

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:

- 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 the outcomes of these meetings were shared with the Cabinet on 19 December 2023.
- 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.
- 4 Alongside the work done by the Select Committees, the informal Budget Task Group regularly reviewed in-year budget monitoring data, meeting three times in July, September, and November. 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 transformation programmes and new programmes;
 - the effectiveness of Equality Impact Assessments (EIA) in identifying actual impacts;
 - the Core Planning Assumptions;
 - Cost of care provided by Surrey Foster Carers vs other care services ;
 - on demand transport; plus
 - the draft 2024/25 – 2028/29 capital programme in detail.

The Group also received updates on progress in setting the budget throughout the process.

- 5 As a result of the work done above and in light of the recommendations made by the individual Select Committees in December it was felt

necessary to supplement these recommendations with further conclusions based on the work of the Budget Task Group. These conclusions were discussed and agreed at a meeting of the Group on Friday 15 December 2023.

Recommendations:

1. Detailed monthly out-turn budget documents should be issued to Select Committee Chairs / Vice Chairs and the Chair of the BTG automatically and as soon as possible to help with in year Budget Scrutiny and impact of pressures and efficiency outturns on budget preparation.

Cabinet Response:

The financial position is reported monthly to Cabinet and forms part of regular performance management reporting to the Resources and Performance Select Committee, whose role it is to scrutinise the entire council budget. In addition, currently the Budget Task Group's role includes scrutiny of in-year budget monitoring position across the Council, including the ongoing impact of pressures and efficiencies on future year budgets across the Medium-Term Financial Strategy. Consideration will be given to changing current practice to ensure scrutiny by each Select Committee of the in-year budget position for each Directorate as part of the annual review of scrutiny arrangements after the Final Budget has been set.

2. Must put a value as well as a cost on early intervention / prevention / support services that are non- Statutory in terms of spend **to** save as we have done with the Capital Budget and this needs to look across the Council (cross cutting)
 - Prevention is statutory in accordance with the Care Act for Adults
 - Ofsted expect provision of early years services
 - Social Care institute for Excellence and NICE (QALY) are good models to use as a starting point.

Cabinet Response:

Prevention and early help is essential to our guiding mission of no one left behind and our Community Vision 2030. The budget proposals include significant existing investment in preventative services, including supported independent living, local early autism programme, the mental health improvement fund, the re-unification team and targeted early help and family support.

Cabinet is committed to continue to enhance our budget setting process and be able to invest more in targeted prevention, with the confidence that doing so will have a positive impact on outcomes for our residents – and in turn should lead to efficiencies for us and our partners, through reduced need for higher cost interventions.

To date we have developed a shared definition of prevention, and a prevention framework, to support services and partners to focus on and plan preventative activity. We have started to develop a better

understanding of our spend profile, and of what works, through our prevention spend mapping and analysis and identified the key necessary components of a programme to transform our prevention capability.

We want to use the framework to test an expanded definition of prevention and system impacts on services that may not have previously been viewed as preventative, enabling us to track activity across the organisation and not just around people services.

Recognising that this ambition is significant, and transformational in nature, the work is being progressed as a programme, drawing on the expertise of Design & Transformation, aligned to the demand 'strand' of the Council's SWITCH Programme, with funding and resource allocated accordingly.

In addition, please see response to question 3 below, setting out the additional investment in preventative activities in Children's Services proposed as part of the Final Budget proposals.

3. If more funding is not made available from Central Government in the settlement announcement that can be used to address the funding gap in Children's services, the reinstatement of the short break / stay and play services removed in this year's budget and allow for further investment in pre-school assessments and support for children with SEND. This then could be funded by identifying all non-statutory revenue outside of Children's, Adults & Health, Highways, Achieve net zero and Libraries via a detailed review and recommendations made:
 - For example, we are concerned that the Countywide CLO service is not demonstrating value for money consistently across the County and the service should be reviewed.

Cabinet Response:

The draft budget for 2024/25 for play and leisure was £1.32m including a £70k contribution from Health and £50k for contract inflation.

As committed to in the Cabinet response to the recommendations of the Childrens, Lifelong Learning and Culture Select Committee in December 2023, Cabinet has reviewed the options as part of the Final Budget Setting proposals and reversed the previous decision by re-instating the £0.37m play and leisure short break budget removed from the budget in 2023/24.

As stated above, Cabinet is committed to continue to enhance our budget setting process and insight to support investment decisions for universal and targeted prevention. Additional investment of £5m is proposed in the final budget papers, specifically relating to children's services, to invest in the following preventative activities:

- ***Additional capacity for Specialist Teachers in Inclusive Practice, to support schools to successfully meet the needs of more children at SEN Support.***
 - ***Integrate the Team Around the School service with the L-SPA as a single Early Intervention and Prevention Service area to continue to deliver and scale up the existing approaches to early support and intervention to education providers and families.***
 - ***Provide additional social worker resourcing to the C-SPA to assist in the effective identification of levels of need and enable early intervention.***
 - ***Permanent establishment of specialist practitioners within family safeguarding (focusing on drug and alcohol, mental health and domestic abuse) to strengthen our early help and prevention approach.***
 - ***Provide ongoing funding for posts within the Children with disabilities service, providing support for the families and enabling children with complex needs to stay at home.***
 - ***Increase Elective home education (EHE) capacity to meet the growth in numbers for EHE and Inclusion and Additional Needs (I&AN) work.***
 - ***Staffing for additional quality assurance activities to meet new responsibilities and provide additional assurance about safeguarding risks to children placed in out of county residential settings.***
 - ***Additional foster carer family support workers to enable foster carers to accept more children into placements and support children whose placements would otherwise be likely to breakdown.***
 - ***Extend the work underway to review commissioning arrangements and key contracts.***
 - ***Ongoing funding of additional Independent Reviewing Officers, continuing the positive impact on foster carer retention and placement stability.***
4. Given the recent increases in costs in some of the Capital projects which are essential as part of the invest to save revenue strategy - 2 SEND schools increasing in cost from £3.6 million to £6million for a whole series of reason including poor project scoping leading to missing costs in the estimate, the subsequent change in technical consultant and the on-going review it is recommended that:
- The review includes all on-going projects and includes the total cost of executing the whole project, the value and benefit it will deliver and that this is taken to a R&P SC for review
 - The findings of the review are considered for all similar programmes including Extra Care Housing and that this is considered by the R&P SC
 - Lessons Learned exercises are added to the routine on these programmes, so that lessons from one project can be carried forward to subsequent ones in the same programme to minimise

the risk of delays and increased costs. These should be documented and issued to R&P SC

- Capital Budget Summary should include identification of
 - I. Identification of all projects that are invest to save revenue and include the delivery of this revenue saving.
 - II. The contingency included in the estimate
 - III. Current level of financial risk – RAG rating

Cabinet Response:

An independent review of the funding requirements against technical viability options appraisal is currently underway across the SEND and Alternative Provision capital programme. The aim is to provide assurance that the number of places committed to can still be afforded within the approved capital investment allocation.

Regular reviews and progress updates of large capital schemes are taken to the relevant Select Committee for scrutiny. In addition, as part of the review undertaken of the capital programme, business case assumptions for large schemes such as SEND and Supported Independent Living were reviewed.

Detailed business cases, including financial modelling, risk assessments and contingency levels are considered in detail by the Capital Programme Panel before schemes are moved from the capital pipeline to the capital programme and are kept under review. Details are available to Cabinet Members and Select Committees on request. Summaries of invest to save schemes and capital strategies are included in Section 4 of the Final Budget Report and associated revenue efficiencies are built into the final budget proposals.

The sufficiency of the capital funding for SEND programme is under additional pressure, as the DfE did not make the full requested capital contribution to the expansion of specialist places that the Safety Valve agreement relied upon and instead is requiring the Council to secure the capital through the Free School programme, successful bids for this programme funding is not guaranteed.

5. Given the pressures on key Capital projects which will save revenue including the SEND Capital Budget (review on-going will report after budget meeting), Extra Care Housing and Highways maintenance, there should be announcements made that
 - Consider prioritisation of funding announced in 12th of December Council meeting of an additional £50k to 21 key Neighbourhoods and any area which has sub domain in National Decile 1 (projects in these areas to be focused on the relevant sub domain), for example if a Councillor does not wish to spend their full small YFS allocation this could be allocated to the 21 key neighbourhoods

- Change the criteria for Large YFS projects such that there is a minimum score that must be achieved for any new project to be considered for funding that is the average of the schemes funded so far.
- Introduce minimum match funding for all future Large YFS Schemes in non priority areas.
- the YFS scheme is closing to new applications at the end of this financial year.
- the total value will be capped at £40million as per the draft budget
- there will be an advisory limit on the maximum value of any large YFS bid with a cap on the total spending for projects in excess of £1 million. This should ensure we get a good mix of large and small projects to maximise the number of communities supported

Cabinet Response:

Your Fund Surrey (YFS) has made a significant difference to community-led projects across the county since its inception in 2020. Residents and communities have benefitted from a wide range of community projects over the past three years, including community hubs, playgrounds, inclusive sports facilities, men's sheds, community gardens and living walls, solar panels, and enhancements to community halls. These projects support the Council's Community Vision for Surrey and the benefits are already being realised. The projects are leading to reduced social isolation, a greater sense of connectivity, belonging and inclusivity. They ensure that community venues and spaces are accessible to everyone, linking with our prevention agenda and supporting the Council's net zero ambitions.

The Council's continued commitment to YFS is demonstrated in the £40m budget allowed for in the Capital Programme from 2023 – 2026. Officers will continue to regularly review the number of projects in the pipeline and commitments against budget, to ensure the proper management of the fund, value for money and the appropriate engagement and communication with residents, communities, and potential applicants.

As announced at the Council meeting on 12 December 2023, in order to build on the success of the YFS Small Fund and to ensure that as many communities are supported as possible, an additional £50k will be allocated to all Members to support projects in their divisions. YFS has always been a universal fund, that supports a wide range of community-led projects throughout the whole of the County, with criteria in place that prioritise grant awards to those demonstrating the greatest need and/or benefit.

Additional support with the application process is offered to applicants from key neighbourhoods.

6. EIA process needs to be reviewed and potentially phased so that:
- In the early stages of efficiency consideration, groups which will be impacted negatively are identified and the financial cost of the negative impact needs to be quantified with the value of the efficiency
 - Where services that are being withdrawn have clear early intervention / prevention / support benefits which prevent increase in statutory need this is identified early and the potential value of those services to increase statutory needs and costs is identified. The BTG notes that this was the case in the EIA for short breaks last year.
 - When the efficiency is implemented the relative costs savings and also the impacts are monitored
 - All EIAs should have a summary and recommendations regarding, efficiencies, impacts and mitigations

Cabinet Response:

We continuously review the EIA process to ensure that the Cabinet is equipped to enable 'due regard' on equality impacts based on the best possible information available at the time. At the time of setting the budget, some efficiency proposals will be more advanced than others as the financial context continues to evolve, so some final decisions will need to be taken by Cabinet, the relevant Cabinet Member, or senior officers before they are implemented.

Officers leading on the implementation of efficiency projects are required to have robust plans for monitoring and review of EIAs. This enables learning and, where needed, delivery to adapt where new negative impacts emerge.

As a standard feature of Member engagement on the budget, equality analysis will continue to be provided at the earliest opportunity and improved in future years, including feasibility of quantifying any financial implications arising from both positive and negative equality impacts.

7. The Council must continue to lobby central government for more funding for Children's, Adults, Public Health and changing the Highways roads funding formula to ensure that money can not only fully fund statutory requirements but also be put into early intervention / support & prevention to reduce further escalation in Statutory service costs

Cabinet Response:

The Council, and Cabinet Members specifically, regularly engage with Government over funding levels and the impact insufficient funding has on service delivery and residents.

A response to the Provisional Local Government Settlement consultation is in draft and will highlight the view that it does not go far enough to address the challenges that local authorities continue to face.

In addition, the Leader, in his role as chair of the County Council Network's Management Committee, has played an instrumental role in recent funding decisions, including increased social care funding for 2023/24 and 2024/25 and the deferral of the adults social care charging reforms.

8. Need to be very clear what the cabinets expectation is from the Budget Task Group before the start of the next financial year including which select committees will review which specific areas. The Budget Task Group believe they should look at for example transformation programmes where revenue and capital are interdependent.

Cabinet Response:

An annual review of budget scrutiny arrangements takes place after the Final Budget has been set. Consideration will be given to the future of the Budget Task Group and ways to enhance scrutiny of the in-year budget position & budget proposals going forward.

Revised governance arrangements for the transformation programme have recently been implemented, with a new Strategic Transformation, Improvement and Assurance Board (STIAB) to oversee and assure our key top level transformation programmes, this is chaired by the Leader. Sitting below this are four thematic boards focussed on Place & Communities, Adults Wellbeing and Health Partnerships, Children's Families and Lifelong Learning and a Cross Cutting Board that oversees organisational wide programmes of change, these boards are chaired by relevant Executive Directors. Specific programmes and projects are often discussed at the relevant Select Committee to update on progress and ensure scrutiny.

9. Need to review revenue and capital together where they are interdependent e.g. Foster Carers and Children's homes / placements

Cabinet Response:

The development of the revenue budget is carried out alongside and integrated with the setting of the capital programme. Business cases are developed for capital investment and include the full lifecycle costs of new investment to ensure the long-term financial impact is understood and included in budget proposals. The full borrowing costs of the proposed Capital Programme are reflected in the revenue budget and the trajectory for borrowing costs has been assessed over the long-term and efficiencies driven through capital investment are included in the revenue budget proposals and monitoring through monthly efficiency monitoring. Individual capital programme and projects are often discussed at the relevant Select Committee to update on progress, ensure scrutiny and briefings contain both capital and revenue implications and monitoring.

10. The Council must continue to lobby central government for more funding / support from the NHS are causing significant issues / financial pressures on the SCC budget, need to lobby Government to address this issue:

- EHCP / SEND
- Health Assessments of Looked After Children
- Mindworks
- Support to the VCF sector

Cabinet Response:

The Council, and Cabinet Members specifically, regularly engage with Government over funding levels and the impact insufficient funding has on service delivery and residents.

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