes to take to protect residents' wellbeing.

#### **Children, Families, Lifelong Learning & Culture Select Committee:**

1. The Committee scrutinised the impact of the proposed efficiency relating to grant funding for organisations in the Voluntary, Faith and Community Sector (VCSF), given the importance of the services they provide on behalf of the Council. The Select Committee agreed to a recommendation that called for this proposal to be revisited. Witnesses did advise that no overall funding reduction would occur in 2024/25 as this would be a transition period where one-off funding would be in place to off-set the impact.
2. Witnesses were challenged on the likelihood of achieving the £9m of efficiencies identified in the Children, Families and Learning Directorate. Reassurance was offered by witnesses on the red and amber rated efficiencies as work was ongoing in these areas to model and analyse these proposals. Regarding the red-rated efficiencies witnesses acknowledged that these were ambitious in certain aspects and there was a big programme of work, but the key area of risk identified was the £1m of inflation management, given the inflation levels seen in 2023/24 and the ongoing impact that could have on 2024/25. There was £300K in the procurement plan still required identification of how it could be achieved.
3. Members questioned the assumptions behind the proposed 10% reduction in spending on contracts. The Committee was advised that through efficient commissioning the Service expected to realise a base budget reduction in contract values of 10%. Inflation was built into the Medium-Term Financial Strategy for all the contracts let by the Service.
4. A Member raised the issue of high number of outstanding Education, Health & Care Plans (EHCPs) and the impact that could have on Home to School Travel Assistance spending. Officers advised that there was growth modelled of £7.3m over the MTFs that aligned with historic numbers of new EHCPs.

5. The Committee referenced its recommendation that short break services be protected but that was not present in the draft budget. The Cabinet Member for Children and Families, Lifelong Learning emphasised the need to meet statutory obligations and those with the greatest needs within the constraints of the Council's budget. The Committee emphasised the importance of non-statutory services and the impact on early intervention and prevention efforts.

### **Communities, Environment and Highways Select Committee:**

1. Witnesses were questioned about the impact on services of making efficiencies and were assured that this would be achieved through transformation, raising income and getting the best value out of contracts. The Cabinet Member for Highways, Transport and Economic Growth mentioned meetings with the Department for Transport to highlight the need to include the usage and amount of traffic on Surrey roads as part of the funding formula for highways as the Committee had stated that the state of highways and pavements was a high priority for Surrey residents.
2. The Cabinet Members were asked to comment on the affordability of the unfunded capital borrowing and particularly for highways. The Committee were advised that the Cabinet had reviewed the capital programme for affordability and sustainability. The Cabinet Member for Finance and Resources made the point that making reductions in the capital programme would not necessarily have significant revenue implications for the 2024/25 budget and the current budget gap. The Committee was told about the recently announced additional funding guaranteed for two years that would come from the cancellation of the High-Speed Rail 2 project.
3. The ongoing affordability of Your Fund Surrey was raised. The Committee was told how the Fund had been reduced from the initial £100m to figures of £60m and now £40m with the criteria continually reviewed. The Committee was advised that there were hundreds of projects in the pipeline, many of which proposed environmental benefits, but that the budget envelope allocated to You Fund Surrey was considered adequate.
4. The funding for the outcomes of the Task & Finish work done in the Environment, Growth and Infrastructure Directorate was raised with officers assuring the Committee that adequate funding was in place for the critical task of road maintenance. The outcomes of the Task & Finish work should be seen as an enhancement to existing arrangements and incorporated into the budget accordingly.

## Resources and Performance Select Committee:

1. The Committee questioned witnesses of increased fees and charges. They were told that there was an expected average 4% increase in fees and charges for the Resources Directorate. The view was that for discretionary service, such as venue hire, the general taxpayer should not be subsidising these costs.
2. The Committee referenced the contract management pilot that took place in the ETI Directorate and the implications for other Directorates. They were advised that the focus had been on medium value contracts and optimising value by supporting managers through procurement processes. The Committee requested a briefing on the contracts that had been reviewed and any outcomes.
3. The Committee raised the issue of finding Reinforced Autoclaved Aerated Concrete (Raac) in the Council Estate. The Capital Programme continued the investment in the capital maintenance programmes and reflected inflationary impact on maintenance. However, there was nothing specifically in the budget for Raac. Land and Property colleagues explained that there was not an additional line in the budget for Raac costs or a contingency but over the next six months there would be a lot of condition surveys across the estate, which would be used to prioritise the spending of the capital maintenance programme. Any additional capital costs would be subject to business cases and prioritisation in the normal way.
4. The Chairman asked about the potential capital costs of the review into the accessibility of the main Council office buildings and plans to enable disabled people to gain employment at the Council. On the latter, the Committee was told that £6m had been secured from the Department for Work and Pensions to help adults with long terms conditions and disabilities into work. The Council had also committed £200K to other organisations to provide employment support and had worked with the Surrey Coalition of Disabled People to map the employment support options available. On the former issue, these costs were being costed with Officers suggesting a return to the Committee in March 2024 for scrutiny. However, the Deputy Leader of the Council did comment that the recommendations from the Coalition were relatively modest in terms of their likely cost.
5. The Committee sought assurances on the plans to deliver IT projects particularly the two Customer Relationship Management systems in the light of the difficulties experienced when procuring and implementing the new Enterprise Resource Planning software (MySurrey) in 2023.

## **Recommendations to Cabinet:**

### **Adults and Health Select Committee**

1. Given the known trends for rising demand for services and rising costs, it is the view of the Select Committee that a major transformation project is needed based around the objective set in Section 2 of the Care Act 2014 of “Preventing needs for care and support” by:
  - Developing community based approaches to keeping residents healthy and in their own homes;
  - Reducing the overall market demand for high-cost care services by refocusing efforts on prevention;
  - Maximising the use of Technology Enabled Care including making the service available Surrey-wide as soon as possible for both self-funders and Surrey funded service users;
2. Recommends that the Cabinet Member for Health and Wellbeing and Public Health commits to work with Government and other agencies to raise the image of caring careers and the pay and salaries in the care industry.

### **Children, Families, Lifelong Learning & Culture Select Committee:**

1. In order to give the voluntary sector stability, Cabinet should increase funding to VCSF organisations in the Medium-Term Financial Strategy in line with inflation and outline how it can offer the organisations longer term stability. These organisations play a crucial role in enabling and empowering communities and voluntary sector organisations.
2. The aspiration of prevention should be supported by restoring the £0.37m play and leisure short breaks cut from the 2023/24 budget, which has had significant detrimental repercussions on some of the most vulnerable families. This is in addition to applying for the Department for Education’s Short Breaks Innovation Grant, which supports new and complementary short breaks services. It should be noted that the DoE funding, if awarded, would not replace the play and leisure short breaks which were cut in 2023/24.
3. Rather than being classed as an overspend, the £16.3m 2023/24 pressures identified as historic (in Children Looked After placements, home to school travel assistance, Special Guardianship Order rates, children with disabilities packages of care, care leavers) should be incorporated into the CFLL budget envelope going forward.
4. If the Council is to stay on track with “getting to good” whilst meeting demands for statutory services and supporting the ambition of “no one left behind”, the CFLL budget envelope for 2024/25 should increase to £283.91m.

This comprises:

- 249.8m opening budget
- + 39.9m pressures
- + £0.37m play and leisure restoration
- - £6.16m for the green and 60% of red and amber identified efficiencies that the Committee considers are likely to be achieved.

A smaller budget risks both the “getting to good” strategy and the guiding principle of the 2030 Community Vision that no one is left behind.

5. Should any proposals to make changes to the delivery of adult education result from the current review of cost to run the Council’s sites versus fees earned, there should first be a full and formal exploration of how any changes would impact residents’ access to community learning and adult skills. This recommendation is made in the context of the Council’s strong commitment to deliver the Surrey Skills Plan and promote skills and education to grow a sustainable economy, together with the proposed Level 2 County Deal which would devolve Adult Education functions and the core Adult Education Budget to the Council.

### **Communities, Environment & Highways Select Committee:**

1. Supports in broad terms the budgetary approach set out in the slides shared with the Committee including the directorate efficiency proposals and the broad goal to achieve efficiencies without any reduction in service or visible impact to residents over the immediate 24/25 financial period and in future years.
2. Supports the Capital programme which remains ambitious, specifically the ongoing investment in highways and roads improvement, flooding and drainage schemes and greener futures programmes.
3. Notes that revenue funding gaps persist particularly in relation to the Environment, Transport and Infrastructure budget where a further £8m reduction is still to be found. Notes with some concern that this gap does not reflect the full £8.7m required to fully implement the Task & Finish group recommendations although it does reflect the lower investment amount of c. £5m to address this work.
4. Further notes the results of the public engagement consultation and feedback to Councillors which shows that better roads and pavements is of the highest priority to residents; and therefore, recommends that spending on protecting our highways assets and infrastructure should be prioritised in line with residents wishes and priority given to plugging this funding gap in further budget discussions.
5. Supports continued investment in ITS schemes to improve Road Safety and urges Cabinet to remain focused on the need to reduce deaths and injury on Surrey’s roads and for funding to be looked at for future years.

6. Highlights that tackling climate change remains a high priority for residents as evidenced by the Surrey Says open survey exercise and urges Cabinet to ensure this continues to be reflected in budget planning over the MTF period as further cuts are sought.

### **Resources and Performance Select Committee**

1. Recommends that People and Change undertake a study to forecast how much will be needed in 2024/25 for reasonable adjustments for employees' equipment, taking into account historic demand, and on that basis a centralised budget is set that accommodates demand in full.
2.
  - (a) Sufficient funding is made available to resolve reasonable adjustments, taking all factors into account, identified by the tours of Woodhatch, Dakota and Fairmount House with Surrey Coalition of Disabled People in autumn 2023. This is in order to demonstrate its status as a Disability Confident employer, to support the guiding mission of "No One Left Behind" and to make a reality of the recruitment of people with disabilities and the ambition to have a workforce that better reflects the diverse needs of residents. An update on costing and progress will be brought to the Select Committee's March 2024 meeting.
  - (b) These adaptations to Council offices are carried out at the latest by the end of the 2024/25FY.
3. The corporate hubs and satellite offices involved in the agile office estate strategy, including disposals and business cases for acquisitions, are overseen by the Cabinet Member for Property and any departure from the strategy should be subject to Cabinet approval. The Committee notes that the agile office strategy represents a reduction in offices and recommends this approach is kept firmly on track.
4. In order to avoid significant annual revenue costs, Consort House in Redhill and Bittoms car park in Kingston, redundant since the move to Woodhatch Place, are disposed of without further delay.
5. Due to the Committee's concerns at the problems associated with the DB&I My Surrey project including overrun and overspend, in order to eliminate or minimise unplanned budget overspend, reputational damage, inadequate requirements and insufficient stakeholder engagement, the specification for the proposed replacement for the two Customer Relationship Management (CRM) systems should be brought to Select Committee, along with consultation with service users, at the earliest opportunity. Full lessons learned from MySurrey should be considered before awarding a new CRM contract.

**Fiona Davidson**  
**Chair - Children, Families, Lifelong**  
**Learning and Culture Select**  
**Committee**

**Bob Hughes**  
**Chairman - Resources and**  
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