

ITEM UNDER CONSIDERATION: SCRUTINY OF THE DRAFT REVENUE & CAPITAL BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL STRATEGY TO 2028/29

Recommendations to Cabinet and Cabinet Responses:

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;

Cabinet Response:

The new Adults, Wellbeing and Health Partnerships directorate is in the process of formulating a refreshed 3 to 5 year transformation programme, building on the strengths of the new Directorate, including the transition of Public Health to sit alongside Adult Social Care. There will be three key areas of focus:

- *The customer journey – to ensure the Council has the right workforce with the right skillsets to ensure SCC meet its duties under the Care Act.*
- *Market shaping & commissioning – focused on developing a robust prevention and early intervention offer to keep people living independently in their own home. In addition, that people with ongoing care and support needs have access to home based support that reduces the need for higher cost institutional care. Expanding the use of technology enabled care and ensuring effective support to carers will also be key areas of focus.*
- *Partnerships & integration – focused on ensuring that together with partners we are maximising resources across organisations to deliver best outcomes for Surrey residents who rely on multiple organisations for support.*

The Directorate’s transformation programme will sit alongside and complement joint programmes being taken forwards with NHS Integrated Care Boards partners on older people / frailty, mental health and integrated commissioning.

Cabinet is committed to supporting this essential transformation work and recognises that some time limited focused investment will be required to enable its successful delivery. This will be considered by Cabinet the early part of 2024 as part of finalising the business case for the Directorate’s refreshed transformation programme and joint transformation with NHS partners.

A progress update item on the new transformation programme will be brought to the next Adults & Health Select Committee in March 2024.

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.

Cabinet Response:

The Cabinet Member for Health and Wellbeing and Public Health, together with Cabinet colleagues, is committed to continually raising the profile of the Adult Social Care (ASC) industry and working with partners to understand and help address challenges faced in the care sector. An example of this was the creation of the £6m Workforce Innovation Fund in 2022/23 funded 50/50 by Surrey County Council and Surrey Heartlands Integrated Care Board which is investing in a range of workforce projects to support resilience in the local ASC and NHS workforce. The Council has also funded a workforce programme, led by the Surrey Care Association, which includes the development of an accredited and portable Care Certificate qualification which is expected to bring benefits to providers in relation to recruitment and retention.

Cabinet will continue to proactively work with Government and make the case for sustainable funding for the care sector, while recognising that the Council cannot dictate pay levels for independent businesses.

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.

Cabinet Response:

The Cabinet values the crucial work of the voluntary, charity and faith sector (VCFS) in Surrey in working with and supporting so many local communities across the county. Ongoing conversations are taking place with representatives of the sector about how they can continue to evolve, collaborate and together develop sustainable long-term models that reduce their reliance on grant funding and enable them to work, often alongside the Council, in serving local residents to best effect.

To support this work, the County Council has contributed £100,000 to the Community Foundation Surrey (CfS) Strategic Transformation Fund, with match-funding from CfS at least doubling this to make £200,000 available to local VCFS organisations. The impact of the funding is continually reviewed and assessed to ensure that value for money is being secured by the Council and CFS funders.

Cabinet will consider the proposal to increase VCF sector funding in line with inflation assumptions for 2024/25 as part of the decision making process on how to balance the budget and dependent on the outcome of the upcoming Local Government Finance Settlement.

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.

Cabinet Response:

The draft budget for play and leisure for 2024/25 is £1.32m including a £70k contribution from Health and £50k for contract inflation. The Childrens' Families & Lifelong Learning Directorate would welcome additional funds to be able to further invest in the play and leisure short breaks, but are unable to find that within the existing budget proposals without impacting on statutory or other key priorities of the service.

Cabinet is required to set a balanced budget for 2024/25. The scale of the identified pressures for 2024/25, driven predominantly by inflation and demand increases, results in a residual gap to close of £13.5m in the Draft Budget position. Cabinet will consider the proposal to increase investment in play and leisure short breaks alongside consideration of the final budget decisions and dependent on the outcome of the upcoming Local Government Finance Settlement.

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.

Cabinet Response:

The in-year overspend position of all Directorates are reviewed as part of the annual budget setting process. Where Directorates are forecasting overspends in the current financial year, these are assessed to understand the impact in future years.

Where an ongoing impact is anticipated, these are factored into future year budgets as pressures. In some cases, mitigations are put in place to off-set in-year overspends which have a positive impact on the future trajectory and so ongoing pressures are not anticipated to materialise. It is therefore important that in-year overspends are assessed individually to understand the ongoing medium-term impact.

The draft budget for the Childrens, Families & Lifelong Learning Directorate currently includes the £16.3m representing the ongoing cost of overspends being experienced in 2023/24. This is being reviewed for the final budget, recognising the in-year position continues to be challenging.

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.

Cabinet Response:

The draft budget includes a budget requirement of £280.7m for the Children, Families and Lifelong Learning (CFLL) Directorate. There are likely to be further changes to this before the Final Budget in light of further decisions to be made, both in terms of council tax levels, potential investments (such as the recommendations made above) and the ongoing review of all pressures and efficiencies, in order to ensure that a balanced budget position can be proposed. This may result in increases or decreases to the amount set out in the draft budget. The Final budget will be considered by Cabinet in January and Full Council in February.

The CFLL leadership are very clear on what is needed to deliver good quality services, and have plans in place to achieve this, supported by the proposed budget. However, this is not without risks, Surrey along with most other authorities are operating in extremely difficult times for children’s services, with increasing levels of complexity of need, a broken placement provider market and rising prices in home to school travel assistance, putting significant strains on Children’s service budgets.

Another key strand to Surrey’s strategy in ensuring we provide consistently good services to children and families is increasing the number of permanent social workers to provide the stability and consistency a family needs and help deliver the plans for Children’s services. As we strive to manage within the budget envelope set, we find ourselves constantly faced with issues outside of our control. This requires constant review of the plans and proposed spend, but always with the mindset of improving the outcomes for our children in Surrey and our aim of getting services to a consistently good standard.

5. Should any proposals to make changes to the delivery of adult education result from the current review of the 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.

Cabinet Response:

There are no plans to close any adult learning centres, the review being undertaken at present is in its early stages. Should there be any proposed

assessment of change to an adult learning centre, the assessment will include the recommended requests from the select committee.

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.

Cabinet Response:

Cabinet notes the Committees support.

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.

Cabinet Response:

Cabinet notes the Committees support.

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.

Cabinet Response:

Cabinet is required to set a balanced budget for 2024/25. The scale of the identified pressures for 2024/25, driven predominantly by inflation and demand increases, results in a residual gap to close of £13.5m in the Draft Budget position.

The Task & Finish Group recommended additional investment of £32m of capital and £8.6m of revenue per annum. The capital investment recommended is included in its entirety in the Draft Capital Programme approved by Cabinet in November. £5.2m of the revenue requirement was also included which reflected implementation of some recommended improvements such as drainage repairs and road lining refreshment being delivered over an extended period to reduce budget pressures.

Cabinet will consider the proposal to increase the investment to the £8.6m originally requested alongside consideration of the final budget decisions and dependent on the outcome of the upcoming Local Government Finance Settlement.

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.

Cabinet Response:

Spending on highway assets has been prioritised within the proposed budget, including additional revenue (£5.2m per year) and capital (£32m across the 5 year programme) in response to the Task and Finish reviews, and the establishment of a core and enhanced highway maintenance programme for the current administration (£260m over the 5 year capital programme).

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.

Cabinet Response:

The proposed budget includes £3m allocated to tackle road safety outside schools and a further £3m for speeding across the county, across 2022/23 to 2025/26. This investment is additional to the ongoing programme of road safety improvements totalling £2m over the 5 year capital programme, and road safety improvements delivered as part of wider infrastructure schemes. Road safety requirements will be kept under review as future MTFs are developed.

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.

Cabinet Response:

The proposed 5 year capital programme includes significant investment to tackle climate change, for example through the Greener Futures 2030 programme (c.£75m in the council's capital pipeline) and the introduction of low emission buses and community transport (£41m, as part of a total £49m investment). Following detailed and extensive review the proposed programme is considered affordable, and as such there are no plans to reduce capital spend at this time.

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.

Cabinet Response:

Reasonable adjustments are now managed by People & Change. This revised approach was initiated in the current financial year in order to allay fears that members of staff were not getting the adjustments required because decisions about them were being taken in the context of local service budgets. An additional centralised budget for this work was created in line with previous levels of activity, but this has been oversubscribed in the current financial year, and the overspend against the budget is being mitigated/absorbed within the overall Resources Directorate budget.

From 2024/25 it is proposed that the end of year position against the centralised budget is balanced by recharging to service budgets a share of any excess over

the budgeted amount. This will retain the central team approval of adjustments and therefore avoid the previous perceived challenges. The success of this will be kept under review during the coming financial year, and any adjustments made accordingly. At present it is not possible to confirm with certainty whether the overspend in the current year is the result of sustained suppressed demand within the previous arrangement (ie actual need is higher and will continue to be) or whether it reflects a 'catching up' of unmet need and that the ongoing requirement will level off.

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.

Cabinet Response:

Reasonable adjustments are now managed by People & Change. Work is underway to identify the annual amount required to meet the needs of individuals. For this financial year, the overspend against the existing budget is being mitigated/absorbed within the overall Resources Directorate budget. At the Select Committee, the Director of Land & Property confirmed that the work would be completed by the end of the next financial year,

The costs of building adaptations are met from the capital corporate maintenance budget. The feedback documents from the Surrey Coalition of Disabled People following the tours of Woodhatch & Fairmount in September and Dakota in October have been sent to the Resources & Performance Select Committee. Land & Property are tabled to attend the Resources & Performance Select Committee on 12 March 2024 to update on Equality, Diversity & Inclusion and will provide an update which will include the cost estimates for the items identified in the feedback from the tours and the likely completion date. The intention is to complete the works in 2024/25.

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.

Cabinet Response:

The Agile Organisation Programme consists of property, people and technology workstreams, each of which sit under a separate Cabinet Member portfolio. The

property element of the programme is delivering against the Agile Office Estate Strategy agreed at Cabinet, and the delivery of this falls within the remit of the Cabinet Member for Property, Waste and Infrastructure.

In order to ensure that there is ongoing Cabinet Member oversight of the whole programme, it is proposed that the Cabinet Member for Finance and takes responsibility for overseeing the programme as whole and that the various Cabinet portfolios are aligned.

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.

Cabinet Response:

Cabinet agrees that both the Bittoms car park and Consort House should be sold, and work is in progress on both. Negotiations with Royal Borough of Kingston are underway to dispose of the Bittoms and Consort House is marketed for sale and will proceed if an acceptable offer is provided.

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.

Cabinet Response:

The logic of applying the lessons learnt from the DB&I programme to all future projects and programmes, including those relating to technology, is sound. The proposed replacement of the CRM systems is the planned project most closely analogous to the DB&I programme, but as with all other system implementations we are likely to see in the near future, it is much smaller in scale.

Lessons learnt from DB&I have been and continue to be shared with the team working on the CRM replacements.

It would not be possible to bring a formal consideration of the system specifications to a Select Committee meeting based on the current timetable for the programme, and nor would it be entirely appropriate to rely on the Select Committee to seek to sign off this work.

A briefing on the CRM programme could be provided to the committee and perhaps incorporated into the DB&I lessons learnt work as that draws to a conclusion, in order to test the application of those lessons drawn.

Appropriate assurance activity has, and is, taking place to ensure that the costs and timings within the business case are realistic and achievable. This includes

additional validation exercises, market research and assurance work to ensure the proposed timeline for implementation is fully stress tested.

David Lewis
Cabinet Member for Finance and Resource
19 December 2023

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