



LEADER REPORT TO COUNCIL

SURREY COUNTY COUNCIL PROGRESS REPORT JANUARY – JUNE 2011

KEY ISSUE/DECISION:

To consider the attached report and the matters to which the Chief Executive draws attention.

BACKGROUND:

1. This is the fourth of the Chief Executive's six-monthly reports to Members. It provides an overview of the Council's progress over the past six months. It supplements the Council's 2010/11 Annual Report published on 10 May and the suite of strategies and plans approved by Members for 2011-15. These documents can be found on the Council's website (www.surreycc.gov.uk/ourperformance).
2. In summary, the report shows the Council has had another six months of strong progress with some outstanding examples of excellent work. Members and officers have addressed those areas that were most in need of attention and established strong foundations for continued improvement.
3. The next phase of the Council's development will be even more challenging, as we continue to drive all the efficiencies we can, while also seeking not just to do the same things better but to develop the new approaches that are required in key elements of our responsibilities. We will capture the scale of this in the next refresh of the Council's Corporate Strategy in the autumn. It will continue to reflect the political direction of the Council to deliver value for money, become world class, and be recognised for its innovation.

RECOMMENDATIONS:

That Council notes the report of the Chief Executive, thanks the staff of the Council for the progress made during the last six months, and confirms its support for the direction of travel.

Dr Andrew Povey, Leader of the Council, 020 8541 8003

Sources/background papers:

Q4 2010/11 business report to Cabinet, 26 April 2011
Chief Executive report to Council, 15 December 2010

CHIEF EXECUTIVE'S PROGRESS REPORT JANUARY – JUNE 2011

Introduction

1. This is the fourth of my six-monthly reports to Members. Following very positive feedback on my last report I am again using it to provide an overview of the Council's progress over the past six months and to look forward to the challenges ahead.
2. The report is structured around our corporate objectives as set out in the Making a Difference Corporate Strategy 2011-15, which the Council approved at its last meeting on 10 May. It sets out our aim to **"become a world class Council by providing excellent value for money and low costs for our residents and businesses, delivered by highly skilled employees and offering exceptional levels of performance"**.
3. The Corporate Strategy identifies four key objectives that guide the whole Council (see below). We report progress on delivery against them quarterly to the Cabinet. I will amplify on that in this report.

Residents To provide excellent value for money	Costs To have costs as low as the most efficient of other Councils
Staff To have highly skilled people who are proud to work for Surrey County Council	Performance To outperform other Councils

Overview

4. The past six months has been another period of tough challenges for our staff as we continue our change programme. Our own changes take place within a context of significant changes across public services in the country. This can create uncertainty and anxiety for staff and it reflects huge credit upon them that they have continued to improve services in the way that they have. We have high quality and dedicated staff across all our teams and Services and I am very grateful for the professional way they have tackled the many challenges we face.
5. I also appreciate the support we have had from Members during this period. We have key examples of where Member involvement has contributed significantly to the quality of what we provide for residents. It is worth remarking upon the much more positive working relationship between Members and officers compared to our starting point two years ago. It is crucial that we continue to build upon that and ensure that all our efforts are focused on making a difference for residents and that we continue to reduce the amount of non productive time we spend serving our own needs as an organisation.

6. We have reached the end of phase one in our development towards being genuinely world class. When we started Surrey's reputation had reached a very low point. We had highly critical reports about key Services and serious examples of corporate failure. A highly readable analysis of these problems came to Cabinet on my second day in post and was the starting point for my subsequent reports to Council. Since then we have successfully dealt with each of those issues. We have mended the things that were broken and laid the foundations to achieve the outstanding levels of performance we are aiming for. We are beginning to get a sense of how that will look and feel as we develop examples of innovative service delivery that are leading the way in local government. The scale of improvement is immense and it is right across our family of services.
7. Members and staff should be proud of what they have achieved. In staff feedback one of the most frequent complaints is that we do not put sufficient energy into recognising and appreciating achievements. I hope that Members will take a moment now to reflect on our achievements and thank staff for them. However, the scale of what we have done to date is far smaller than what we now need to do. Given the scale of the challenges ahead we must move much more quickly to new and more effective ways of fulfilling our responsibilities as a Council. We can now match best in class for efficiency but that will not be enough. Our current ways of doing things will be overwhelmed by the growing scale of our responsibilities. We have to develop a new relationship with the residents and businesses we are here to serve as the basis of new ways of working that will be sustainable within the most difficult environment local government has faced for at least the last 50 years.
8. The Coalition Government has pushed ahead with ideas for fundamental changes in a wide range of policy areas that are key for local government. These create significant opportunities for us while also generating some difficult uncertainties to navigate as we try to plan for the future. The architecture of quangos, inspectorates and other organisations that dominated our landscape for more than a decade has gone and we are not yet sure what, if anything, will replace it. The most discussed changes are the proposals for health and social care. We are not yet clear what will happen as a result of the "strategic pause". However, we do know that making integrated arrangements work effectively in Surrey is essential. The education proposals are similarly far reaching in their potential impact and require us to develop a different relationship with parents, children and schools. Underpinning all of these policy changes is an increasing emphasis on localism and differentiated choice to reflect local circumstances.
9. We are still waiting for a White Paper on public service reform with an expectation that we will reduce our direct provision and work to enable social enterprises and mutuals to have a larger role in service provision. Following the very tough financial settlement for local government we await the outcome of the review of how we are financed that is scheduled to be implemented from 2013 onwards. There may be increasing challenges for us in responding to the carbon reduction agenda.

10. We have a responsibility to assess the economic wellbeing of our county and to take steps to secure its long-term prosperity. The competitive position of Surrey has been slipping in international terms for some time and there is an emerging skills gap despite the quality of education provision in the county. Understanding the key factors that can drive competitiveness and how we can secure investment in them is a major task over the next few years.
11. Members will be aware already of the significant demographic challenges that will face Surrey over the next two decades particularly in relation to older adults and the increasing incidence of dementia. At the same time there are social trends especially in relation to alcohol and domestic abuse that are putting increasing strain on services.
12. Technological changes especially the innovations related to social media are transforming residents' expectations of services and their relationships with institutions such as Councils. We will be required to respond to these expectations in imaginative and effective ways.
13. We will have to continue to evolve as an organisation in order to meet the needs and expectations that Surrey's residents and businesses will rightly have of us. The next phase of our transformation will require us to sustain and enhance the energy, commitment and creativity that have underpinned our performance turnaround so far.
14. This will not be easy. It will require us to live up to the values and behaviours that we have put at the heart of the culture change that is fundamental to everything we are striving to achieve. The support of Members will be even more vital in this next phase. Members have challenging roles and we need to do more to ensure all have access to the knowledge, skills and technology that will enable them to fulfil these roles effectively. This will parallel the emphasis we are putting on developing the capability and skills of our staff.
15. It is difficult to summarise the scale of transformation that is required. However, we can say that it will involve us being effective innovators across the whole range of our responsibilities. To do that we have to grow our ability to innovate. We will do that by focussing on four key shifts in the way we do things:
 - we will support a systematic focus on developing new approaches to achieve the outcomes that are at the heart of our responsibilities;
 - we will rebalance our human resources work so that there is a greater emphasis on growing the future capability and capacity that we will need;
 - we will move from our current multiplicity of projects and tasks into a coherent programme of co-design and co-production with our residents and service users; and
 - we will accept our responsibility to lead change across the whole sector rather than simply within our own organisation.

16. To continue our progress requires a stronger strategic focus and in particular more investment in thought leadership on the most significant issues. During my first 18 months the emphasis for senior managers in the organisation was necessarily on fixing operational problems. We are now in a position to focus on our strategic role. We are reducing the time we spend on routine operational work and increasing the time we spend on those areas where we face our most significant strategic challenges.
17. To support this shift in emphasis we have asked senior colleagues to work in cross Directorate officer Boards that focus on the six strategic areas:
 - Health and Social Care;
 - Localism;
 - Partnerships;
 - Economic Competitiveness;
 - Education;
 - Developing an Effective National and Regional Role.
18. In each case we are aiming to ensure that we have a coherent focus from teams across the Council on developing effective strategies that will deliver Members' priorities in the medium to longer term. They are particularly important for those challenges where we did not make sufficient progress during my first 18 months. At the same time we have enhanced the effectiveness of our work on operational issues with the establishment of the Quality Board and further improvements to the Public Value Review (PVR) process.
19. The partnership work reflects the growing opportunities not just within Surrey, but with partners elsewhere in the South East (SE). The SE7 has continued to develop very promisingly and represents the biggest opportunity for significant cost reduction on key service areas.
20. As we continue to make changes and develop innovative solutions in services we will be required to rethink our approach to risk and to manage some key tensions, for example, between immediate lowest cost and local solutions that offer better long-term value. If we continue to improve our skills and knowledge and change our culture as we have done for the past two years then Surrey will be in a very strong position to make the most of the opportunities that lie ahead.
21. The report will now look at each of the four Corporate Strategy objectives in turn, in each case drawing on the Quarter 4 business report that was approved by Cabinet on 26 April 2011¹ and assessing our progress:
 - Residents – pages 6-19
 - Costs - pages 20-24
 - Performance - pages 24-26
 - Staff – pages 27-31

¹ The Quarter 1 2011/12 report will go to the Cabinet on 26 July 2011.

CORPORATE OBJECTIVE: RESIDENTS

Objective: To provide excellent value for money

Measured by – the majority of residents consider us to be good value for money

Q4 result – 43% against a 2010/11 target of 43%²
(2009/10 baseline of 34%)

22. This section sets out the continued progress we have made on some issues of key concern to our residents: the economy; dealing with severe winter weather; the county's roads; and services for vulnerable adults and children. It also considers our changing relationship with residents and businesses as we seek to strengthen engagement and involvement, extend local decision-making, and promote and support a Big Society that is already flourishing in many parts of Surrey³. It considers progress we have made by collaborating with partner organisations and the importance of accelerating this work over the coming year.

The economy

23. The Council has remained focussed on supporting the economic recovery in Surrey and strengthening prospects for future growth. In February the Council announced a **council tax freeze** for 2011/12. By planning ahead, managing our costs robustly and finding different and better ways to do things we are supporting the recovery and delivering value for money for residents (see further details in the section on costs p20).
24. Surrey is a powerhouse of the national economy but we cannot take the county's relative prosperity and **competitiveness** for granted. The World Knowledge Competitiveness Index (2008) ranks the South East of England (Surrey being a significant contributor to the region) as 74th out of 145 global regions; down from 40th in 2004.
25. Surrey needs a strong relationship between the private and public sectors to drive future growth. That is why we fully supported the Surrey Economic Partnership and local business leaders' decision to press ahead and establish a **Surrey Local Enterprise Partnership (LEP) "Surrey Connects"** ahead of formal Government approval. We believe our Partnership meets the Government's key expectations and - drawing on evidence from a comprehensive economic assessment of the county - it will continue to drive growth through a focus on four key areas:
- Smart economic growth.
 - Infrastructure projects such as transport and super-fast broadband.
 - Driving entrepreneurship.
 - Global competitiveness.

² Targets for 2010/11 were set as milestones en route to more stretching world class levels of performance in future years

³ This was recently highlighted in a Guardian Society supplement on 18 May, which set out how volunteering and philanthropy have underpinned a Big Society policy in Surrey for many years.

26. There is encouraging progress to build on. For example, the Surrey Strategic Partnership project to bring **super-fast broadband** coverage to the whole of Surrey by 2013 has pinpointed the 10% or so of Surrey homes and businesses that the market will probably not reach in two years time. Having started to secure the necessary funding the project team is now testing the market to find a broadband infrastructure company to plug the gap in provision. The internet is vital to our daily lives and the competitiveness of our businesses and this project follows our **Race Online 2012** pledge to help an additional 10,000 residents get online by the end of 2012.
27. Our economy relies on effective infrastructure and we have continued to plan and invest accordingly. Our nationally recognised **Surrey Infrastructure Capacity Project** has analysed future needs across the county, and this evidence, developed in partnership with districts and boroughs, has also informed an interim **Surrey Local Investment Plan** that focuses on the delivery of affordable housing over the next five years.
28. We need the right local workforce skills and capacity to support future infrastructure developments. The highways workstream of the **South East 7 (SE7)** group of Councils is working collectively, alongside universities, to develop an SE7 workforce to address skills shortages in the engineering sector.
29. A new **Surrey Transport Plan 2011-26** was published in April following consultation with residents and other stakeholders. It aims to promote economic growth and increase sustainable travel. To support the Plan the Council is seeking funding from the Department for Transport's Local Sustainable Transport Fund to develop new transport schemes, including the promotion of electric cars.
30. The Council and the University of Surrey have jointly launched a £4 million scheme to reduce congestion at a key **Guildford roundabout**. The scheme is designed to improve traffic flow at the busy roundabout outside the Surrey Research Park and will benefit businesses using the Research Park, the University, the nearby Royal Surrey County Hospital and the local community.
31. Following successful lobbying by the Council, the Highways Agency began work on the new **Hindhead Tunnel** in 2007. The new Tunnel is planned to be fully open in the summer and in addition to easing traffic problems it will deliver environmental benefits with some of the existing road being turned back into countryside.
32. Preliminary work has begun on the site for the new **Walton Bridge**, scheduled for completion in 2013. Discussions about a new permanent Bridge at Walton date back to the 1980s so it is very pleasing to have finally secured full funding approval from the Government and started work. The Bridge is one of only five crossings of the River Thames available to local traffic within Surrey and is strategically important. The current temporary Bridge carries daily approximately 30,000 to 31,000 vehicles, 200 pedestrians, and between 200 and 400 cyclists. The new Bridge will tackle traffic congestion and also open up the riverside, improve river navigation, help protect the environment, and improve road safety.

33. A number of initiatives have helped create jobs across the county and enhance skills. We worked with the Surrey Economic Partnership to bring in nearly £2.3m of funding through the **Surrey Future Jobs Fund**, providing 350 extra jobs for unemployed young people. We are working with the National Apprenticeship Service and other partners to provide 1,000 new **apprenticeships** in Surrey. The Council is leading the way by committing to become the top employer of apprenticeships in the public sector. We have made a good start, employing 43 apprentices since April 2010, of which five were Looked After Children. These and other schemes have helped reduce the proportion of young people not in education, employment and training to 3.6%, which is low compared to national and neighbour levels.
34. The Council's award-winning **EmployAbility** service is a great example of how we are supporting vulnerable residents into work. It is a supported employment service that enables and supports people with learning disabilities to enter into meaningful part time or full time, paid employment. It supports around 1,000 residents.
35. The county's **schools** continue to equip the majority of children very well for their future lives and careers. For example:
- Surrey maintained schools continue to outperform other schools both nationally and regionally in most key measures of success.
 - Early Years Foundation Stage results in 2010 placed Surrey in first-place compared with ten similar local authorities for the fourth consecutive year.
 - At Key Stage 4 in 2010, the percentage of pupils achieving five or more GCSEs (or equivalents) at grades A* to C increased to 78%.
 - Nearly three-quarters of Surrey schools are judged to be good or outstanding in their Ofsted inspections and they perform well compared with similar schools nationally.
 - We have created additional capacity equivalent to 20-30 extra classrooms to meet rising demand for school places – this helped ensure the percentage of pupils getting a first choice place during the recent round of admissions was relatively high.
36. It is vital that education in Surrey continues to go from strength to strength and we will continue to work with schools on issues such as academies, school places and improving standards for all. The Strategic Director for Children, Schools and Families will drive this agenda forward through our cross Council officer Board to ensure we maximise the opportunities afforded by the recent Education Bill and associated reforms.
37. Significant improvements have been made to **adult learning services**. In January Ofsted judged the service as "good" having rated it "inadequate" in its previous inspection. The report attributed improvements to strong "leadership and management" and tutors who run "dynamic and interactive" classes. Three such tutors are Anne Butcher, Sophie Long and Kate Farrer, members of the Royal School of Needlework (RSN). Unbeknown to them, their skills were commissioned for months on one of Britain's most safely guarded secrets - Kate Middleton's wedding dress. It is thought that the publicity surrounding the dress will lead to

increased demand for lace and embroidery courses in Cranleigh, Farnham, Sunbury, Camberley and Woking.

38. Work to maximise the economic benefits from the **2012 Olympics** is paying off. Our support and advice has already helped over 175 Surrey businesses secure contracts related to the Games, worth around £740m to the Surrey economy.
39. With two prestigious cycling road races now confirmed in the county we are working with partners to help Surrey's businesses make the most of the opportunities and contribute to the preparations. Support has been provided to Visit Surrey, the Federation of Small Businesses and Surrey Chambers to help capitalise on the Games and **boost local business and tourism**. Nigeria, Estonia, Croatia, Antigua, Singapore and cycling teams such as Team GB and Australia have now confirmed they will use Surrey as a training base through the Games, bringing many benefits to the local economy. We expect to announce others shortly.
40. It is important we ensure a **lasting and sustainable 2012 legacy for Surrey**. In addition to the economic benefits, a sporting legacy will be secured through the Procter & Gamble (P&G) Surrey School Games that was launched in March. 20,000 young people have taken part in heats that lead into 35 county finals, where 4,000 young people have competed during an exciting "100 days of sport". This aims to showcase the best of Surrey school sports and nurture the talent of young athletes, featuring a series of Olympic and Paralympic style school competitions.
41. Moving forward, the new **Economic Competitiveness Board**, chaired by the Strategic Director for Environment and Infrastructure, will ensure the Council's contributions to the economy are co-ordinated and focussed for maximum impact. One of its responsibilities is to oversee the work programme of the recently established £1m annual economic development fund and, in so doing, provide visible leadership on the economy.

Winter preparations

42. In my last report I reflected on the lessons learned and improved plans put in place after the snow and ice in early 2010. These plans were duly tested by the **severe winter weather** the county experienced as the year drew to a close. Once again many Council staff went the extra mile to keep services running. Our response was much better than the previous year but it was not perfect and there are still improvements we can make.
43. The improved response reflected the positive impact of changes resulting from **excellent scrutiny work** carried out by the Transportation and Safer and Stronger Select Committees and Member Task Groups. The additional winter maintenance funds agreed by the Cabinet in September 2010 meant we had 5,000 more tonnes of salt than last year to help keep roads useable. The help enlisted from **volunteers** proved crucial. For example, the Red Cross and Environment Agency helped transport care workers and nurses to visit vulnerable residents in areas that were hard to access. We also contracted 35 local farmers to use ploughs to clear snow.

44. To **strengthen resilience** in the future a severe weather and civil emergencies reserve of £5m was created at the end of 2010/11. This puts the Council in a position to act decisively and with real urgency in the event of a serious incident

Highways

45. Improving the county's roads remains a top priority. In February the Council agreed an **additional £34m expenditure on highways** over the next four years. This is helping us tackle the damage and backlog of repairs caused by severe weather over the past two winters. Since January we have been repairing potholes at a rate of approximately one every 10 minutes.
46. The Government heeded our calls for additional funds for winter road maintenance and the Council secured an extra £4m for this purpose. This was a welcome boost but we continue to press for sufficient funding so we can properly address long-term road quality, rather than simply repairing sub-standard surfaces year after year. £400m would be needed to bring the entire county network up to scratch. We took a key step by starting a new **highways contract** in April (see box below).

New highways maintenance contract

In April the Council started a new six-year highways maintenance contract with construction firm May Gurney that will see more potholes repaired faster, and deliver savings.

Under the contract 30,000 potholes will be filled each year within 24 hours of being reported. This is a significant improvement on the old contract, which dealt with 19,000 potholes a year within a seven-day deadline. Potholes will be prioritised for permanent repair within 28 days based on the size, depth and potential hazard. The contract, worth £60m, also represents a £4.1m annual saving on the previous highways deal. Penalty clauses are in place if May Gurney does not meet the standards set out in the contract.

Work to be carried out also includes resurfacing more than 440 stretches of road in the first year of the contract. The contract also covers cycle paths, pavements, drainage and street signs. May Gurney will be simplifying the process for identifying potholes and will use systems that can track the progress of repairs.

47. We continue to lead **joint work on highways improvements with the South East 7 (SE7)** group of Councils to share knowledge, build capacity and drive down supply chain costs. The Department for Transport is keen to see the innovative approaches of the SE7 replicated nationally and Jason Russell (Head of Change and Performance, Environment and Infrastructure) who has led the SE7 work is now playing a key role in their national highways maintenance efficiency programme.

Vulnerable adults and children

48. In my last report I set out in some detail the **significant improvements made to adult social care and children's services** since 2008. Those improvements have been sustained and enhanced over the last six months. We have a duty to protect our most vulnerable residents and this requires ever sharper focus at a time of fast growing need and financial pressures.
49. Nearly 85% of the Council's planned budget is focussed on **supporting vulnerable children and adults**. This reflects the re-direction of £5m to invest in services for vulnerable children, and an extra £10.5m to be spent with the NHS on improving older people's health and social care.
50. There are many examples of excellent services and projects that are supporting more vulnerable residents, enabling them to them make choices and take control of their lives. One such example is the **Surrey Information Point** website (see box below).

Surrey Information Point

The Surrey Information Point website (www.surreyinformationpoint.org.uk) was launched in March to give easy access to information about community services, facilities, health and money matters, helping individuals make informed choices.

Developed in partnership with voluntary sector organisations, District and Borough Councils and health services, it includes a simple but flexible search engine for local services and support. People can receive tailored information relevant to their situation thanks to an easy-to-follow 'decision tree' format.

The website is one part of the "Live Life Your Way" awareness campaign launched in February to raise awareness of how all residents can access support and services, regardless of their ability to receive social services or ability to pay for care.

The campaign supports the wider strategy to give people greater choice and independence, with a shift away from residential and nursing care to personalised community based care. 4,385 adults are now benefiting from personal control of services, helping to reduce residential and nursing placements by 7% over the last year to 1,110.

51. Two recent independent inspections underlined the quality of our work with vulnerable groups. In March the Council's **Fostering Service** was judged as "good" by Ofsted, with "outstanding" judgements in three of the six categories (see box overleaf).

52. The **Surrey Youth Justice Service** justified its well-deserved reputation as one of the best such services in the country, receiving an overwhelmingly positive endorsement of its practice from HM Inspectorate of Probation (final report to be published on 28 June). The Service has successfully reduced the number of first time entrants to the Youth Justice System by over 60% in the last three years and remains one of the lowest users of custody in the country. This success reflects the high level of confidence that the courts have in the Service and the strength of the Youth Justice Partnership.

Fostering Service

The Council works with nearly 280 foster families who care for about 550 children. Following an independent inspection, the Council's Fostering Service was judged to be "good with some outstanding features" in March.

Ofsted rated the Service as "outstanding" for helping children to stay safe and protecting them from harm or neglect, helping children make a positive contribution, and organisation. The Service was judged "good" for helping children achieve well and enjoy what they do, to be healthy, and achieve economic wellbeing.

In addition, the report highlighted other aspects of the Council's Fostering Service that are excellent or outstanding, including campaigns run to recruit foster carers, the work of the virtual headteacher - who deals with teachers, social workers and foster carers to improve the education of children under the Council's care - and listening to young people's views. The report quoted a fostered young person who said "*I am listened to*" and another who said "*they take notice of my opinions*".

Tellingly, the Ofsted team found they had no specific recommendations to make – very unusual for any independent inspection. Quite simply they concluded the Service is already doing everything required to carry on improving.

53. One of the most important things the Council does is act as the parent to those children in the Council's care. These arrangements are managed through the **Corporate Parenting Board**, which over recent months has worked closely with the Children in Care Council on those issues that have concerned them most. For example, pocket money guidance to foster carers and guidelines on staying overnight with friends.
54. Good progress has been made on supporting **Looked After Children to gain employment**. Our apprenticeship scheme gives priority to young people with care experience and five care leavers are now in post as apprentices. The scheme is now being extended to partners and contractors. The Council's Advocacy and Participation Team has appointed two **Children's Rights Apprentices**. These two positions are ring fenced to young people with care experience and the current post holders are both Surrey care leavers. They are leading on a range of engagement activities with young people, other professionals and the Corporate Parenting Board as well as working towards their NVQ level 2 qualifications in Youth Work.
55. We are working towards offering every Looked After Young Person aged 14 – 21 a **work-based sponsor** to help them get ready for work or training. The sponsors

for Looked After Young People will seek Saturday or part-time work for 16 – 18 year olds. So far seven young people have been matched successfully with sponsors and more will be matched shortly.

56. Looking ahead, the challenge is to sustain and improve services for vulnerable adults and children against the backdrop of rising volumes and demand, reduced funding and new Government policies. **Change programmes** are underway to meet this challenge by putting residents at the centre of the design and delivery of re-shaped services.
57. The Childrens, Schools and Families Directorate is co-ordinating changes through its **Fit For the Future programme**. This incorporates the implementation of the Services for Young People Public Value Review (PVR) and PVRs that are in progress on Children's Services and Schools and Learning. In parallel the Directorate is carrying out a review of its current strategies given the emerging changes to national policies on children's services and education.
58. The **working together differently programme** in Adult Social Care is coordinating the changes taking place across the Directorate. There are 13 key projects in progress, all underpinned by a focus on increasing personalisation and choice. The Directorate is also implementing PVRs on People with Physical and Sensory Disabilities and Older People, and is part way through a PVR on Services for People with Learning Disabilities.

Customer Service

59. The **Contact Centre** (see box below) and website are increasingly the first point of contact for residents wishing to use services or find information and are therefore central to the Council's effective operation and reputation.

Contact Centre

The Council's Contact Centre now handles around 40,000 calls a month and is recognised as a leader in its field. Customer satisfaction with the Contact Centre remains very high at 94% for 2010/11.

Due to the way Surrey manages all customer contact channels as part of an integrated strategy, we have seen the cost of each of our contacts with the public fall from 56p to 48p per contact, with 7.7m contacts.

The Contact Centre introduced a text messaging service in autumn 2010, a service that is now well used, particularly by people with hearing difficulties

In April it won another major industry award in the prestigious Professional Planning Forum Innovation awards, for Innovation of the Year in the Public Sector. The judges were impressed by the improvements in customer satisfaction achieved in parallel with delivery of efficiencies. Over the last year, dozens of public and private sector organisations have visited the Contact Centre to learn from our approach.

60. The Council **website** continues to attract more visitors making it one of the most visited Council sites in the country. In 2010/11 there were approximately 7.7m visits, up 21% of the previous year. The customer satisfaction level of 80% is nearly 20% higher than the national average, and in February it was rated by SOCITM (Society of IT managers) as one of the best Council websites in the country.
61. I have been disappointed previously with our performance in dealing with **complaints**. Performance (measured by the proportion of complaints resolved within agreed timescales) remains below target at 84% answered in 10 working days (against a target of 90% for 2010/11) but it is encouraging that recent targeted efforts in lower performing areas are yielding results. For example, following the development of a new toolkit to help manage handling in the Adult Social Care Directorate, the Directorate's result for the fourth quarter of 2010/11 improved to 94% compared to 50% in December 2010. Similar efforts will be applied to other areas to ensure performance continues to improve during 2011/12.

Engagement and transparency

62. The Council is committed to **listening to residents** and this is even more crucial given the need to innovate and develop new ways of doing things that achieve more for less. Further steps have been taken to strengthen our engagement with residents and our commitment to transparent decision-making.
63. The **Have Your Say campaign** – which invites Surrey residents' views on the future of their public services - has gathered further momentum and involved over 5,000 residents to date. 457 residents used the **You Choose** online budget calculator to share their views on spending options. Analysis of the results helped the Council agree the new budget in February.
64. We continue to make more information available to residents and businesses; publishing invoices for **spend over £500** and using **Surreyi** to share data (see box below).

Opening up data with Surreyi

Surrey's Local Information System - Surreyi (www.surreyi.gov.uk) - allows us to publish data to the public. It is designed to help residents and businesses scrutinise and use data about Surrey and its public services. It enables everyone to assess the evidence and join in the debate about the future of public services in Surrey.

Surreyi allows residents to see what each other think about public services - the results from user surveys and consultations are posted on the site. It is also being used to publish the countywide Joint Strategic Needs Assessment (JSNA). This is an assessment of the health and wellbeing needs of the population. Opening up this data to everyone makes the Council and partners more accountable as residents are able to produce their own analysis and use this to judge policy proposals and decisions.

We will continue to use Surreyi to make more data available to the public.

65. Over the last six months the Council has embraced **social media** to boost engagement with residents. We now have well over 3,000 Twitter followers, while Council videos on YouTube have been viewed nearly 7,000 times and our Flickr account has attracted more than 40,000 views. Over coming months we intend to strengthen our work here significantly so that we will become genuinely leading edge.
66. A number of **high profile public consultations** on developments to specific services have been held in recent months. For example, on parking, buses, libraries, and fire services. They have generated healthy debate and different views and ideas about the best way forward.
67. The Council was praised by the national campaign group Bus Users UK for carrying out “a very good consultation” as part of its review of buses. Meanwhile Adult Social Care services have been recognised for **working in partnership with users and carers** to develop more personalised services. We will **continue to learn from our experiences** and seek feedback so we can further improve the ways we engage and work with residents.

Localism

68. In my last report I said we needed to accelerate the pace of work on localism in Surrey. Progress over the last six months is encouraging but we still have much more to do and a new officers **Localism Board**, chaired by the Strategic Director for Customers and Communities has been introduced to drive this forward and ensure we maximise opportunities stemming from the Localism Bill. This will support the work of Local Committees and the Select Committees. As the Council clarifies its **vision for localism** this Board will drive the key work streams to help deliver it.
69. It is important we see localism as about more than just administrative arrangements – it is about **developing a new relationship with residents** that puts their local needs first and enables them to exercise influence and make decisions. This aligns with thinking on the **Big Society**. A key message emerging from the Surrey Strategic Partnership’s conference last November was that the Big Society is already alive and well in Surrey. The county has very active residents and communities and it is crucial we work with partners to help them take more control over the things that matter to them.
70. Future work on localism will build on – and harness the learning from – initiatives already underway. Some of these are focussed on particular services. For example, as part of a **transformation of youth services** management boards made up of young people, community leaders and County Councillors will appoint a local organisation or business to run each of its youth clubs. Up to £200,000 per year will be made available to each of the county’s 11 Local Committees to commission local grass roots activities and projects agreed with young people from the area.

71. Library Services are vitally important and the PVR of Libraries – like all PVRs – went back to first principles to ensure the service is focussed on optimum benefit and remains sustainable during these financially challenging times. The proposals to **re-focus library services** reflect changes in the use of libraries – with some becoming much busier than others - and the increasing popularity of the Council’s **virtual library**. The proposals include: supporting community groups to participate in the day-to-day running of 11 of Surrey’s smaller libraries; modernising busier libraries; and expanding the virtual library. Surrey residents are embracing e-reading in increasing numbers and the virtual library is used about 3 million times a year.
72. The **Surrey Furniture Re-use project** is a great example of voluntary organisations and residents working with us to make a positive difference. Around 3,000 tonnes of potentially re-usable household items get thrown away in Surrey each year, with a large proportion ending up in landfill. The Surrey Waste Partnership (made up of Surrey County Council and the 11 District and Borough Councils) is supporting the Surrey Reuse Network – a group of six local charities – to find new homes for donated items. So far the project has succeeded in diverting more than 22,000 household items from landfill, saving about £40,000 in landfill costs, and providing more than 100 volunteering opportunities to local people, with 10 people moving into paid employment.
73. There are many other excellent examples of **community run projects** in local areas. For example, Chobham, in west Surrey, has flooded a number of times in recent years. So, the local community took action to reduce the flood risk and devise a system to alert homeowners and protect vulnerable people when flooding does happen. While the County Council, Surrey Heath Borough Council and emergency services played a supporting role it was local people who led the way. In Ockley, near Dorking, villagers tackled the problem of speeding drivers (see box below).

Villagers tackle speeding drivers

Residents of Ockley, near Dorking, joined forces with Surrey County Council (SCC) and Surrey Police to take action against drivers putting lives at risk by speeding along the A29 which runs through the heart of their community, past shops, homes and a school.

SCC agreed in principle to reduce the speed limit from 40mph to 30mph but could not prioritise the £36,000 to make the change legal. Local residents and parish councillors therefore raised £12,500 towards the cost of the change. Mole Valley Local Committee agreed to contribute £7,500 and Helyn Clack, County Councillor for Dorking Rural, pledged £5,000 of her Member’s allocation. SCC agreed to fund the remaining £11,000.

The speed limit has now been reduced and the money also contributed to new signs and road markings to improve safety. Meanwhile, volunteer residents have worked with the Police to set up a Community Speedwatch scheme to enforce the new limit. The Council has been working jointly with the Police for the last 20 months on the Surrey-wide Drive SMART campaign to tackle anti-social driving. It has contributed to wider efforts to improve road safety. In the last year there were 51 fewer people killed or seriously injured on Surrey’s roads.

74. **Community Learning Champions (CLC)** who promote the value of learning to others are continuing to have a positive impact. Supported by the **Surrey Lifelong Learning Partnership**, they help people into learning so they can get more control in their lives. Benefits include boosting self-esteem and confidence, and preparing individuals for further learning or to play a fuller role in their communities. For example, 53 referrals for learning ranging from basic literacy to National Vocational Qualifications (NVQs) in childcare were made for parents at a children's centre in just two months since one of its workers became a CLC. The area is one of multiple deprivation and the parents are from a range of social and ethnic backgrounds.
75. There are some innovative developments in the pipeline that will foster further examples of localism and help embed it as the normal way of doing things. For example, we are working with partners to develop proposals for **Social Impact Bonds and socially financed projects** in Surrey. These could enable increased investment in preventative work by enabling voluntary organisations, funded externally by the business sector, to carry out an activity instead of the public sector. A number of socially financed proposals are being considered including those aimed at reducing youth offending and increasing opportunities for disabled young people to move out of residential care into independent supported living.
76. Voluntary organisations, funded by the Council, are also working to develop new ways of working and deliver partnership priorities through **social enterprises**, such as Surrey Youth Focus' social enterprise for young people not in education, employment or training.
77. We are also taking steps to increase **local control of public finances**. This includes transferring more funding and powers to Local Committees, and using grants – such as the Surrey Big Society Fund being developed with partners - to facilitate local projects. We are actively exploring future options for devolved **community budgets**.

Collaboration

78. Putting residents local interests first requires putting organisational boundaries and perceived self-interest to one side. We are committed to doing this and over the last six months we have made some progress on important work in collaboration with our partners. I would have liked us to be even further ahead. There has been goodwill and lots of positive discussions but it has been more difficult to convert that into meaningful changes that residents will benefit from. We will be focussed on doing this over the coming months.
79. The Surrey Strategic Partnership (SSP) Leadership Group agreed a new simplified approach to **countywide partnership working** in March and will discuss a supporting work programme in July. This will ensure strategic partnership work is focussed on a smaller number of complex and/or large-scale issues that require a Surrey-wide multi-agency approach.

80. The Council continues to work in collaboration with the **Voluntary, Community and Faith Sector** (VCFS) with a particular focus on managing the impact of savings and finding new ways to deliver services that unlock the potential for local voluntary efforts. For example, a new single contact has been agreed with the Councils for Voluntary Services (CVS) - who support the VCFS across the county - to drive efficiencies through improved working arrangements, and we are working with them to try to increase significantly the number of **volunteers** in Surrey.
81. I emphasised the growing importance of close relationships with **health partners** in my last report. Over the last six months we have spent considerable time working together, particularly with GPs, to meet shared challenges and get ready for the new arrangements set out in the **Health and Social Care Bill** and other reforms. The proposals will see the Council taking back the public health role and working with local consortia of GPs in planning and buying services. We await the outcome of the Government's current "strategic pause" on the plans, but will continue to pilot the new approaches in readiness for change. This work has been significantly aided by the appointment of Dr Akeem Ali as the new Director for Public Health.
82. A key milestone was reached in May when the new Surrey **Health and Wellbeing Board** was convened in shadow form for the first time. It includes senior officers and Members from the Council, alongside NHS and GP representatives. The Board is starting to explore the options for operating the proposed new models of health commissioning and delivery, better integration of services, and the establishment of a local HealthWatch group to represent patients' views and concerns.
83. To support these changes we also have set up an officers' **Health and Social Care Board**. This aims to ensure we have coherent implementation of the Health and Social Care Bill.
84. The **SE7** collaboration of South East Councils has expanded its work to find savings through joint working and collective purchasing power. The group originally focussed on four core themes - special education needs, waste disposal, ICT and highways maintenance. It has now expanded its programme to also look at value for money, commodities procurement, flood management, insurance claims, property, legal advice, health reform, and learning.
85. We are working with Hampshire County Council on a number of **property initiatives** to improve support to frontline services and deliver better value. Our respective property and procurement teams are working jointly on construction and maintenance projects. We are also developing a property asset management system in partnership that will be open to other named Surrey and South East local authorities.
86. Through the **Surrey First** alliance with District and Borough Councils and the Police Authority we have identified plans to pool resources that could save between 10 and 20 percent of our total shared back office budget. Following the recent local elections we will refresh this work with the returning and new District and Borough political leadership teams.

87. We are working with Mole Valley District Council to develop a partnership model for the **joint delivery of HR services** to both organisations. Meanwhile the Council's HR team continues to support Waverley Borough Council with their services. We have also worked with Mole Valley District Council on the development of a **shared regulatory service**, comprising Environmental Health, Trading Standards and Licensing. We are exploring further opportunities like these.

Championing Surrey's interests

88. We have further strengthened our voice and influence at a regional and national level to champion Surrey's interests. For example, the Leader meets regularly with the Secretary of State for Communities and Local Government, Eric Pickles MP. As Chair of the **South East Strategic Leaders (SESL)** group the Leader has driven the argument for increased government investment in infrastructure in Surrey and the South East given its high return to the national economy.
89. The Leader has also championed calls for **business rates income to be retained locally** and advocated changes that would enable Surrey to become a "**free council**" independent of central government grant. This would allow Surrey's hard earned resources to be used by the county for the county. The Leader also continues to play a key role on the **Ministerial Advisory Group for Education and Children's Services**, and the **Local Government Association's Improvement Programme Board**.
90. **Surrey MPs** visited County Hall again in April and May to discuss key local issues and talk about future developments. It was pleasing to inform them that the Council's hard work lobbying the Government had secured an extra £4m for highways winter maintenance, adding to the extra £34m investment the Council had already identified for the road network.
91. These activities to champion Surrey's interests are part of an overall **Reputation Strategy**. This work is having an impact. There has been a near 60% increase in positive national coverage of the Council over the last year and a stronger profile has enabled us to increase our influence.
92. We have received requests to provide expert evidence at **House of Commons Committees**. The Leader attended the Communities and Local Government Select Committee in January to share views and evidence on localism. In March, Garath Symonds, the Assistant Director for Young People, attended the House of Commons Education Committee to outline work with the voluntary sector to transform services for young people.
93. The **Developing an Effective National and Regional Role Board** chaired by the Assistant Chief Executive will ensure we continue to focus our influence effectively and shape national policy developments to bring benefits to Surrey's residents.

CORPORATE OBJECTIVE: COSTS

*Objective: To have costs as low as the most efficient of other Councils
Measured by – ranked net expenditure by head of population*

Q4 result – 11th best out of 27 Counties against target of 12th for 2010/11
(2009/10 baseline of 13th out of 27)

94. The Council's **final funding settlement** for 2011/12 and 2012/13 was confirmed in January. As indicated by the earlier Comprehensive Spending Review and provisional announcements it was a very tough settlement with the Council losing about £50m over the two-year period. It was surprising to see us named nationally as "winners" from the process given we were in the highest band of losers from formula grant at 14.3% in year one. The discrepancy is caused by the use of a new concept of "total available spend". As grants are a relatively small proportion of what we spend then losing them is judged to have less of an impact than where grants are a high proportion of what a Council spends.
95. The Government has started a **review of the local government funding** mechanisms with a view to changing them in three years time. We will continue to work hard with our partners to lobby for a fairer approach that would end the current drain of vital funds out of Surrey.
96. The tough financial settlement adds to pressures we were facing already such as changes to the population of the county. A 20% increase in the birth rate in Surrey between 2002 and 2008, will require a further 8,000 primary school places. The overall population of Surrey is projected to grow by 19.5% or by around 215,000 people, between 2008 and 2033, with over half of this increase accounted for by people of pensionable age. Surrey also has largest population of people with learning disabilities in the country.
97. The funding settlement means the Council needs to save more than £200m over the next four years, £60m of which is needed this financial year. These required savings have been built into the **Medium Term Financial Plan (MTFP) for 2011-15** that the Council approved in February.
98. The scale of challenge ahead reinforces the value of the work we started two years ago to make changes and plan future savings carefully. Our previous Medium Term Financial Plan targeted £180m savings between 2010 and 2014 and we achieved £67m savings in 2010/11. The tools and approaches we have developed and successfully deployed to date will be crucial to delivering future savings whilst delivering quality services to residents and minimising staff redundancies.

99. The latest MTFP was developed in close consultation with partners and stakeholders including local businesses and the Voluntary, Community and Faith Sector (VCFS). It involved improved engagement with the public - via the **Have Your Say** campaign and **You Choose Budget tool** – and scenario planning for different funding outcomes and spending needs.
100. Work to strengthen financial management was recognised by our external auditors (the Audit Commission) in their **annual audit letter**. They stated that the Council was “identifying and realising savings and maintaining financial balance” and gave the Council’s financial statements for 2009/10 an unqualified opinion, in essence a clean bill of health, for the first time in three years. Process improvements also enabled the accounts to be closed earlier this year and early approval of carry-forwards for on-going projects and programmes avoided the risk of delay and began the moves towards multi-year budgeting.
101. By bringing the **budget outturn for 2010/11** in as planned we successfully ended the historic trend of overspends in some Services. It was a notable success that the Childrens, Schools and Families and Adult Social Care Directorates came in within budget given the significant financial pressures in these areas. The **budget monitoring** process is being further enhanced following a successful Rapid Improvement Event, which pinpointed the need for a more risk based approach, streamlined reporting and stronger ownership.
102. We need to invest in our buildings, roads and infrastructure to be able to provide high quality and value for money services. Over the next four years we plan to spend over £466m on such investments through our capital programme. The **Investment Panel** continues to scrutinise, review and approve (or reject) business cases for capital schemes and invest to save proposals.
103. The **Financial Management Public Value Review** is due to report to Cabinet on 26 July 2011. The review will outline ways to further improve financial insight, increase focus on value added activities and promote financial ownership and accountability across the Council.
104. The **Fit for the Future Change Programme** continues to bring together all Council change activity and work on efficiencies in a coherent and consistent way. Overall progress is reported monthly to an officer **Corporate Board** to ensure effective and coordinated implementation. Underpinning the Change Programme is a drive to **strengthen project and programme management capacity** across the organisation and a new Change Network for staff has been successfully established. A separate more detailed annual report specifically on the Fit for the Future Change Programme will be presented to the Cabinet on 26 July.
105. The three-year programme of **Public Value Reviews** (PVRs) that started in 2009 has so far pinpointed cumulative savings of around £82m over four years. £5.6m was successfully banked in 2010/11. Fourteen PVRs have been completed and approved by the Cabinet. These are now being implemented, with **progress tracked** by the relevant Member Reference Group and the PVR Steering Board. Nine reviews are currently in progress, with a further four

scheduled for the remainder of the programme. PVRs reporting to the Cabinet over the next six months include Financial Management and Children's Services.

106. The PVR programme has **attracted attention within Government** and Cabinet Office Minister, Francis Maude MP asked his officials, along with colleagues from HM Treasury, to visit us in May to learn from our approach. Mr Maude was "impressed" by the programme and said the Council's approach to making savings "chimes with elements of the efficiency and reform programme" he is overseeing nationally. The visit, hosted by PVR lead officer Liz Lawrence (Head of Policy and Performance), allowed us to share our achievements and examples of innovative work, and gave them an invaluable insight into local government. Further visits are being planned to continue to share learning and create opportunities for closer working on efficiency between central and local government.
107. Through the **Making a Difference programme** staff continue to identify and implement smarter and more efficient ways of working. The office moves programme is on track to save £3m this year and up to £5m in the future. These moves can be unsettling for staff but they are a crucial part of becoming more efficient. We will continue to pursue more flexible ways of working supported by new technology.

Staff suggestions on smarter working

Staff have now made over 400 suggestions about how the Council can work smarter. Many of the suggestion have been or are being implemented, for example:

- Introducing advertising on the external website will generate income of approximately £10,000-15,000 per annum
- Reducing the number of hard copies of Talk magazine distributed to staff and communicating it through snet is saving us £540 per edition
- Use of non-branded cartridges has saved £82,000 on the cost of printing
- Making better use of mobiles and blackberries (including an amnesty on unwanted devices) has saved approx £175,000

Every small suggestion and saving adds up, and the number of suggestions reflects a culture where staff take responsibility for identifying and implementing better ways of doing things. New suggestions continue to be encouraged and action taken on each of them can be tracked through the dedicated snet pages.

108. **Residents are also helping us save money.** For example, by recycling nearly 46% of household waste, using alternatives to landfill and creating less waste, we have been able to avoid around £2.7m in landfill tax. In 2010/11 residents' actions prevented 383,000 tonnes of waste being landfilled.
109. A third of this financial year's required savings will be made through striking **better deals with our suppliers.** The Procurement Team are working closely with Services to deliver these savings, building on the £21.5m cashable savings achieved across the Council in 2010/11. The Council continues to be

recognised for the forward thinking and innovative approaches it is delivering in the field of procurement, and the Procurement Team was recently short-listed for both the Chartered Institute of Purchasing and Supply, and Government Business Awards. A good example of their work is the contract to fit new technology in the county's libraries (see box below).

Contract for WiFi in all Libraries

In February the Council sealed a deal that will see free WiFi provided in all its libraries for the first time while saving around £1.6m over the next seven years.

Axiell was selected as the preferred bidder for the contract that will also see Surrey libraries fitted with new hardware including hi-tech self-service counters, new computers and printers. Axiell will also provide Surrey residents with a wider range of services via the online library, such as enabling them to use social media to rate books and talk to each other online.

The contract means Axiell have to keep to tough targets, or risk having their contract cut short. For example the firm has to ensure the computer system is capable of providing high-speed services, such as processing a book in less than two seconds.

110. The Procurement Team is also reviewing costs with all the Council's major suppliers. This includes seeking to agree **zero inflation increases** on contracts with existing suppliers. This approach will aim to save £6.8m in Adult Social Care and £322k in Children's Services alone. In addition to this we are reviewing the costs and contract terms of the Council's top 100 suppliers with long term contracts to find ways of taking costs out.
111. The Council's approach to **commissioning** is developing well, ensuring a consistent and robust approach to the way services are procured and commissioned⁴. For example, in February the Council's Cabinet and the Board of NHS Surrey agreed the arrangements to develop, with Surrey GPs, a formal joint commissioning approach for health, care, and education support services for children and young people. Discussions between the Council and GP Commissioners are underway and we expect to be able to report on positive progress later in the year.
112. Another example is the **Surrey Dementia and Older People's Mental Health Joint Commissioning Strategy 2010-15** developed by the Council with NHS Surrey following extensive public consultation. The Strategy is driving the integration of health and social care services and co-ordinating the work of all agencies to support independence and promote personalisation. We are leading the way nationally in this area.
113. We continue to tackle **agency and overtime costs** where they add unnecessary costs, but are retaining flexibility to use them where they meet

⁴ Commissioning is the process of analysing and prioritising needs, specifying, designing and planning services, procuring and delivering these services, and an ongoing process of monitoring and evaluating the outcomes to ensure they meet the needs of the customers and communities we serve.

genuine need. When both the agency and overtime cost totals are combined, the overall expenditure reduced to around £21.98m in 2010/11, compared with £26m in 2009/10, a reduction of £4.02m or 15.5%.

CORPORATE OBJECTIVE: PERFORMANCE

Objective: To outperform other Councils

Measured by - resident satisfaction with the way the Council runs things

Q4 result - 64% against a target of 65% for 2010/11
(2009/10 baseline 55%)

114. The Council has continued to make **tangible improvements to performance**. Quantitative measures such as performance indicators, resident survey results and efficiency savings are moving in the right direction and the Council continues to pick up a range of awards (see Annex A).
115. Many examples of improved performance have already been cited in this report. Notably such improvements are in evidence right across the Council. The **2010/11 end of year business report** to the Cabinet on 26 April confirmed this picture. However, there were some key measures that did not meet stretch targets set for the year. Remedial actions are in place to improve performance in these key areas and the Cabinet and CLT will continue to track progress on a core set of indicators for 2011/12.

Driving performance improvement and quality assurance

116. Robust **quality assurance and performance management tools** have helped the Council maintain and improve performance in recent months despite the huge financial pressures and level of change taking place. As the Government strips back the statutory performance regime for Councils it is vital we utilise and further develop these tools to ensure **effective self-regulation** and accountability to residents.
117. A key component of self-regulation is the Council's **Quality Management Framework – the Surrey way** – that was approved by the Cabinet in late 2010. The Framework applies to all Council Services and functions and sets out an overall approach to quality management, underpinned by 10 key characteristics. This is supported by more specific tailored arrangements that have been published for each Directorate.
118. I chair a **Quality Board** that meets quarterly to lead and oversee quality management and effective self-regulation, with other officer Boards ceasing as a result. The Deputy Leader is a member of the Quality Board alongside the Strategic Directors and other senior officers. Mary Orton, the Chief Executive of Waverley Borough Council also sits on the Quality Board to provide independent challenge and perspective. Areas tackled by the Board so far

have included strengthening strategic planning and improving information governance.

119. On 26 April the Cabinet approved a refreshed version of the Council's **performance management framework** which sets out the key tools and approaches used such as scorecard reporting, Public Value Reviews, performance conversations and benchmarking. It also sets out the approach to Cabinet Member **accountability meetings**, which has been revised to ensure a strategic focus on the individual objectives that each Cabinet Member has agreed with the Leader.
120. A good example of the improved performance management tools we have developed is the **Dementia Local Reporting Tool** (see box below). This is supporting our leading-edge work to improve outcomes for people with dementia and their carers as set out in the Surrey Dementia and Older People's Mental Health Joint Commissioning Strategy 2010-15.

Dementia Local Reporting Tool

The Council's Adult Social Care Directorate has worked with health partners and the Alzheimer's Society to develop a reporting tool to track the impact of work to improve outcomes for people with dementia and their carers in Surrey.

The national Dementia Programme Implementation Board, chaired by the Department of Health's Director General for Social Care, commissioned the work and is planning to share our approach nationally as a model of good practice.

The tool includes information on diagnosis and prevalence, and analysis from surveys of the experiences of people with dementia, carers and professionals.

The tool will enable comparisons over time and between communities on the availability and quality of services. It will strengthen local accountability and help us continue to learn and improve our approaches.

121. To test the impact of improvements made to **risk management** over the last year – such as the establishment of a Strategic Risk Forum - we recently undertook a self-assessment using an industry benchmarking tool. The results revealed progress across all areas particularly in the leadership and management of risk and in our risk processes.
122. In May the Council agreed some changes to enhance the Member-led **scrutiny process**. A new Overview and Scrutiny Committee was established. It will adopt a Council-wide view, monitoring performance, risks and budgets across the Council, and reviewing and co-ordinating the overall work programme for other Committees. This will enable Select Committees to concentrate on more in-depth reviews of key areas of concern in line with the Council's priorities.
123. The Council's resilience and ability to maintain quality services through disruption has been improved. This was demonstrated during the severe winter

weather in December. There is still more to do, not least because when we make changes to our services or organisational structures we need to re-assess the **business continuity and emergency plans** we have in place. The Emergency Management Team will continue to work with Services to address this. They are also working closely with Services and partner organisations to prepare for the 2012 Olympics and Paralympics.

Governance

124. The next **Annual Governance Statement** - to be reported to the Cabinet in June – will confirm the improvements made to governance arrangements. Significant improvements have been made around value for money, risk management and whistle blowing.
125. The **Audit and Governance Committee** has closely monitored these areas throughout 2010/11 and received regular reports on progress. A number of improvements have stemmed from the Public Value Review (PVR) programme, which has contributed to a more coordinated and robust approach to ensuring value for money across the Council.
126. There are some areas we still need to work on. For example, **internal audits** over the last year identified scope to improve information governance, management of Section 106 agreements, health partnership agreements, and the management of capital projects.
127. The overall audit opinion on the governance and internal control environment during 2010/11 was 'Some Improvement Needed'. The main themes arising from audit reviews and their implications for the Council were reported in the **Internal Audit Annual Report** to Audit and Governance Committee on 20 May. It is crucial that we both address any issues in audits and draw wider lessons from them. We will continue to seek improvements and report progress to the Audit and Governance Committee, and the Chief Internal Auditor will continue to raise issues as appropriate with the relevant Select Committee(s).

CORPORATE OBJECTIVE: STAFF

Objective: To have highly skilled people who are proud to work for SCC
Measured by – percentage of staff who would speak highly of SCC as an employer

Q4 – 37% (March 'dip' survey) against a target for of 38% for 2010/11
(2009/10 baseline 35%)

128. Staff are our greatest asset. I recognise that the sustained scale and pace of **organisational change** has been particularly difficult for colleagues over recent months as the full impact of the spending cuts are felt, not least in trying to continue to improve services and outcomes with fewer resources.

129. We have taken steps to **support and engage staff** through the changes, and to build a resilient workforce well equipped to deal with the challenges ahead. But working through change of this scale is difficult and the mixed feedback from staff reported below reflects this.
130. As part of rebalancing our finances we have had to ask staff to accept some tough implications for their pay over a two-year period. If we continue to make the progress we are planning for, then it would be appropriate when we next refresh the MTFP, to recognize the contribution of our staff in the overall reward package we can offer.
131. Redundancies are an unfortunate symptom of the current economic climate and inevitably we have also had to take some very difficult decisions over the last six months. But we have tried to minimise compulsory redundancies as far as possible. One of the earliest decisions we made, to **manage change in-house**, reflects this. Other Councils have brought in consultants. If we had done that it would have cost us over £9m so far. That saving alone means there is less pressure on jobs.
132. We have also placed restrictions on recruitment and taken steps to redeploy staff wherever possible. Of the 203 redundancies approved by the scrutiny group in the last financial year, 122 have left the Council's employment to date. Specific **support for redeployees** includes training, one to one coaching, a portal advertising jobs exclusively for redeployees, and online information and guidance to support the redeployment process. I am reassured by the fact that our approach has been quoted as good practice by the Local Government Improvement Group (LGID).
133. Our ability to deliver "**more for less**" depends fundamentally on the passion, commitment and creativity of our staff and we have continued to invest time and energy in ensuring staff are fully engaged, motivated and equipped to do their job as best as they can.

134. Over the past six months we have maintained a keen eye on those areas for improvement identified in the **2010 Employee Survey**: Leadership; Managing Change; Staff Engagement; Communication; Equality and Diversity, and Bullying and Harassment.
135. To help test progress on these areas a “**dip survey**” (sample) was sent to 10% of employees from each Directorate in September 2010, and again in March 2011. The headline results are listed in the table below.

Theme	Indicator question	SCC March 2010	SCC Dip Sept 2010	SCC Mar Dip 2011
Leadership	Top managers are visible and accessible	12%	23%	25%
	Top managers listen	28%	38%	35%
	Top managers have a clear vision	33%	42%	35%
Managing Change	Change is well managed	18%	24%	20%
	I can influence change	10%	17%	12%
	The reasons for change are well communicated	43%	55%	51%
Staff engagement	I would speak highly of SCC as an employer	35%	37%	37%
	My manager creates a supportive workplace	68%	75%	74%
	I have a say in how I do my work	61%	68%	65%
Communication	Feeling informed about the whole council	40%	55%	57%
	Top manager act on feedback	15%	30%	23%
Equality and Inclusion	Promotion is based on merit	20%	29%	25%
	People are treated with fairness and respect	62%	60%	58%
Bullying and harassment	I have experienced an incident of B/H	13%	10%	13%
	I have witnessed an incident of B/H	16%	21%	21%
	The incident was reported	46%	37%	38%

136. There is some good news with staff feeling informed about the organisation as a whole and top managers improving visibility in their Directorates. We must maintain this by addressing and building employee engagement and empowerment; and by demonstrating the impact employee contribution has on decision-making. I have opened a range of **communication channels with staff** to do just that. On top of the successful listening events and Making a Difference conversations, and launch of Chatzone, I send out weekly e-mails inviting feedback and suggestions for improvement. All responses are followed up with the appropriate teams. In one such e-mail I asked "What one change would make work easier?" which generated over 200 responses with some excellent ideas that are currently being followed up.
137. Our **Engagement and Involvement Strategy** is looking at ways to create further opportunities to give all colleagues a voice, to strengthen dialogue, and build trust across the organisation.

138. Of particular concern is the increase in incidents of bullying and harassment witnessed by staff, and whether the incidents are reported. We have reiterated the leadership commitment to zero tolerance of bullying and harassment in our **Ending Bullying and Harassment Policy**. To support this we have established a Mediation Service, remarketed the Whistleblowing service and are delivering dedicated STARS training. The introduction of new organisational behaviours, values and improved performance management will also help tackle bullying.
139. It is vital we maintain a sharp focus on improving staff advocacy and motivation. One of the ways we are doing this is through developing new and different models of working. For example, using **Rapid Improvement Events (RIEs)** to bring together and empower small groups of staff to solve specific problems. Feedback from employees involved in RIEs undertaken so far shows this type of working boosts engagement and motivation. In Adult Social Care we are piloting a national initiative to test different models of staff-run practices (see below).

Surrey chosen to test national initiative

We have been named alongside five other Councils nationally to test different models of staff-run practices. The two-year pilots are due to start this summer under contract to the local authorities and will be overseen by the Social Care Institute for Excellence (SCIE). They will see staff operating independently from local authority control and catering to specific groups of service users, in Surrey's case adults who are deaf or hard of hearing. The Department of Health's initiative aims to provide social workers with more job satisfaction and control over their day-to-day work, while making care more personalised.

140. Our **Organisational Development Strategy** continues to drive the development of the Council's leadership, management and wider workforce. We have made significant progress in developing a coaching culture, which is starting to have strong, discernible impacts, with increasing demand from managers at all levels. Attendees have recognised benefits such as enhancing personal resilience when dealing with stressful situations, learning strategies to engage effectively with staff and techniques to broaden thinking. So far 68 senior managers have undertaken the Advanced Coaching Programme as part of the Leadership Development Programme, with plans for further sessions to be established from June. The offer will also be extended to Members.
141. Take up of the **STARS** (Stretching Talent and Raising Skills) programme remains high. At the end of the year (March 2011) there were over 20,000 attendances on courses and events within the programme (an increase of over 7,000 since the end of December 2010).

142. Over 1,000 managers have registered to attend one of our **ILM-recognised management modules**, 'People Management Pathways' introduced in response to demand for help to improve managers' skills. New modules, including financial awareness and commercial skills, are soon to be added to the programme.
143. We are making it easier for staff to access training, through a new **E-Learning Strategy** and improving systems to make booking courses easier and more efficient.
144. A refreshed **performance appraisal** process for staff was introduced in February, informed by feedback from the People, Performance and Development Committee and staff through the Making a Difference conversations. The new approach is more flexible and incorporates a new set of behaviours to guide the way we do our work.
145. We continue to invest in **new technology** that will allow staff to "work smarter" – out in the field or from home in some cases – and save millions of pounds. To date 455 new desktop and laptop devices have been refreshed as part of the Making a Difference programme, with plans to complete the refresh by the end of this year.
146. The first phase of implementing the **Integrated Children's System (ICS)** has been successfully completed, and the rollout of the new **Adults Integrated System (AIS)** is due to be completed this summer. The next steps are to pilot mobile working and ensure the system is flexible enough to meet service requirements. Other systems recently implemented include a new Highways System (including pothole reporting), Concessionary Bus Fares, Direct Payments for Adult Services, and new online booking systems.
147. Over 1,200 specialist **IT applications training courses** have been delivered in the past year, supporting staff through the desktop refresh, the ICS and AIS implementation, and raising general IT skills across the Council.
148. Regular workforce monitoring reports highlight areas where we are doing well, and those that need more attention. **Sickness absence** rates have fallen every quarter since March 2008 (8.9 days per FTE), and stand at 6.7 days per FTE. We are continuing to tackle those areas where rates are higher, and seek further improvements across the Council.

Improvements to sickness absence reporting

A Rapid Improvement Event (RIE) has identified a number of improvements to our sickness absence recording and reporting process that will reduce the potential for error and give a more accurate picture:

- There will be just one system to record and monitor absence - 100% of all leave and sickness absence will be reported via the SAP portal by July 2011
- This will be supported by a clearly defined process for managers and staff to follow that puts the responsibility firmly with the manager and individual member of staff to manage sickness appropriately
- Through improved sickness management, it is envisaged that a 10% reduction in sickness levels could be achieved across the organisation, generating potential savings of around £600,000.

149. A range of initiatives are in place to ensure **equality and diversity** in the Council's employment practices, such as the innovative project, New Start, which aims to place up to 25 people with mental health disabilities in employed positions within the Council. We are also taking necessary steps to align policies, procedures and processes with the Equality Act 2010 and the Government Equalities Office (GEO) policy review. Revised specific equalities duties are expected to come into force in July, following which a refreshed Strategy that sets out our approach and equality objectives will be taken to the Cabinet in the autumn.
150. The **Elected Member Development Strategy** has been refreshed to take into account the experiences of the last four years. It sets out a process for evaluating the effectiveness of learning and development activities and includes a framework of training for a four-year Council term. The Strategy also contains a comprehensive set of role profiles for all the positions that it is possible for Members to hold at the Council, with an accompanying set of personal attributes required to carry out each role effectively.

Conclusion

151. The County Council has had another six months of strong progress with some outstanding examples of excellent work by our teams. We have addressed those areas that were most in need of attention and established strong foundations for continued improvement.
152. The next phase of our development will be even more challenging, as we continue to drive all the efficiencies we can, while also seeking not just to do the same things better but to develop the new approaches that are required in key elements of our responsibilities. We will capture the scale of this in the next refresh of our Corporate Strategy and Financial Strategy in the autumn. We know that in broad terms these will emphasise even further: the importance of partnership working both within Surrey and with partners beyond Surrey; and increased opportunities for residents and users to share in the design and delivery of services.

153. I remain genuinely enthused about what we are achieving and the importance of our work for the long-term wellbeing of Surrey and its residents and businesses. There are very significant challenges and at the same time a real opportunity to establish a more productive and mature relationship with our residents and other partners.
154. None of this would be possible without the support of our staff and I thank them for everything they do. I commit myself personally to working even harder over the next six months to address those areas where staff feel the organisation has not supported them as well as it should.
155. I would also like to thank Members for their continued “critical friend” work and the expertise and energy they bring to problem solving. As previously I anticipate and welcome the constructive comments Members will make on this report.
156. I look forward to reporting again at the end of the year.

Lead/Contact Officer:

David McNulty, Chief Executive, 020 8541 8018

Sources/background papers:

Q4 2010/11 business report to Cabinet, 26 April 2011

Chief Executive report to Council, 15 December 2010

Annex A – Examples of awards and praise received

- **Our Contact Centre** has won another major industry award, scooping first place in the Customer Contact Public Sector Innovation category at the **Professional Planning Forum awards**. The judges were impressed by the improvements to customer satisfaction made at the same time as delivering efficiencies and cutting costs.
- **Surrey's Adult Social Care** team were joint winners with Hampshire County Council in the Connecting People category of the **Improvement Efficiency South East (IESE) awards** for its unique project on the user-led Redhill hub which is helping disabled people, many of whom would not normally approach statutory services.
- **The Children's Procurement Team** have been awarded the **Society of Procurement Officers (SOPO) award** for Outstanding Achievement in Procurement for a County Council 2010. This was awarded for their work to support improvements that enable us to change the way services are purchased and delivered. Particular focus was given to Services for Young People and the way the team is supporting the transformation of youth services.
- The success of the approach used by the **Children's Procurement Team** has also been recognised as an **exemplar by the Department for Education**. The team has been invited to address a national conference to share the story of Surrey's journey of the successful implementation of Category management and partnership working with services.
- **Children, Schools and Families Strategic Risk Management team** won the Best Training Initiative category of the **Fire Excellence Awards 2011** for their fire prevention and fire risk assessment work in schools.
- **Surrey Champions Inspire**, set up by the Surrey Lifelong Learning Partnership, have helped hundreds of local people into learning so they can get more control of their lives. The dedication and commitment to learning of these 'Learning Champions' was recognised with a **Community Learning Champions Award** at the South East Adult Learners' Week Regional Award Ceremony.
- Surrey County Council was commended for its **streetlight replacement scheme** that will save the authority £12m in the Local Government Procurement category of the **Government Business Awards**. The award is given to the local authority or regional procurement agency that demonstrates better value to the taxpayer through an improved procurement process.
- **Surrey County Council's History Centre** has been given a top rating for preserving Surrey's past by the **National Archives**. The review focused on how archives are recorded, how they are made available to the public and how ancient documents are kept safe, and ranked Surrey 14th out of 102 archives nationally.
- **Adult Social Care** has been shortlisted for two awards in the **Municipal Journal Local Government Achievement Awards 2011**, the results of which will be announced at the end of June - the Diversity Achievement Award, and the Personalisation and Choice Achievement of the Year Award. The awards recognise the excellent work local organisations are doing in the areas of personalisation through the hard work of public sector workforces and their partners.