

MINUTES of the meeting of the **RESOURCES AND PERFORMANCE SELECT COMMITTEE** held at 10.00am on 8 December 2023 at Council Chamber, Woodhatch Place, Reigate, Surrey, RH2 8EF.

These minutes are subject to confirmation by the Committee at its meeting on Tuesday, 12 March 2024.

Elected Members:

Nick Darby
r Will Forster
*Tim Hall
*David Harmer
r Edward Hawkins
*Robert Hughes (Chairman)
*Robert King
*Steven McCormick (Vice-Chairman)
*John O'Reilly
Becky Rush
Lance Spencer
*Lesley Steeds (Vice-Chairman)
*Hazel Watson

*present at the meeting

r= Remote Attendance

38/23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Becky Rush, Nick Darby and Lance Spencer.

39/23 MINUTES OF THE PREVIOUS MEETING 18 OCTOBER 2023 [Item 2]

The minutes of the Resources and Performance Select Committee held on 18 October 2023 were formally agreed as a true and accurate record of the meeting.

40/23 DECLARATIONS OF INTEREST [Item 3]

No declarations received.

41/23 QUESTIONS AND PETITIONS [Item 4]

No questions or petitions received.

42/23 SCRUTINY OF 2024/25 DRAFT BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY TO 2028/29 [Item 5]

Witnesses:

David Lewis, Cabinet Member for Finance and Resources
Natalie Bramhall, Cabinet Member for Property, Waste, and Infrastructure
Denise Turner-Stewart, Deputy Cabinet Leader and Cabinet Member for Customer and Communities Decisions
Leigh Whitehouse, Deputy Chief Executive and Executive Director of Resources
Nicola Kilvington, Director – Corporate Strategy and Policy
Rachel Wigley, Director of Finance – Insights and Performance
Louise Lawson, Strategic Finance Business Partner (Resources, C&C and CPAE)
Nikki O'Connor, Strategic Finance Business Partner (Corporate)
Simon Crowther, Director – Land and Property
Emma McGowan, Director – Design and Transformation
Susan Grizzelle, Head of Customer Services

Key points raised during the discussion:

1. The Cabinet Member for Finance and Resources provided a brief introduction to the 2024/25 Draft Budget and the 2028/29 Medium-Term Financial Strategy (MTFS), highlighting that the Council continues to work in a challenging financial climate specifically in relation to the high inflation environment and continued demand and price pressures on key services.
2. A Member asked how long the Customer Services Manager position had been vacant for, how their tasks were being carried out in this time, and if it was sustainable to keep it vacant. The Cabinet Member for Customer and Communities Decisions explained that the post had been vacant for three years and had been covered by someone who had now moved into the Assistant Director for Registration, Coroners and Customer Strategy. The Cabinet Member highlighted that feedback from the Ombudsman and the task group had identified the need for autonomy in the post, and the expansion of customer service functions meant there was now a need to fill this post. The Head

of Customer Services clarified they hope to fill the position by February or March 2024.

3. A Member questioned what uplifts to fees and charges were proposed across Customer and Communities services and how this reflected feedback in the public consultation. The Strategic Finance Business Partner (Resources, C&C, and CPAE) advised that the assumption was that the average increase would be 4%. The widespread assumption is taxpayers should not subsidise the use of discretionary services. The Cabinet Member for Customer and Communities Decisions added that registration services were looking to generate £4 million in income this year for the first time, which highlighted that the popularity and standard of service delivered was increasing. The Cabinet Member also underlined a gap between the market rate and the actual charges registration makes, which are benchmarked and reviewed annually to make sure they are affordable, but it should also be recognised that when the rates being charged are less than the market rates there is an opportunity to increase rates and therefore income.

Tim Hall arrived at 10.23 am.

4. The Chairman questioned if any of the accessibility would be compromised because of the uplifts to fees and charges, such as with digitally excluded people. The Cabinet Member for Customer and Communities Decisions assured the Chairman that uplifts tended to apply to discretionary services, and fees for statutory services would be maintained at an affordable level. The Head of Customer Services highlighted that accessibility is fundamental to all their services, which is why they had protected telephone services for those who cannot access online.
5. Regarding assumptions made on inflation in the short and medium term, a member questioned what criteria were considered. The Strategic Finance Business Partner (corporate) explained that the corporate assumption for inflation in the Draft Budget was 5% for 2024/25, the default rate was only used in the absence of any other market intelligence or rates specifically built into contract terms and conditions. Inflation was currently running at around 4.6% as of October, and they would re-look at inflation levels for the Final Budget. More specifically, the Strategic Finance Business Partner (Resources, C&C and CPAE) explained that for Resources and Customer and Communities, the current assumption for inflation was an

average of a 4% increase on non-staffing, while building energy had a higher inflation of 8%. The Draft Budget includes a corporate contingency budget of £20 million, to ensure financial resilience. Although historically this has not been required used, it had been utilised over the last two financial years, predominately due to inflation being greater than assumed in the budget. Interest rates have a significant impact on the capital programme in relation to borrowing costs. Higher borrowing costs due to successive interest rate rises were offset by two things: slippage in the capital budget and increased interest on short-term cash balances held within money market funds. Interest rates are anticipated to drop over the medium-term but not to fall as low as quickly as they have risen or to rates as low as what has been experienced in recent years.

6. A Member questioned how the £0.3 million RAG rated green out of £4.7 million identified efficiencies for 2024/25, compared with the Resources budget in previous years. The Strategic Finance Business Partner (Resources, C&C and CPAE) explained that this time last year 18% were rated green and for month 7, 65% of this year's efficiencies were now rated green. The Strategic Director outlined that this was comparable to this time last year, and for the final budget, as plans become firmer and confidence about efficiencies increases, they expected the ratings to improve. It was forecast that £500,000 of efficiencies would not be achievable this year, mostly in relation to MySurrey. The Member questioned if MySurrey efficiencies were deliverable in the coming year and expressed concern as a school governor that it could take longer than expected. The Strategic Business Partner confirmed that they are considered deliverable. The Executive Director for Resources reassured the Member that the issue in relation to schools related to the delivery of the operational payroll service, of which an element has been the transition to the new system, but it was not related to the way the system is currently operating. Stabilising the system and ensuring everyone was using it in the right way was essential to start seeing the benefits.
7. A Member asked when to expect to see a £100,000 saving due to improved processes following MySurrey. The Strategic Finance Business Partner (Resources, C&C and CPAE) explained that the £100,000 efficiency relates to People and Change's targets for this year and that they are not delivering in relation to MySurrey, but the target remains for next year and as the system is embedded, they are working towards putting plans in place to deliver the efficiency. The Member questioned if the

£100,000 efficiency is achievable in the next financial year. The Strategic Business Partner indicated that it is the current assumption it would be achieved next year and explained that there are services moving into People and Change, expanding the remit and therefore there should be some efficiencies coming out of it.

8. In relation to the proposed efficiency of 'making the most of our contracts', a Member asked what the planned review of contracts across the council is anticipated to show, what contracts were up for renewal, and what impact is it expected to have on the budget. The Strategic Finance Business Partner (Resources C&C and CPAE) explained there had been a pilot in the Environment, Transport, and Infrastructure Directorate (ETI) looking at contracts with a plan to roll the process out across all directorates and highlighted that there is a list of contracts that would potentially deliver the efficiency. The Member asked for clarification on what contracts would be reviewed. The Executive Director of Resources explained that the efficiency relates specifically to the work of procurement services, which is currently focussed on supporting managers through the process of tendering contracts, looking at how they might expand this support to cover in-flight contract management. The efficiency would also look at how the remit of the procurement service is resourced to support wider responsibilities, such as managing the budget. The Member asked if they were monitoring all contracts or prioritising certain ones. The Executive Director explained that the efficiency predominately looks at some of the medium-value contracts. The Cabinet Member for Finance and Resources highlighted that the details of contracts up for renewal are in the annual procurement plan going to Cabinet for approval.

9. A Member questioned what changes had been made to the capital budget compared to the original projections, by reason of inflation or circumstance such as Reinforced Autoclaved Aerated Concrete (RAAC). The Strategic Finance Business Partner (Corporate) explained that the budget setting process involved a thorough review of all capital schemes to ensure the Capital Programme's ongoing affordability and sustainability. Due to increased pressures, a prioritisation exercise was undertaken, prioritising those programmes that drive out revenue efficiencies, schemes linked to statutory or health and safety requirements, and capital programmes that enhance the existing infrastructure and asset base. The full revenue costs of the proposed draft capital programme were included in the revenue budget

proposals and were deemed affordable, while recognising there remains a residual budget gap to close. The Strategic Finance Business Partner (Resources, C&C and CPAE) expanded that for Land and Property, an additional year of maintenance programmes and a reflection of the latest inflationary impact on maintenance was added, but nothing specific for RAAC was included. There had been other movements, where business cases required further work before they could be included in future capital programmes. For IT and Digital, inflation was recognised, and a fifth year of the recurring IT, refreshment and equipment budget was added.

10. The Member questioned where they would find the money to resolve RAAC if identified, such as at Redhill library. The Director of Land and Property explained that Redhill library was in line for a deep refurbishment and therefore they would need to understand whether RAAC would increase refurbishment costs and then determine the way forward. The Director expressed that there is no additional money in place for RAAC or Redhill specifically. The Member asked if a contingency plan would be put in place for buildings affected by RAAC. The Director of Land and Property explained that so far, they had found 2 fire stations, 2 libraries and 1 youth centre affected by RAAC, which conveyed a relatively low incidence which did not merit a contingency plan. They would have a better review of this by Spring 2024, once building life cycle surveys across the operational estate had been completed. The Strategic Finance Business Partner (corporate) added that the capital pipeline, although not a contingency, was designed to be flexible. Although it consisted of itemised projects, these remained subject to the production of robust business cases, which resulting in the ability to re-prioritise pipeline budgets if newly identified capital investment requirements were seen as a priority over existing plans, providing some flexibility in how they manage the pipeline through the medium-term.

11. A Member asked if the capital budget was deliverable in the next financial year, or if they were anticipating that there could be an underspend. The Cabinet Member for Finance and Resources explained that the budget they had put forward is deemed to be both affordable and deliverable and highlighted that the underspend they had seen this year, had been reset in the capital budget in month 5. The Cabinet Member stated that this re-profiled rather than removed spend and emphasised that those projects would still be delivered, but over a slightly different timescale than originally envisaged.

12. A Member asked for clarification on the impact of borrowing costs. The Strategic Finance Business Partner (Corporate) explained that they borrow according to their Treasury Management Strategy, based on cash flow forecasts and levels of cash they hold, rather than for specific capital projects. Slippage in the capital programme does have an impact on cash flow forecasts and therefore the level of borrowing entered into, however slippage in the capital programme in the current financial year has an impact on the borrowing costs in the next financial year.
13. A Member asked if the committee could receive reassurance on work that had been done to prioritise the IT projects. The Executive Director for Resources explained this related to work to prioritise transformation activity across the council, and from the initial sift, 400 projects were identified. The Executive Director explained that a lot of those projects were either duplicated or Business as Usual, and the finalised list brought it down to around 60/70 projects or programmes. They had been through an exercise to see which ones should continue, be amended, or stop and they had also sharpened information about the resource requirements, the benefits expected from them, and the timescales applied to them.
14. The Chairman requested more information in relation to grants to voluntary organisations that help mentor and help make people with disabilities work ready. The Director for Corporate Strategy and Policy highlighted the 'Approval to Procure Individual Placement and Support in Primary Care (IPSPC)' report that went to the July Cabinet and set out that £6 million was received from the Department of Work and Pensions to provide employment support to adults with long term conditions and disabilities to help them access and maintain work in the longer term, of which £2 million would be given to the voluntary and community sector over two years. The Director also outlined that the council had spent around £200,000, drawing from other government funding such as, COVID-19 funding, to enable voluntary organisations to provide employment support, and they are also working with Surrey Coalition of Disabled People to map the employment support available for people with disabilities and long-term health conditions, which would underpin the development of an employment support directory.
15. The Chairman asked what the anticipated cost to the recurring capital maintenance budget of resolving the accessibility issues,

identified by the tours with Surrey coalition of disabled people would be. The Director of Land and Property explained that not all the items identified had been costed, but explained there is a plan to return to the Committee in March, once they had been costed and prioritised, and they would provide any informal updates in the intervening period. The Cabinet Member for Property, Waste and Infrastructure reassured the committee that work is going on around accessibility in the meantime.

16. A Member asked for clarification on the location and purpose of satellite offices and the rationale for the amber RAG rating. The Director for Land and Property expressed that because of uncertainty around everything being completed on time, a RAG rating of amber was a fair reflection of the confidence they have in delivering the programme. The Executive Director for Resources added they aspired to rationalise the large number of offices distributed across the county, with a variability in cost, while ensuring people are based in offices of requisite quality. They had to identify whether the space is cost effective, and if not, what they could do in conjunction with district and boroughs, or if there was something that could be done from the Council's estate. Conclusions to these options had not been fully made yet, resulting in an amber RAG rating. The Member questioned how many of the satellite offices were in the medium-term plan, why they were needed, and if it was still in line with the Agile Office Strategy. The Director for Land and Property stated that the council has eight small satellite offices, which are anticipated to drop to seven, and four larger offices/hubs, and confirmed it is the objective to deliver the aims of the Agile Office Strategy.

17. A Member asked why Land and Property's efficiency for the 'rationalisation of assets', was RAG rated amber and what the impediments were. The Director of Land and Property explained this efficiency was linked to business infrastructure and staffing, and therefore has several components involved to deliver it. The Director explained this would involve driving out costs or improving revenue. They expect opportunities to come out of some assets that would generate revenue savings, but they believe there would be opportunities in the existing estate that they would want to retain to improve the income of some Council leased out properties and improve the net position. Due to the transformation, there would be more efficiencies coming out of the team with several contractors and interims moving on over the next 12 months. These components and the absence of precise answers on how to achieve them meant the efficiency is RAG rated amber. A Member asked what caused the delays in

the legal process for disposal and whether they had enough lawyers. The Director for Land and Property clarified that it is not just about the capacity of the legal team, the due process would take a certain amount of lapse time no matter what resource was in place, and explained the convoluted process, such as capturing data, takes time. The Member asked if the process could be made quicker. The Director explained they are looking at different disposal strategies, but the same due diligence would still be required.

18. A Member asked in what way the rationalisation of assets, both public facing and other, would affect residents. The Director for Land and Property explained that it should only have a positive impact, and there is no intent to rationalise assets and impact on the services that are provided through them. The Director underlined that the benefits to it, is that it would allow users to access more services in fewer locations. The Executive Director for Resources further explained that the rational for the efficiency is about where they have different operational services in the same location, and it is about making sure they can bring these services together in an efficient way.

Actions/requests for further information:

1. Customer & Communities Directorate to provide the Committee with the Equality Impact Assessments for efficiencies when finalised.
2. Executive Director for Resources to share a list of the contracts, described as mid-value, to be reviewed as part of the review of commercial contracts.
3. Executive Director for Resources to provide a briefing on the lessons learned from the 2023 contract management pilot in ETI, including whether it is considered there a business case to invest in more procurement expertise.
4. IT & Digital/Resources to provide the list of IT projects underway and planned, and reassurance of the work done to prioritise them.
5. Land and Property to share the outcomes of the condition surveys for assets with Reinforced

Autoclaved Aerated Concrete once they have been completed in the next five months.

Resolved:

The Resources and Performance Select Committee recommends that:

1. 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.

43/23 PERFORMANCE MONITORING SESSION NOTES 28 SEPTEMBER 2023 [Item 6]

Agreed and noted.

44/23 FORWARD WORK PROGRAMME AND RECOMMENDATION TRACKER [Item 7]

Resolved:

The Select Committee noted the Forward Work Programme and Recommendation Tracker.

45/23 DATE OF THE NEXT MEETING [Item 8]

The next meeting will be held on Tuesday, 12 March 2024.

Meeting ended at: 11.57 am

Chairman

This page is intentionally left blank