



Surrey County Council finances under the spotlight

14 October 2024



A recent Local Government Information Unit report presents a worrying picture of local government finances across the UK, with a particular focus on the impact of budget cuts on services for children, young people, disabled people, and broader council operations. This report gives context to Conservative Party run **Surrey County Council**’s current financial struggles.

The Local Government information Unit (LGIU) is a local government membership body, thinktank and registered charity.

Key Findings from the LGIU Report:

- Service Cuts Affecting Vulnerable Groups:** The report highlights that local councils are cutting essential services to balance budgets. Vulnerable groups, including children, young people, and disabled individuals, are bearing the brunt of these cuts, leading to long-term negative consequences. This is especially evident in cuts to children’s social services, school transport, and support for disabled people.
- Savings Targets and Financial Shortfalls:** Local councils have collectively approved over £3 billion in savings for the current financial year but still face a predicted funding shortfall of more than £5.7 billion by 2026-27. **Surrey County Council** stands out as having the fifth highest savings target for 2024-2025, but also has the second highest predicted financial shortfall for 2026-2027, highlighting significant concerns about its sustainability.
- Surrey-Specific Context:** **Surrey County Council** is under immense pressure to meet high savings targets while facing a projected budget shortfall that indicates financial vulnerability in the longer term. Given the nationwide picture, Surrey’s situation is part of a broader struggle that local governments face, attempting to maintain statutory services while cutting others. Surrey has a history of difficulties with funding, particularly in delivering adult social care and children’s services, which have increasingly become the focus of cost-saving efforts.
- Impact on Services:** Specific areas of concern include reductions in spend on children’s social care, safeguarding, youth services, support for care leavers, and independent living for disabled individuals. The report notes that many councils, likely including Surrey, are adopting measures such as reducing staff in children’s social care and pushing for more “independence” among care leavers, which may ultimately reduce the quality of care available.
- Reserves and Exceptional Financial Support:** Councils, including Surrey, have been drawing on reserves to balance their budgets, but these reserves are not limitless. Nationally, 19 councils were granted Exceptional Financial Support (EFS), highlighting that more councils are approaching financial failure, a risk acknowledged by Surrey as it plans for the coming years.
- Broader Implications for Children’s Wellbeing:** The Children’s Commissioner and experts like Lynn Perry from Barnardo’s have warned that cuts to preventative services for children could lead to a “lifetime cost” for the current generation. With Surrey’s budget pressures, similar outcomes could be expected locally, particularly as youth services and early intervention programmes may face further cuts.
- Miscellaneous Cuts:** The report details examples of “almost comical sounding” cuts being made to balance budgets—such as changes to coffee suppliers, reduced support for coastal lifeguards, and reduced asbestos collections from households. These reflect the desperate measures councils are taking to preserve statutory services amidst financial constraints.

Councillor Responses:

Cllr **Bernie Muir**, Conservative Party, Surrey County Councillor – Epsom West Division and Epsom & Ewell Borough Councillor – Horton Ward, responded to the LGIU report:

“Our transformation over the last few years has given us a solid base and is helping us weather the storms encircling local government and indeed the global economy.

“That means that while the county council has a solid and robust budget thanks to many years of hard work and bold thinking, we face pressures like everywhere else.

“66% of our budget is spent on supporting young people, families and adults. This includes spend of £1.2m per day on Adult Social Care, £0.5m per day on Children’s Social Care, and about £6m per month on Home to School Transport Assistance.

“Whilst the council’s finances are stable, demand on our services continues to increase at a faster rate than our funding, and so our funding position is anticipated to remain challenging for the foreseeable future. We are working innovatively and reviewing the way we deliver some programmes of work to ensure we are fit for the future, continue to deliver the best outcomes for our residents and that no one in Surrey is left behind.”

On behalf of four opposition Residents Association County Councillors, Cllr **Eber Kington** said:

“Epsom and Ewell Residents’ Association County Councillors recognise that Surrey County Council continues to be penalised by Governments in terms of central Government grant funding despite the huge contribution that the Surrey economy makes to the national economy. There is also the assumption by Westminster that all Surrey residents are wealthy, which ignores both the pockets of deprivation in Surrey, but also the fact that Special Educational Needs and Disabilities (SEND) and Adult Social Care costs are not just related to poverty but are common across all communities.

“That said, SCC has not spent or borrowed money wisely and ignored our calls to adopt a different financial approach, including the funding of more early intervention and preventive measures to reduce future costs. In fact, SCC’s inflated capital spending on infrastructure, not all of it high priority, has resulted in cuts to the planned SEND school building provision which is clearly a wrong option choice when you consider that SEND provision is one of the services that has the most pressing need.

“SCC also continues its spending on highly paid staff with 61 Directors now in the salary bracket of over £100k, including 11 of the highest paid Directors heading the Communications and Engagement Directorate. It has also been revealed that SCC has funded over 6,000 mobile phones for staff. A recent £17 million project to replace SCC’s financial IT system was late and ran over budget, with the final cost acknowledged as £27m (although money is still being spent), an overspend of

£10m and the equivalent of 1% on the overall SCC council tax bill.

“Currently, SCC is using a Government Bus Service Improvement Plan grant to fund a new Digital Demand Responsive Transport (DDRT) scheme that allows residents to book a convenient bus journey when they need it, focusing on rural areas without scheduled buses. However, the take-up is currently quite low and some journeys cost SCC anything from £12 to £104 per person. That is not sustainable when the Government grant runs out and SCC finds itself having to fund the DDRT system.

“Removing some of these high-cost items may not improve the budget gap very much given the overall SCC annual budget, but a clear change of policy to the funding of early intervention and prevention schemes, a capital programme that focuses on the essential services, better project management of high costing schemes and IT projects, and a leaner management structure will make a difference and are policies that Residents’ Association and Independent County Councillors will continue to advocate in the coming months.”

Conclusions:

The financial pressures on Surrey County Council are reflective of a broader, systemic problem affecting local authorities across the UK. Surrey’s high savings targets and predicted budget shortfall for 2026-2027 illustrate a challenging future where further cuts to crucial services seem inevitable. This raises concerns for local residents, especially the most vulnerable, and suggests the need for urgent government intervention to ensure sustainable funding for local services.

A call from the Local Government Association (LGA) for financial stability and multi-year funding settlements is particularly relevant for Surrey, as it struggles to maintain a balance between mandated services and community needs.