

Surrey County Council draft 2022/23 budget consultation

Background summary

December 2021

Large print version



**SURREY
COUNTY COUNCIL**

Delivering priorities, ensuring no-one is left behind

Introduction

Thank you for taking part in this consultation on Surrey County Council's draft budget for the 2022/23 financial year.

Since 2018, the council has been on an ambitious programme of transformation to improve outcomes while making services more efficient, so any council tax increases could be kept within the council tax referendum cap of 1.99% introduced by the Government.

The Covid-19 pandemic meant the council understandably had to focus on supporting the most vulnerable residents and work closely with the NHS to keep people safe and save lives. As we look to move forward again, this focus will shift to reflect national priorities, priorities of this council and residents.

As we look ahead to a post-Covid world, we need to build on the transformative work started three years ago to deliver a strong local economy, tackle health inequalities, enable a greener future and support and encourage thriving communities.

This paper provides a summary of how the council will use its funding to deliver the council's priorities and core services, such as adult social care. This includes our plans for investment over the next five years (otherwise known as our capital programme).

This will help you as you consider your response to this consultation and share your thoughts to inform the final budget, which will be presented to the County Council meeting on 8 February 2022.

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What Surrey County Council does

Surrey County Council is one of three different types of councils in Surrey:

- We are responsible for services across the whole of the county of Surrey, such as education, transport, planning (e.g., minerals, such as silica sand, and waste), fire and public safety, social care, libraries, waste disposal and trading standards;
- There are 11 district and borough councils (e.g., Woking Borough Council) who cover a smaller geographical area than county councils. They are usually responsible for services such as waste collection, recycling, collecting council tax, housing, and planning applications;
- Parish, community, and town councils work over an even smaller geography than district and borough councils. They are usually responsible for services such as allotments, public clocks, bus shelters, some community centres, play areas and play equipment, and consulting on neighbourhood planning.

In this document, we are consulting only on the services provided and commissioned through Surrey County Council.

We are not just a direct provider of services:

- Sometimes we will deliver services alongside other agencies.
- Sometimes we will pay another organisation or business to deliver services.

- Sometimes we will act as a convenor, bringing people together to collectively solve challenges and grasp opportunities.
- And sometimes we will make resources and support available for communities to help themselves.

Our priorities

Our guiding principle as a council is to ensure no-one is left behind – seeking to tackle inequality across the county, whether inequalities in health, wealth, mobility or all of these.

We have four priority objectives that support our approach to how we use our resources and develop investment plans:

- Growing a sustainable economy so everyone can benefit – Supporting people and businesses in Surrey in economic recovery and re-prioritising infrastructure to adapt to changing needs and demands of residents at a time of financial challenge.
- Tackling health inequality – Drive work across the system to reduce widening health inequalities, increasing our focus on addressing mental health and accelerating health and social care integration to reduce demand on services while improving health outcomes for residents.
- Enabling a greener future – Build on behaviour changes and lessons learned during lockdown to further progress work to tackle environmental challenges, improve air quality, and focus on green energy to make sure we achieve our net zero

targets.

- Empowering communities – Reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in decisions that will shape Surrey’s future.

Current budget position

Through our hard work and diligent financial management in recent years, we have built a stronger financial base from which to deliver services.

We have been able to build a financial bedrock for the council to deal with Covid-19, along with a platform for the county's recovery.

However, major challenges remain on the horizon.

- Covid-19 has had an unprecedented impact on society, for both residents financially and their wellbeing, as well as on business and the local economy.
- Climate Change is a real and imminent threat that must be tackled seriously, and we have set out our ambitious plan to invest in and deliver on our commitments.
- Although the Government has announced reforms to Adult Social Care, it will take time for their implications for the council to become clear, meaning the immediate pressure remains squarely on local authorities.
- Demand for specialist care for residents of all ages is increasing, in both volume and severity.

While we will continue to have conversations with Government around what we feel is fair and necessary for Surrey, we must look to the future and prepare properly for these anticipated budget impacts.

The council has a statutory duty to set a balanced budget in advance of each financial year. The Final Budget for 2022/23 will be approved by Cabinet in January 2022 and Full Council in February 2022.

Council Tax

As the money from government has reduced over the last ten years, a greater proportion of the council's funding comes from Council Tax - around three quarters of the council's income, with the rest made up of business rates income and government grants.

With greater pressures on our budget, the Government has announced that in 2022/23 councils could levy an Adult Social Care Precept of 1% in addition to a 1.99% Core Council Tax increase.

There is also the option to use some or all of the balance of the 2.5% Adult Social Care Precept remaining from last financial year. (Government allowed county councils to spread an increase of up to 3% over two years – we used 0.5% in 2021/22).

This gives a total flexibility to increase Council Tax by 5.49%. However, the extent to which this is necessary will depend on the allocation of funding from the Local Government Finance Settlement in December, and confirmation of District and Borough Council Tax Bases (the number of properties in each district or borough) in January.

No decision on the total increase in Council Tax and Adult Social Care Precept will be made until funding issues have been clarified, however, a minimum increase of 1.99% is planned. A further Adult Social Care precept (potentially between 1% and 3.5%) may be necessary depending on confirmed funding. Planned and potential Council Tax increases are set out on pages 9 to 11.

On a Band A property, the planned Council Tax increase of 1.99% would cost £20.52 a year, or 39 pence per week. The total available increase is 5.49% which, on a Band A property, equates

to £56.64 per year or £1.09 per week.

Planned increase to core council tax for 2022 to 2023

- Band A
 - Current charge for 2021 to 2022: £1,032.72
 - 2022 to 2023 charge with planned 1.99% increase: £1,053.24
 - Annual increase: £20.52
 - Weekly increase: £0.39
 - Maximum potential rate, planned 1.99% increase to council tax and Adult Social Care precept of 3.5% added: £1,089.36
 - Total annual increase: £56.64
 - Total weekly increase: £1.09

- Band B
 - Current charge for 2021 to 2022: £1,204.84
 - 2022 to 2023 charge with planned 1.99% increase: £1,228.78
 - Annual increase: £23.94
 - Weekly increase: £0.46
 - Maximum potential rate, planned 1.99% increase to council tax and Adult Social Care precept of 3.5% added: £1,270.92
 - Total annual increase: £66.08
 - Total weekly increase: £1.27

- Band C
 - Current charge for 2021 to 2022: £1,376.96
 - 2022 to 2023 charge with planned 1.99% increase: £1,404.32
 - Annual increase: £27.36
 - Weekly increase: £0.53

- Maximum potential rate, planned 1.99% increase to council tax and Adult Social Care precept of 3.5% added: £1,452.48
 - Total annual increase: £75.52
 - Total weekly increase: £1.45
- Band D
 - Current charge for 2021 to 2022: £1,549.08
 - 2022 to 2023 charge with planned 1.99% increase: £1,579.86
 - Annual increase: £30.78
 - Weekly increase: £0.59
 - Maximum potential rate, planned 1.99% increase to council tax and Adult Social Care precept of 3.5% added: £1,634.04
 - Total annual increase: £84.96
 - Total weekly increase: £1.63
- Band E
 - Current charge for 2021 to 2022: £1,893.32
 - 2022 to 2023 charge with planned 1.99% increase: £1,930.94
 - Annual increase: £37.62
 - Weekly increase: £0.72
 - Maximum potential rate, planned 1.99% increase to council tax and Adult Social Care precept of 3.5% added: £1,997.16
 - Total annual increase: £103.84
 - Total weekly increase: £2.00
- Band F
 - Current charge for 2021 to 2022: £2,237.56
 - 2022 to 2023 charge with planned 1.99% increase: £2,282.02
 - Annual increase: £44.46

- Weekly increase: £0.86
 - Maximum potential rate, planned 1.99% increase to council tax and Adult Social Care precept of 3.5% added: £2,360.28
 - Total annual increase: £122.72
 - Total weekly increase: £2.36
- Band G
 - Current charge for 2021 to 2022: £2,581.80
 - 2022 to 2023 charge with planned 1.99% increase: £2,633.10
 - Annual increase: £51.30
 - Weekly increase: £0.99
 - Maximum potential rate, planned 1.99% increase to council tax and Adult Social Care precept of 3.5% added: £2,723.40
 - Total annual increase: £141.60
 - Total weekly increase: £2.72
- Band H
 - Current charge for 2021 to 2022: £3,098.16
 - 2022 to 2023 charge with planned 1.99% increase: £3,159.72
 - Annual increase: £61.56
 - Weekly increase: £1.18
 - Maximum potential rate, planned 1.99% increase to council tax and Adult Social Care precept of 3.5% added: £3,268.08
 - Total annual increase: £169.92
 - Total weekly increase: £3.27

Capital investment programme

As well as spending nearly £1bn every year on vital services across the whole county, we also have set out an ambitious £1.9bn, five-year programme to invest in the assets and infrastructure of the county.

This one-off investment will deliver long-term savings and better outcomes for residents. It is paid for through a combination of grants, selling assets, and borrowing repaid through the revenue budget.

Almost £1bn of the capital investment programme is already earmarked for specific projects, to be delivered in the next five years, with the rest set aside as 'pipeline' funding for further projects under development. The overall programme includes the following schemes, some of which are held in the 'pipeline' until they are ready to be delivered:

- £200m - Highway Maintenance – improvements to roads and footways across the County
- £135m - Schools Basic Need – increasing school places and building schools across the County
- £126m - Extra Care Housing and Independent Living
- £120m - SEND Strategy – increasing sufficiency of provision for special education needs and disability in schools across Surrey
- £115m – Surrey Infrastructure Plan - County wide large infrastructure schemes
- £115m - Farnham Infrastructure Programme A31 Hickleys Corner
- £100m - Surrey Flood Alleviation - River Thames Programme (element within the 5-year financial strategy period)

- £100m – Your Fund Surrey – a fund to bring community-led place-making or place-improving projects to life at a scale to make a significant impact and deliver a real legacy in communities
- £84m - Recurring Capital Maintenance Schools – County wide schools maintenance programme
- £57m - Recurring Capital Maintenance Corporate (Non-schools) – County wide maintenance of service buildings, community facilities and offices
- £51m - Bridge and Structures Maintenance – improvements and safety maintenance of specialist infrastructure
- £43m - A320 North of Woking and Junction 11 of M25 – Homes England grant funded road and junction improvements
- £42m - Ultra Low Emission Vehicles - Bus Companies – supporting the adoption of low emission buses across Surrey
- £40m - Greener Futures - Net Zero 2030 (part of £325m pipeline for greener futures) – measures to reduce the Council’s carbon emissions
- £34m - Libraries Transformation Phase 1 (includes net zero activities) – investment in libraries across the County
- £31m - Looked After Children Schemes - capital investment across our residential estate to increase capacity in Surrey
- £27m - Surrey Flood Alleviation - Wider Schemes – programme of works across the County for flood protection

What the 2022/23 budget means for our services

Adult Social Care - £395.8m / 39% of total budget

Care & support services for people aged 18+ with Physical and Sensory Disabilities, Learning Disabilities and Autism, Mental Health needs and for frail Older People.

Context:

- funding not keeping pace with demand growth
- reductions in Government funding
- an ageing population
- growing numbers of young people moving into adulthood who need services
- an increasingly fragile care market
- radical changes in national policy

Covid-19 has added another level of complexity, with ASC playing a crucial role saving lives, protecting the NHS.

Cost of care has substantially increased due to increased acuity of care needs and the impact of how people are discharged from hospital into our care to be properly assessed. These increases in cost mean that although the total number of people supported by ASC currently remains lower than the pre-pandemic position, total expenditure on care packages is over 7% higher than last year.

Approach:

Supporting people to lead fulfilling and independent lives and be part of their community.

Our 'strength-based' framework focuses on people as experts in their own lives and recognises their strengths to help them stay connected to their community and independent for longer.

This has already enabled SCC to manage demand for ASC more efficiently and effectively, with better outcomes for individuals.

This continued Transformation work will continue to deliver efficiencies across 2022/23:

- supporting independence through better use of technology and digital
- more community-based care settings through the 'Accommodation with Care and Support' programme
- full review of all 'in-house' (SCC delivered) care provision to ensure appropriate provision to meet demand
- improving care pathways and prevention work

Children, Families & Lifelong Learning - £249.4m / 24% of total budget

Services for Surrey's children and families that tackle inequalities, support independence, and enhance lives. Giving young people the best start in life through education, services for children with Special Educational Needs & Disabilities (SEND), children in care, care leavers and transition to adulthood.

Context:

- Invested in, and delivered, an ambitious improvement plan in response to 2018 'inadequate' rating
- Increased challenges through Covid-19, increasing the pressures on families and children
- fundamental changes to the level of demand and type of support required for children, young people and families
- increased international migration into Surrey
- Staffing recruitment and retention challenges, with reliance on more expensive agency staff

Additional budget pressure comes through SEND provision, which is paid for through the 'High Needs Block' (HNB) - part of the government grant for school provision. However, the grant has

been insufficient to meet SEND demand for a number of years, with an identified shortfall for 2022/23 of £27.2m. The council sets aside money to offset this shortfall.

Approach:

An ongoing approach to meeting budget pressures goes hand in hand with the directorate's improvement plan – being more efficient as well as more effective. This includes:

- A focus on those children requiring support, whilst ensuring the safety of children and complying with statutory responsibilities
- Reducing the cost of provision, or moving children from high-cost provision into other suitable placements where appropriate
- Reviewing the level of provision on offer
- Enabling children who need specialist care to live closer to home, to promote better outcomes but also to reduce costs

Examples of this in practice can be seen with our approach to Looked After Children (children in care) where we are reducing demand by intervening early (and preventing issues developing), providing more in-county and in-house provision at a lower cost than placing elsewhere, increasing the use of foster carers that are cheaper than residential placements and better for the child, and more efficient 'block purchasing' of care.

There is also capital investment in additional SEND places across the county, which helps reduce dependence on more expensive out-of-county placements.

Environment, Transport & Infrastructure - £139.8m / 14% of total budget

Managing the council's domestic waste collected (by district and borough councils) at the kerbside and deposited at community recycling centres, managing the county's highways including repairing and maintaining the county's roads, streetlights, bridges and other assets, passenger transport including contracting bus services and operating the concessionary travel scheme for elderly and the disabled, and management of the countryside including providing visitor services.

Environment, Transport & Infrastructure (ETI) also delivers infrastructure improvements through the almost £1bn Capital Programme which includes structural maintenance of roads and bridges, the River Thames flood alleviation scheme, highways and transport improvement schemes (e.g., Farnham, A320) and Greener Futures, the council's ambitious carbon reduction plan.

Context:

- significant spend within ETI is delivered through contracts with external providers
- inflation is currently high – this impacts contract delivery and staffing
- bus passenger numbers low post-Covid-19, leaving a shortfall in bus contracts and government support is being withdrawn
- impact of severe weather increases costs in countryside management
- extra investment needed to deliver Council priorities including 'Greener Futures' and waste contract re-procurement once the current contract ends

Approach:

In 2022/23, efficiencies have been identified using some one-off government grants, the reduced cost of dealing with dry mixed recycling (thanks to global prices), continued savings from the

transition to LED streetlighting, enforcement (e.g., of bus lanes and utility companies) and seeking to make services self-funding where appropriate.

In the future, ETI's approach will focus on:

- New contracts being more efficient, particularly around Waste and Highways
- Always exploring new technology and materials to deliver better service at less cost
- Working closely with government on its new Waste & Resources Strategy, around managing domestic waste and better re-use of products

Community Protection Group - £39.4m / 4% of total budget

The Community Protection Group (CPG) includes responsibility for Trading Standards, Emergency Management, Health and Safety, Coronial Services, Armed Forces and Community Resilience and the Surrey Fire and Rescue Service (SFRS).

A focus on prevention and protection work ensures that Surrey can effectively prepare for, respond to, and recover from emergencies, tackle rogue traders and deceptive, unsafe, and illegal practices and products.

Context:

- Most of the CPG budget is spent on Surrey Fire & Rescue Service, which is one year into a four-year 'Making Surrey Safer' transformation programme
- a Capital Programme of £22m across 2022-27 includes replacement of Fire vehicles and equipment
- budget pressures come from pay inflation, including anticipated growth from nationally agreed firefighters pay awards

- other pressures include Coroners operating costs, including the establishment of a new mortuary facility

Approach:

Investment in prevention and protection activities alongside a more efficient operating model, as part of the SFRS transformation programme, has and will continue to deliver efficiencies – working to prevent emergencies from happening in the first place, reducing demand, and making more efficient and effective use of staff and equipment.

Efficiencies in future years include reductions to Trading Standards operating costs, investigation of funding and sponsorship for some activities, and potential further structural changes.

Public Service Reform & Public Health - £34m / 3% of total budget

Improves and protects the health and wellbeing of people living and working in Surrey, through advice and support, health data insights, commissioning healthy lifestyle services (e.g., stop smoking, sexual health, mental health, substance misuse). Guided Surrey through the Covid-19 pandemic since early 2020.

Surrey has the third lowest level of Public Health funding from government per head of population in the UK. Since, the service transferred from the NHS to Local Government in 2013/14, the budget has reduced by 15%.

Due to the ongoing importance of protecting Surrey from Covid-19 and continued need to manage the pandemic locally, no additional efficiencies will be sought in 2022/23.

Efficiencies of £0.3m are proposed, to be delivered through minor changes to service delivery models.

Any future required efficiencies may have a long-term detrimental impact on the health of Surrey residents and additional pressure on Surrey's NHS system.

Around £0.8m of the budget is allocated to Public Service Reform – with the aim of better health integration across the Surrey system (through NHS and Local Government).

Customer & Communities - £10.9m / 1% of total budget

Delivers key day-to-day services such as Libraries, Arts, Heritage, Registration Services and Customer Services.

Libraries and Customer Services played a vital role in supporting residents through the Covid-19 pandemic and continue to be key in shaping and delivering the council's priority ambition of empowering communities.

The Directorate relies on significant income generation, primarily across Cultural Services (Libraries, Surrey Arts & Registrations). These income streams have been severely affected by Covid-19 restrictions.

From 2022/23 the budget planning assumption is that income levels return to pre-Covid rates, although work is required to ensure these targets are met.

£0.8m of efficiencies have been identified through this increased income, as well as staffing and operational changes in the libraries and cultural services transformation programme, new ways of working in the community partnerships team, and contract

reviews.

Transformation will deliver longer term efficiencies, while improving outcomes for residents through:

- Customer Experience - Making people's experience of dealing with the Council quicker, easier, and better by shaping a new relationship with our customers, managing their enquiries in a more efficient, proactive, and connected way, and increasing our use of digital self-serve technologies.
- Libraries and Culture Transformation - delivering a modern and efficient set of services across Libraries, Arts and Heritage reducing net cost and increasing impact for communities in Surrey; and
- Enabling empowered communities - Providing the foundations, delivery arm and a learning approach to reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey's future.

Prosperity, Partnerships & Growth - £1.5m / 0.2% of total budget

Building local, regional, and national relationships to help build stronger and sustainable economic growth for Surrey – increasing opportunity for residents and business in the county.

'Surrey's Economic Future: Our 2030 Strategy Statement' and the delivery programme alongside it identifies the four main areas of work:

- Delivery of Surrey's Inward Investment Programme and promotion of the *Surrey Story*

- Convening and place leadership to reimagine Surrey's High Streets for the future
- Skills for growth: maximising opportunities through skills development for the future
- Delivery of key Infrastructure across Surrey, including gigabit capability, highways and transport, and business networks and partnerships.

The directorate's budget of £1.5m is largely spent on staffing and supporting the council's Economic Growth Team, which will need some additional resource in 2022/23 to develop a Growth Plan to drive business engagement, the economic place agenda, attract new business and skills, strengthen partnerships, and understand infrastructure needs.

Communications, Engagement & Public Affairs - £1.7m / 0.2% of total budget

Responsible for developing and delivering a Communications Strategy for Surrey County Council, that keeps residents informed, helps drive behaviour change, engages with staff, communities, and stakeholders, warns, and informs in times of crisis, and helps deliver the council's organisational priorities. It does this through a wide variety of channels and techniques.

The directorate played a critical role during the Covid-19 pandemic, keeping residents well informed and connected to support.

A small budget pressure for 2022/23 comes from the need to increase communications support to the Community Protection Group specifically, including Surrey Fire & Rescue Service, to ensure community safety and resilience is delivered effectively.

People & Change - £6.6m / 0.6% of total budget

Human Resources and Organisational Development – supporting staff to be the best they can be and delivering cultural change within the council.

The ‘Our People 2021’ strategy sets out main themes of work:

- Pay and Reward
- Organisational Redesign and Strategic Workforce Planning
- Leadership and Line Management Capability
- Talent and Succession
- Employee Engagement, Wellbeing, and Inclusion
- Performance, Achievement, and Innovation
- People Management Policies
- Individual and Organisational Resilience and Wellbeing

The directorate has identified efficiencies for 2022/23 in the following activities:

- A new system for managing Finance, HR and Procurement which drives improved data and more efficient processes
- Activities to drive increased trading of HR&OD services with schools, generating increased income

Resources - £69.0m / 7% of total budget

Corporate support across all council services including IT&D, Land & Property (council buildings), legal and finance, administration, traded services such as Twelve15 school meals, and the Transformation Support Unit, working to help services deliver better outcomes for residents. For example, our legal services teams work with the courts on children’s care proceedings, to ensure we secure the right outcomes for some of Surrey’s most vulnerable children.

The main areas identified for delivering efficiencies in 2022/23 are:

- New digital systems for better automation of back-office processes
- Managing our properties in the new agile working system, with fewer buildings that are cheaper to manager and reviewing supply chains and income generation from our estate

Financial pressures largely come from lost revenue from things like school meals provision and the Data Centre, as well as increased cost for things like Microsoft licences.

Longer term pressures can be offset through delivery of the Transformation projects and commercial opportunities in Pensions Administration, Twelve15, Land & Property and Business Operations.

Central Income & Expenditure - £78.2m / 7% of total budget

Central Income and Expenditure includes costs that are not directly related to day-to-day service delivery, for example:

- Contingency to ensure the council can continue to deliver services effectively whilst managing unforeseen challenges to its budget.
- Costs of repaying debt, including the interest costs of loans to fund investment in our assets
- Income from our property investments and subsidiary companies, which supports the delivery of services
- Funds to invest in the longer-term transformation and improvement of services to help meet council priorities. This includes money support interest payments to enable delivery of our ambitious investment plans, such as improved highways, other major infrastructure projects and schools maintenance.

