

Cabinet

**Date & time**

Tuesday, 4
February 2014 at
2.00 pm

Place

Ashcombe Suite,
County Hall, Kingston
upon Thames, Surrey
KT1 2DN

Contact

James Stanton
Room 122, County Hall
Tel 020 8541 9068

Chief Executive

David McNulty

james.stanton@surreycc.gov.uk

Cabinet Members: Mr David Hodge (Chairman), Mr Peter Martin (Vice-Chairman), Mrs Mary Angell, Mrs Helyn Clack, Mr Mel Few, Mr John Furey, Mr Michael Gosling, Mrs Linda Kemeny, Ms Denise Le Gal and Mr Tony Samuels

Cabinet Associates: Mr Steve Cosser, Mrs Clare Curran, Mr Mike Goodman and Mrs Kay Hammond

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This meeting will be held in public. If you would like to attend and you have any special requirements, please contact James Stanton on 020 8541 9068.

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1 APOLOGIES FOR ABSENCE

2 MINUTES OF PREVIOUS MEETING: 17 DECEMBER 2013

The minutes will be available in the meeting room half an hour before the start of the meeting.

3 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

4 PROCEDURAL MATTERS

4a Members' Questions

The deadline for Members' questions is 12pm four working days before the meeting (29 January 2014). A copy of any questions received will be available to view on the Surrey County Council website (www.surreycc.gov.uk/committeepapers) following the deadline.

4b Public Questions

The deadline for public questions is seven days before the meeting (28 January 2014). A copy of any questions received will be available to view on the Surrey County Council website (www.surreycc.gov.uk/committeepapers) following the deadline.

4c Petitions

Notice of the following petition was received prior to the deadline (21 January 2014):

“Keep both of our fire stations open in Spelthorne”

To be presented by Mr Paul Couchman on behalf of Save Our Services in Surrey.

4d Representations received on reports to be considered in private

To consider any representations received in relation why part of the meeting relating to a report circulated in Part 2 of the agenda should be open to the public.

5 REPORTS FROM SELECT COMMITTEES, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL

5a ADULT SOCIAL CARE SELECT COMMITTEE - MENTAL HEALTH AWARENESS TRAINING (Pages 1 - 2)

5b COMMUNITIES SELECT COMMITTEE - CHANGES TO FIRE ENGINE DEPLOYMENT IN THE BOROUGH OF SPELTHORNE (Pages 3 - 4)

6 CORPORATE STRATEGY 2014 - 2019 (Pages 5 - 8)

To endorse a refreshed version of *Confident in our future*, the Council's Corporate Strategy. The Strategy will then be presented to the County Council meeting on 11 February 2014 for approval alongside the Revenue

and Capital Budget. Continued delivery of the Strategy will ensure that Surrey residents remain healthy, safe and confident about their future.

7 REVENUE AND CAPITAL BUDGET 2014/15 TO 2018/19 (Pages 9 - 146)

To propose and recommend to the Full County Council:

1. the draft revenue and capital budget for the five years 2014-19 and the level of the council tax precept for 2014/15; and
2. the revised treasury management strategy, including the borrowing and operation limits (prudential indicators) for 2014-19, the policy for the provision of the repayment of debt (minimum revenue provision (MRP)), and the treasury management policy.

Please note that this report was circulated separately from the printed copies of the agenda.

8 MONTHLY BUDGET MONITORING REPORT (Pages 147 - 184)

To consider the budget monitoring report of the council's financial position at the end of period 9 – December of the 2013/14 financial year.

[The decisions on this item can be called in by the Council Overview and Scrutiny Committee]

9 PUBLIC SERVICE TRANSFORMATION (Pages 185 - 220)

Partners in Surrey have a shared ambition to transform services and outcomes for Surrey residents. The vision is that by working together more effectively across the public sector, partners will shift services away from an emphasis on high cost responses towards prevention and earlier intervention. The intention is for services to deliver better value for money and improved outcomes for Surrey residents.

This ambition has been strongly endorsed by central Government. Surrey is one of only nine areas in the country to be included in the Public Service Transformation Network which is providing active support to the work underway.

The Cabinet is asked to consider a progress update on the five outline business cases previously agreed as part of the public service transformation programme. The work to date has identified additional resource requirements for limited specialist support to the public service transformation programme over the coming two years. This investment will enable further development and implementation of the proposals and the delivery of improved outcomes and savings.

[The decisions on this item can be called in by the Council Overview and Scrutiny Committee]

10 CHANGES TO FIRE DEPLOYMENT IN THE BOROUGH OF SPELTHORNE (Pages 221 - 342)

To consider the closure of Staines and Sunbury Fire Stations and the relocation of one fire appliance to a new optimised location to support Phase 2 of Surrey Fire and Rescue Services transformation programme,

the Public Safety Plan (PSP) 2011-2020.

Consideration has been given to the provision of an alternative service model in Spelthorne, working collaboratively with the local community and borough leaders and recognises the comments and concerns raised by stakeholders during the public consultation period. The consultation included the boroughs of Spelthorne, Elmbridge and Runnymede. The report now consists of an amended proposal which has arisen as a direct result of the public consultation and consists of a new fire station at an appropriate location with two fire engines, one whole-time and one "On-call", both providing a 24/7 response cover and a waterborne rescue capability.

[The decisions on this item can be called in by the Communities Select Committee]

11 JOINT STRATEGIC REVIEW OF SHORT BREAKS FOR CHILDREN WITH DISABILITIES (Pages 343 - 390)

The Joint Strategic Review of Short Breaks is a joint project between Surrey County Council (SCC) and NHS Guildford and Waverley Clinical Commissioning Group (CCG) on behalf of Surrey CCGs. The scope of the Review (from the Terms of Reference May 2013) is to look at the provision of short breaks for children and young people with disabilities in Surrey, including; -

- Funding and provision of short breaks for Children and young people with disabilities in Surrey;
- Residential services at the Beeches and Applewood;
- Other residential services in Surrey and out of county;
- Community based services;
- Value for money from services commissioned in all settings.

The Review has focused on options for the future use and funding of Applewood (SCC) and Beeches (NHS) as other areas of residential short break services were found to be working well.

[The decisions on this item can be called in by the Children and Education Select Committee]

12 PROVISION OF EMOTIONAL WELLBEING AND MENTAL HEALTH SERVICES FOR CHILDREN AND ADOLESCENTS IN SURREY (Pages 391 - 406)

Surrey County Council (SCC) and Surrey Clinical Commissioning Groups (CCGs), have a statutory responsibility to provide and ensure the residents of Surrey have access to, and receive the safest needs based Emotional Wellbeing & Mental Health Services.

The Cabinet is asked to approve the award of one year contracts from 1 April 2014 to 31 March 2015, to four existing providers for the provision of Children and Adolescent Mental Health Services (CAMHS) & HOPE (Integrated service including Education, Social Care & Health, working with children and young people with complex mental health needs).

An annex containing exempt financial information is contained in Part 2 of this agenda (agenda item 19).

[The decisions on this item can be called in by the Children and Education

13 APPROVAL TO DELEGATE AUTHORITY TO AWARD FUTURE CONSTRUCTION CONTRACTS PROCURED THROUGH BUILDSURREY (Pages 407 - 410)

In response to an increasing demand for school places across Surrey the Council has established, in its Medium Term Financial Plan 2013-2018, a Capital Programme to fund the provision of additional places in a number of schools.

As part of this some 30 school capital construction projects will be procured over the next few years, along with a variety of non-school capital works. Procurement and Property Services have developed a Strategy to engage local building contractors to tender for schools and other projects through the BuildSurrey portal.

The Cabinet is asked to consider delegated arrangements for the award of contracts, similar to existing arrangements, in order to enable the efficient delivery of these projects.

[The decisions on this item can be called in by the Council Overview and Scrutiny Committee]

14 HOUSING RELATED SUPPORT SERVICES FOR SERVICE USERS (SUPPORTING PEOPLE) (Pages 411 - 432)

To consider approval for the award of new contracts for Housing Related Support Services from 1 April 2014.

Supporting People services provide housing-related support services to a range of people who require support to live independently within Surrey. This includes older people, those with learning disabilities, those with mental health issues, vulnerable young people, those with an offending history, those experiencing domestic abuse and those who are at risk of homelessness.

An annex containing exempt financial information is contained in Part 2 of this agenda (agenda item 20).

[The decisions on this item can be called in by the Adult Social Care Select Committee]

15 CONTRACT AWARD FOR SURREY COUNTY COUNCIL ASBESTOS CONSULTANCY SERVICES (Pages 433 - 438)

To award a contract for asbestos consultancy services.

It is estimated that asbestos related diseases are responsible for over 4,000 deaths a year in the UK. Surrey County Council must discharge its duties under the Control of Asbestos Regulations 2012 by managing the way it deals with asbestos containing materials (ACMs) in the workplace.

The risks posed by asbestos are managed in a number of ways and require the use of a UKAS accredited consultant to carry out inspections on known or suspected ACMs, manage any remedial works where damage has occurred and manage its removal when required.

An annex containing exempt financial information is contained in Part 2 of this agenda (agenda item 21).

[The decisions on this item can be called in by the Council Overview and Scrutiny Committee]

16 TRAFFIC CONTROL SYSTEMS - PROCUREMENT OF INSPECTION AND MAINTENANCE (Pages 439 - 446)

The Cabinet is asked to agree the award of two separate contracts for the Inspection and Maintenance of the council's Traffic Control Systems.

The County Council is required to manage its road network to ensure safety and to minimise congestion. Traffic Control Systems are an essential tool in achieving this. They include: traffic signals at junctions, pelican, puffin, toucan, and equestrian crossings, variable message signs, fire station "wig wags", car park counting equipment, bridge height warning (secret) signs and rising bollards.

This contract procurement does not relate in any way to the deployment of temporary traffic signals to safely manage traffic through road works activities. The deployment of such temporary signals is approved and coordinated by the Street works team using powers under Surrey's New Permit Scheme.

An annex containing exempt financial information is contained in Part 2 of this agenda (agenda item 22).

[The decisions on this item can be called in by the Environment and Transport Select Committee]

17 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING (Pages 447 - 454)

To note any delegated decisions taken by the Leader, Deputy Leader and Cabinet Members since the last meeting of the Cabinet.

18 EXCLUSION OF THE PUBLIC

That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

PART TWO - IN PRIVATE

19 PROVISION OF EMOTIONAL WELLBEING AND MENTAL HEALTH SERVICES - CONTRACT ANNEX (Pages 455 - 458)

This is a Part 2 annex relating to item 12

Exempt: Not for publication under paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

- 20 HOUSING RELATED SUPPORT SERVICES FOR SERVICE USERS** (Pages 459 - 478)
- This is a Part 2 annex relating to item 14

Exempt: Not for publication under paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

- 21 CONTRACT AWARD FOR SURREY COUNTY COUNCIL ASBESTOS CONSULTANCY SERVICES** (Pages 479 - 482)
- This is a Part 2 annex relating to item 15

Exempt: Not for publication under paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

- 22 TRAFFIC CONTROL SYSTEMS - PROCUREMENT OF INSPECTION AND MAINTENANCE** (Pages 483 - 486)
- This is a Part 2 annex relating to item 16

Exempt: Not for publication under paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

- 23 PROPERTY ACQUISITION** (Pages 487 - 548)
- To consider a property acquisition to facilitate opportunities for public service integration with partners, regeneration and the provision of a site suitable for an identified service need.

Exempt: Not for publication under paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

[The decisions on this item can be called in by the Council Overview and Scrutiny Committee]

- 24 PUBLICITY FOR PART 2 ITEMS**

To consider whether the item considered under Part 2 of the agenda should be made available to the Press and public.

David McNulty
Chief Executive
Monday, 27 January 2014

QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

The Cabinet will consider questions submitted by Members of the Council, members of the public who are electors of the Surrey County Council area and petitions containing 100 or more signatures relating to a matter within its terms of reference, in line with the procedures set out in Surrey County Council's Constitution.

Please note:

1. Members of the public can submit one written question to the meeting. Questions should relate to general policy and not to detail. Questions are asked and answered in public and so cannot relate to "confidential" or "exempt" matters (for example, personal or financial details of an individual – for further advice please contact the committee manager listed on the front page of this agenda).
2. The number of public questions which can be asked at a meeting may not exceed six. Questions which are received after the first six will be held over to the following meeting or dealt with in writing at the Chairman's discretion.
3. Questions will be taken in the order in which they are received.
4. Questions will be asked and answered without discussion. The Chairman or Cabinet Members may decline to answer a question, provide a written reply or nominate another Member to answer the question.
5. Following the initial reply, one supplementary question may be asked by the questioner. The Chairman or Cabinet Members may decline to answer a supplementary question.

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Use of mobile devices, including for the purpose of recording or filming a meeting, is subject to no interruptions, distractions or interference being caused to the PA or Induction Loop systems, or any general disturbance to proceedings. The Chairman may ask for mobile devices to be switched off in these circumstances.

It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

Thank you for your co-operation

ADULT SOCIAL CARE SELECT COMMITTEE**Item under consideration: MENTAL HEALTH AWARENESS TRAINING****Date Considered: 5 December 2013**

1. At its meeting on 5 December 2013 the Adult Social Care Select Committee considered the recommendations made by the 2012 Mental Health Public Value Review (PVR).
2. Witnesses informed the Committee that the Mental Health Services PVR had improved positive outcomes for those experiencing mental health difficulties
3. It was highlighted at the Committee meeting that the new mental health ambassador role had empowered individuals and improved their confidence. Officers commented that there was a need to further improve the public perception of mental health.
4. Officers and witnesses made reference to the stigmatising effects of poor mental health and the lack of understanding of mental health problems in general. As a responsible employer, provider of services and signatory of the *Time to Change* pledge to end mental health discrimination, Surrey County Council should ensure that all of their staff are aware of the challenges faced by people with mental health difficulties and that they act accordingly.

Recommendation

That the Cabinet Member for Business Services consider the need for internal training for Surrey County Council employees, in order to prevent discrimination against staff and residents with mental health difficulties.

Keith Witham
Chairman of the Adult Social Care Select Committee

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COMMUNITIES SELECT COMMITTEE**Item under consideration: CHANGES TO FIRE ENGINE DEPLOYMENT IN THE BOROUGH OF SPELTHORNE****Date Considered: 15 January 2014****Key points raised:**

1. At its meeting of 15 January 2014 the Communities Select Committee considered a report from the Fire and Rescue Service on the proposed changes to fire engine deployment in the Borough of Spelthorne.
2. Members of the Committee expressed concerns over the resilience of the proposed changes when taking into account the unique characteristics of Spelthorne and the proposed location of the new fire station. The Committee also expressed concern over the viability of recruiting an on-call crew from the local area and the level of cross-border support available.
3. The Committee received evidence on the continuing decrease in number of incidents, the capacity of the new proposals to meet the response standard, and how the changes would enable savings in the Medium Term Financial Plan whilst meeting the need of residents and enabling the service to continue with their preventative work.
4. The Committee were also reassured that highways re-engineering would be considered at the site of the new location to ensure fire engines could reach incidents quickly. The Committee were informed of the high density of people living and working in the catchment area for the on-call crew and an upcoming meeting with the London Fire Brigade to discuss over the boundary cover.
5. The Committee received evidence on why the new option 5 had been developed in response to views expressed during the public consultation.
6. The Committee emphasised the need to prioritise public safety and maintain public confidence in Surrey's Fire and Rescue Service when implementing the Public Safety Plan.
7. The Committee welcomed an apology from the Cabinet Associate for Fire and Police Services for the lack of financial information on the proposed options available during the public consultation and were informed that that the Fire Service would be taking away learning from this process to apply in the future.
8. The recommendation to support the inclusion of option 5 for the report to Cabinet for 4 February 2014 was voted on by the Committee. Option 5 is to implement the proposal for a new station at an optimised location within the borough with one fire appliance immediately crewed 24/7 and one 24 hour "on-call" fire appliance. The Committee voted 8 to 3 for the recommendation for option 5.

Recommendation

Communities Select Committee recommends the inclusion of option 5 for the Cabinet report for 4 February 2013.

Denise Saliagopoulos
Chairman of the Communities Select Committee

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SURREY COUNTY COUNCIL

CABINET

DATE: 4 FEBRUARY 2014

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: DAVID MCNULTY, CHIEF EXECUTIVE

SUBJECT: **CONFIDENT IN OUR FUTURE, CORPORATE STRATEGY 2014-2019****SUMMARY OF ISSUE:**

The Cabinet are asked to endorse a refreshed version of *Confident in our future*, the Council's Corporate Strategy. The Strategy will then be presented to the County Council meeting on 11 February 2014 for approval alongside the Revenue and Capital Budget. Continued delivery of the Strategy will ensure that Surrey residents remain healthy, safe and confident about their future.

RECOMMENDATIONS:

It is recommended that the Cabinet endorses the refreshed version of *Confident in our future*, Corporate Strategy 2014-2019 and recommend that it be presented to the County Council meeting on 11 February 2014 for approval alongside the Revenue and Capital Budget 2014-2019.

REASON FOR RECOMMENDATIONS:

By reconfirming a long term vision for the county and setting priorities for the next financial year the refreshed Corporate Strategy provides a clear sense of direction for Council staff and signposts the Council's approach for residents, businesses and partner organisations. As part of the Council's Policy Framework (as set out in the Constitution) the Corporate Strategy must be approved by the County Council.

DETAILS:**Background**

1. On 16 July 2013 the County Council approved a long term strategy for the Council: *Confident in our future*, Corporate Strategy 2013-2018. It was agreed that the Strategy would undergo a light touch refresh on an annual basis.

***Confident in our future*, Corporate Strategy 2014-2019**

2. The key challenges outlined in the introduction to the Strategy remain. Namely meeting increasing demands for services while resources in real terms are reducing. By putting the Strategy into action the Council has already made good progress in meeting these challenges. The recently published document "[More than 50 ways Surrey adds value](#)" illustrates this, and a short description of progress made so far has been added to the refreshed Strategy document.

3. The strong progress made confirms the value of sticking to the long term Strategy the Council agreed in July 2013. The Council's vision, purpose, areas of focus, and values therefore remain unchanged:
- **The Council's purpose:**
 - To ensure that Surrey residents remain healthy, safe and confident about their future.
 - **The Council's vision for 2019:**
 - To be delivering great value for Surrey's residents.
 - **Six areas of focus** for the Council to achieve the vision:
 - **Residents:** Individuals, families and communities will have more influence, control and responsibility;
 - **Value:** We will create public value by improving outcomes for residents;
 - **Partnerships:** We will work with our partners in the interests of Surrey;
 - **Quality:** We will ensure high quality and encourage innovation;
 - **People:** We will develop and equip our officers and Members to provide excellent service; and
 - **Stewardship:** We will look after Surrey's resources responsibly.
 - **The Council's Values**
 - **Listen:** We actively listen to others;
 - **Responsibility:** We take responsibility in all that we do;
 - **Trust:** We work to inspire trust and we trust others; and
 - **Respect:** We treat people with respect and are committed to learning from others.
4. Elsewhere there are two key amendments to the Strategy. Firstly, the wording used to explain "what difference the Council makes" has been updated so that it matches that already being used in the Council's communications campaigns with residents and staff. The statements are being used to raise awareness of the important ways the Council adds value. Secondly, the specific list of outcome focussed priorities for the next financial year has been updated.
5. Circulated with this report is a plain text version of the refreshed Strategy: *Confident in our future*, Corporate Strategy 2014-2019 (**Annex 1** circulated separately).

CONSULTATION:

6. The Council's long term strategy has been discussed at a range of events over recent months involving Members and officers from across the Council. These include the all Member seminar on the Chief Executive's 6 month progress report and budget workshops.

RISK MANAGEMENT AND IMPLICATIONS:

- 7. There are no direct risk management implications arising from this report.
- 8. The Council's Risk Strategy will be reviewed and updated to reflect the refreshed version of the Corporate Strategy.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

- 9. The Corporate Strategy is developed in line with budget planning. It sets the strategic direction reflected in the Revenue and Capital Budget 2014/15 to 2018/19 which is presented separately to Cabinet at this meeting.

SECTION 151 OFFICER COMMENTARY

- 10. The Corporate Strategy has been refreshed alongside the development of Council's future budget. The Revenue and Capital Budget 2014/15 to 2018/19 is presented separately to Cabinet at this meeting.

LEGAL IMPLICATIONS – MONITORING OFFICER

- 11. There are no legal implications/legislative requirements arising directly from this report.

EQUALITIES AND DIVERSITY

- 12. There are no direct equalities implications arising from this report. Equalities implications will continue to be considered in relation to the more detailed policies that stem from the overall Strategy.

OTHER IMPLICATIONS:

- 13. The potential implications for the following council priorities and policy areas have been considered. There are no direct implications arising from this report but the priorities in the Corporate Strategy, Directorate Strategies and the Communications and Engagement Strategy ensure that the Council maintains a focus on each of these policy areas.

Corporate Parenting/Looked After Children

The Council has a duty to act as an effective corporate parent. The Corporate Strategy contains a priority to "protect vulnerable children".

Safeguarding responsibilities for vulnerable children and adults

The Corporate Strategy contains priorities to "protect vulnerable children" and "support vulnerable adults".

Public Health

The Corporate Strategy contains a priority on "keeping families healthy".

Climate change/carbon emissions

The Corporate Strategy contains a priority on "caring for our environment".

WHAT HAPPENS NEXT:

- *Confident in our future*, Corporate Strategy 2014-2019 is presented to the County Council meeting on 11 February 2014 for approval.

- The set of key supporting strategies (e.g. Directorate Strategies) will be refreshed and presented to Cabinet alongside the Medium Term Financial Plan on 25 March 2014.
 - In readiness for the start of the 2014/15 financial year the refreshed suite of strategies will be published on the Council's website – this will include the fully designed version of the Corporate Strategy document and the accompanying video.
 - The full set of measures and targets for the Council's 2014/15 priorities will be finalised and progress will be reported quarterly on the Council's website.
 - The Chief Executive will submit six-monthly progress reports to the Council meetings in July and December 2014.
 - Select Committees continue to scrutinise work programmes and performance.
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Lead Officer:

David McNulty, Chief Executive

Consulted:

Cabinet Members

Council Overview and Scrutiny Committee (30 January 2014)

Council Leadership Team (CLT)

Annexes:

Annex 1: *Confident in our future*, Corporate Strategy 2014-2019 (circulated separately)

Sources/background papers:

- *Confident in our future*, Corporate Strategy 2013-2018, report to Council 16 July 2013
 - Chief Executive's six-monthly progress report, report to Council 10 December 2013
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SURREY COUNTY COUNCIL

CABINET

DATE: 4 FEBRUARY 2014



REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER AND DEPUTY DIRECTOR FOR BUSINESS SERVICES

SUBJECT: REVENUE AND CAPITAL BUDGET 2014/15 TO 2018/19, TREASURY MANAGEMENT STRATEGY

SUMMARY OF ISSUE

To propose and recommend to the Full County Council:

1. the draft revenue and capital budget for the five years 2014-19 and the level of the council tax precept for 2014/15; and
2. the revised treasury management strategy, including the borrowing and operation limits (prudential indicators) for 2014-19, the policy for the provision of the repayment of debt (minimum revenue provision (MRP)), and the treasury management policy.

RECOMMENDATIONS

It is recommended that the Cabinet makes the following recommendations to the Full County Council on 11 February 2014:

Cabinet recommendations to Full County Council on the revenue and capital budget:

1. Note the Chief Finance Officer's statutory report on the robustness and sustainability of the budget and the adequacy of the proposed financial reserves (Annex 1).
2. Set the County Council precept for band D council tax at £1,195.83, which represents a 1.99% up-lift.
3. Agree to maintain the council tax rate set above and delegate powers to the Leader and the Chief Finance Officer to finalise detailed budget proposals following receipt of the Final Local Government Financial Settlement.
4. Approve the County Council budget for 2014/15.
5. Agree the capital programme proposals specifically to:
 - fund essential schemes over the five year period (schools and non-schools) to the value of £760m including ring-fenced grants; and
 - make adequate provision in the revenue budget to fund the revenue costs of the capital programme.
6. Require the Chief Executive and Chief Finance Officer to establish a mechanism to regularly track and monitor progress on the further development and implementation of robust plans for achieving the efficiencies

across the whole MTFP period.

7. Require Strategic Directors and Senior Officers to maintain robust in year (i.e. 2014/15) budget monitoring procedures that enable Cabinet to monitor the achievement of efficiencies and service reductions through the monthly budget monitoring Cabinet reports, the quarterly Cabinet Member accountability meetings and the monthly scrutiny at the Council's Overview & Scrutiny Committee.
8. Require a robust business case to be prepared for all revenue invest to save proposals and capital schemes before committing expenditure.

Cabinet recommendations to Full County Council on treasury management and borrowing:

9. Approve the Treasury Management Strategy for 2014/15 and approve that their provisions have immediate effect. This strategy includes:
 - the investment strategy for short term cash balances;
 - the treasury management policy (Appendix B1);
 - the prudential indicators (Appendix B2)
 - the schedule of delegation (Appendix B4);
 - the minimum revenue provision policy (Appendix B7).

It is further recommended that Cabinet makes the following decisions:

10. Approve the medium term financial plan (MTFP) for the financial years 2014-19, which includes to:
 - approve the Total Schools Budget of £563.1m (paragraphs 0 to 53);
 - reduce the revenue budget risk contingency for 2014/15 to £5m to mitigate against the risk of non-delivery of service reductions & efficiencies;
 - support the 2014/15 budget by applying £20.1m from the Budget Equalisation Reserve (including £13.0m contributed by the unused risk contingency from 2013/14) and £5.8m from other reserves;
 - provide £0.75m to support the apprenticeship programme;
 - set aside £1.25m in a reserve for Business Rates Appeals as mitigation against potential business rates valuation appeals (paragraph 78).
11. Note Cabinet will receive the final detailed MTFP (2014-19) on 25 March 2014 for approval following scrutiny by Select Committees.

REASON FOR RECOMMENDATIONS

Full County Council will meet on 11 February 2014 to agree the summary budget and set the council tax precept for 2014/15. Cabinet advises the Full County Council how best to meet the challenges the Council faces. The reasons underpinning the recommendations Cabinet is asked to make include:

- to ensure the Council continues to maintain its financial resilience and protect its long term financial position;
- to enable the Council to meet the expectations of Surrey's residents as confirmed in their responses to the in depth consultation exercise undertaken in 2012;
- to provide adequate finances for key services such as school places, highways,

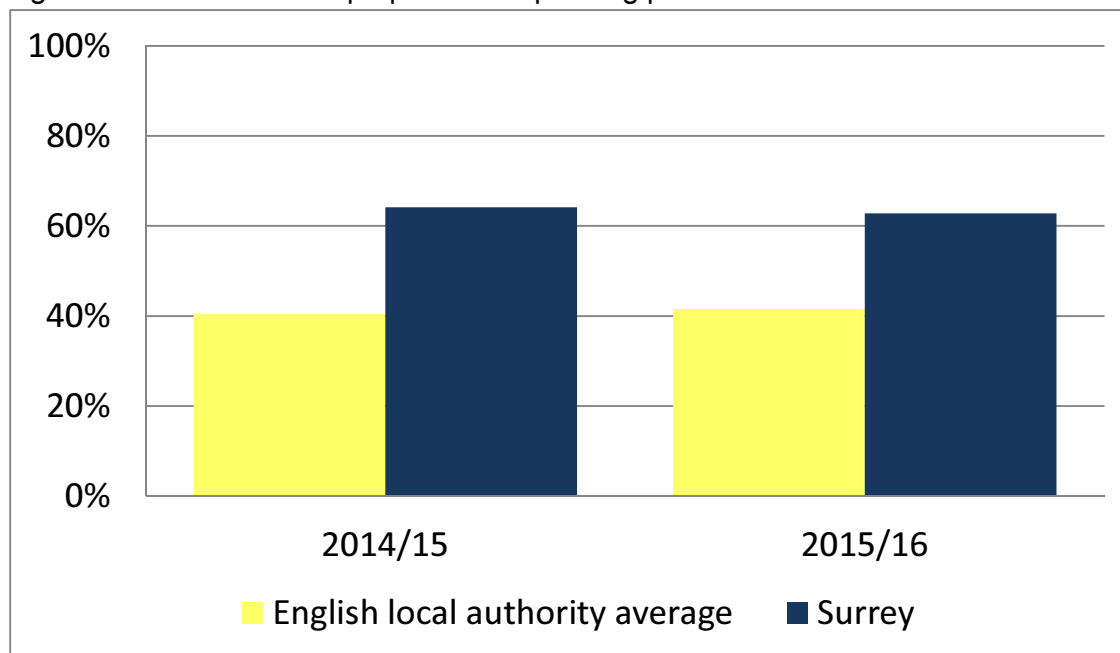
DETAILS

Revenue and capital budget

Introduction

1. This report proposes the medium term financial plan (MTFP) 2014-19 that Cabinet has developed at a series of workshops beginning in June 2013 and concluding in January 2014. Throughout this period, other Members have had opportunity to influence development of the MTFP through monthly all Member seminars and Select Committee scrutiny.
2. The proposed MTFP period (2014-19) rolls forward by one year the current MTFP (2013-18) approved by Full County Council on 12 February 2013. It covers five years, matched to the corporate strategy.
3. The Council plans to balance its five year MTFP through a combination of:
 - service transformation mechanisms
 - earlier and deeper implementation of planned productivity & efficiency savings
 - continuing to make the case to Central Government to secure a fairer distribution of national funding for the Council to help meet the disproportionately high and uncontrollable demand pressures it faces, such as for more school places resulting from a very high birth rate over the last 12 years and the needs of an increasingly ageing population.
4. The Council's current medium term financial plan (2013-18) set out a sustainable budget based on a council tax up-lift limited to 2.5% each year and delivery of £166m service reductions & efficiencies. Surrey is one of the most dependent of all councils on council tax for its funding and the most dependent of all shire counties (i.e. it receives among the very lowest proportion of its spending power as grant). Because of its low level of Government support, Surrey has to raise over 60% of its spending power from council tax. Conversely, on average English local authorities receive 60% of their spending power as grant, as illustrated in Figure 1 below. This funding position makes the level of council tax particularly important in determining the long term financial stability of the Council.

Figure 1: Council tax as a proportion of spending power



5. The strategy of increasing council tax at a relatively modest rate is working and protecting the long term future of services for Surrey residents. However, if the Council's ability to do this is reduced, it would need to make significant reductions to the services residents receive.
6. Following approval of the budget by Full County Council on 11 February 2014, officers will prepare detailed service budgets and submit them to Cabinet for approval on 25 March 2014. The detailed budgets will link to directorates' strategic plans that Cabinet will also consider at its 25 March 2014 meeting.
7. The Provisional Local Government Finance Settlement announced on 18 December 2013 outlined the key grants and financial factors for 2014/15 and 2015/16. Since that date, the Government has published settlement details for most grants, though some important factors are still unknown. All of this makes the uncertainty in the figures proposed in the MTFP relatively high and subject to change as the financial environment becomes clearer. Also, at the time of writing this report the Government had not announced the Final Local Government Finance Settlement, or the council tax referendum threshold, adding further uncertainty to the proposals.

Strategies influencing the revenue and capital budgets

Corporate strategy

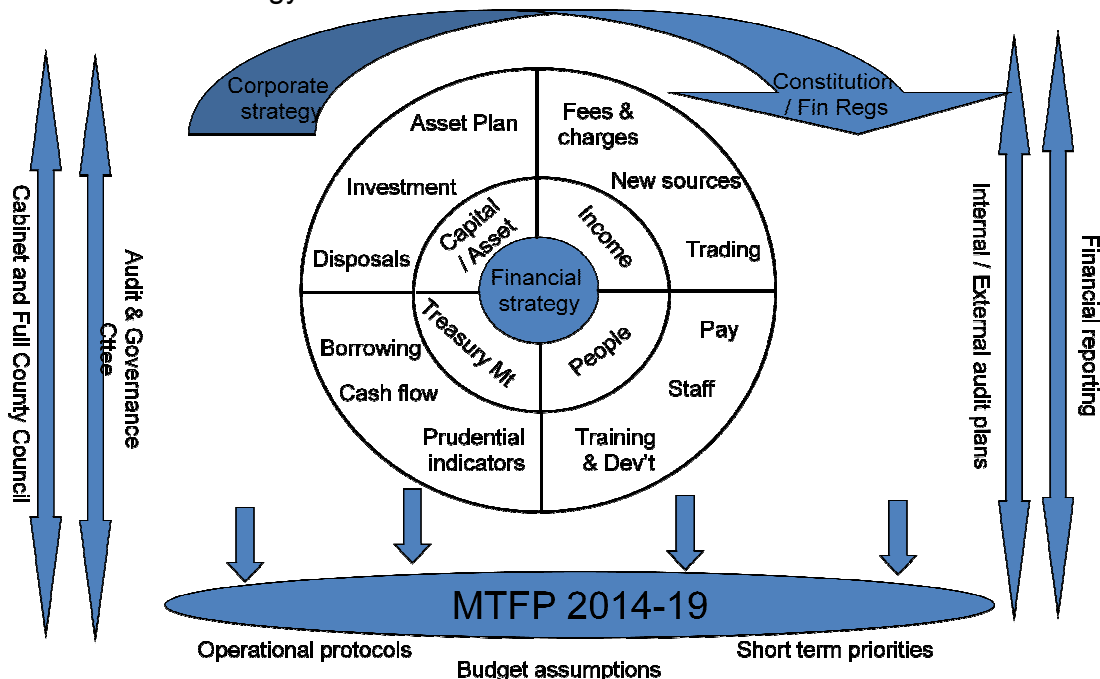
8. Presented separately at this Cabinet meeting is a refreshed version of the Council's Corporate Strategy. The refreshed *Confident in our Future, Corporate Strategy 2014-19* re-confirms the Council's vision to be delivering great value for Surrey residents. It includes the priorities for 2014/15 and key areas the Council is focusing on to achieve this. In summary this includes investing smartly to support future economic growth, protecting those residents who need most help, and transforming the way the council works with residents, businesses and partners. A robust MTFP is critical to

delivering these ambitions and goals and ensuring excellent value for money for residents.

Financial strategy

9. The Council's financial strategy provides the strategic framework and overarching corporate financial policy document for managing the Council's finances and ensuring sound governance and compliance with best practices.
10. The specific long term drivers of the financial strategy pertinent to the MTFP (2014-19) proposals are as follows.
 - Keep any additional call on the council taxpayer to a minimum through continuously driving the productivity and efficiency agenda.
 - Develop a funding strategy to reduce the Council's reliance on council tax and government grant income. The Council is heavily dependent on these sources of funding, which are under threat of erosion.
 - Balance the Council's 2014/15 budget by maintaining a prudent level of general balances (£19.9m in 2014/15) and applying £25.9m reserves as appropriate (£20.1m from the Budget Equalisation Reserve (including £13m contribution from 2013/14's unused budget risk contingency) plus £5.8m from other reserves).
 - Continue to maximise our investment in Surrey to:
 - improve services for vulnerable adults and children;
 - maintain and improve transport infrastructure to support business;
 - develop the workforce and Members and;
 - wherever possible, aim to invest in assets that will generate income streams.
11. The financial strategy links a number of other strategies and essential governance arrangements as illustrated in Figure 2.

Figure2: Financial strategy in context



12. The financial strategy links directly to the six components of the *Confident in our Future, Corporate Strategy* as summarised below.
 1. **Residents:**

Over the medium term, the Council's strategy is to minimise the tax levels on both residents and businesses, encouraging individual philanthropy and social responsibility. The Council strives to enable informed and effective engagement in its financial planning through timely conversations and other interactions with residents, businesses and other interested stakeholders.
 2. **Public value:**

The Council will ensure it understands activity levels as well as the cost base, cost drivers and income potential of its functions, to inform cost reduction and charging policies. The Council will share its understanding transparently with operational managers and key stakeholders. Familiarity with benchmarking, trend performance and opportunities to improve will help the Council to focus on cost reduction and good, long term planning. The Council will invest in the future and promote economic growth through innovation and constant challenge in services delivery.
 3. **Partnerships:**

The Council will co-operate and work effectively with other public bodies, including the voluntary sector, through agreeing clear objectives, responsibilities and accountabilities that are understood and recorded by all parties. The Council will implement public sector transformation networks where appropriate.
 4. **Quality:**

The Council will maintain the highest standards of financial governance, in terms of both policy and practice. The Council will maintain its financial reporting and financial management practices to ensure its external auditor gives an unqualified audit opinion and conclusion on value for money arrangements on its accounts each year.
 5. **People:**

The Council will determine clear objectives for employees and Members underpinned by investment in appropriate financial training. This will help employees and Members achieve the financial objectives. The Council will ensure that employees' skills and equipment keep pace with the financial challenges faced.
 6. **Stewardship:**

The Council will continue to produce a balanced and sustainable budget where income equals expenditure and that assures an appropriate level of financial resilience. The Council will make adequate provision to cover financial risks and ensure key assumptions are 'stress tested' (for public benefit, political acceptability and practical achievability).
13. The financial strategy will remain largely stable to 2019. Within this, budget assumptions, operational protocols and financial drivers may alter in the short term

and each will be reflected in the annual budget planning process through the MTFP. The MTFP is the practical means to translate this strategy into reality.

Funding strategy

14. During 2013 the Council has developed its funding strategy further to position the Council to secure diversified sources of funding to reduce its reliance on council tax revenue and increase its resilience against future financial challenges.
15. Several drivers have created a pressing need to deliver this vision:
 - the need to mitigate the effect of erosion of core sources of funding (council tax and government grant), jeopardising the Council's future financial resilience and prohibiting it from pursuing its long term financial strategy;
 - the desire to develop a culture that focuses equally on funding sources as on spending pressures;
 - the aim to address the mis-match between the size of the Council's budget and the relatively and comparatively low level of income from fees and charges; and
 - the need to provide a direct link to the financial strategy objectives, in particular:
 - to keep to a minimum any additional call on the council taxpayer through continuously driving the productivity and efficiency agenda; and
 - to continue to maximise our investment in Surrey to support business and wherever possible, aim to invest in assets to generate annual income streams.
16. The Council is delivering its funding strategy going forward through a robust programme management framework for a series of workstreams, which it will complete over a number of years.
17. The main workstreams fall under three themes.
 - Protecting the existing funding base:
 - localisation of business rates;
 - localisation of council tax support;
 - schools' funding
 - securing a fairer share of central Government support.
 - Developing alternative sources of funding:
 - economic stream (including Community Infrastructure Levy, New Homes Bonus and Local Enterprise Partnerships);
 - identifying and bidding for relevant grants;
 - return on investments (treasury management);
 - fees and charges;
 - partnership opportunities;
 - Revolving Infrastructure & Investment Fund (to generate surpluses).
 - Improving financial awareness, training and reporting:
 - staff and Member awareness, communications and engagement;

- funding reporting in the medium term financial plan (MTFP);
- financial reporting.

18. The funding strategy has a number of associated dependencies, as outlined below:
- strong political appetite to lead the focus on funding and income actively;
 - increased collaboration with District and Borough colleagues and Surrey Leaders;
 - embedding the drive for a commercial focus into individuals' roles to achieve the required ownership; and
 - achieving buy-in and engagement throughout the whole organisation.
19. Business Services directorate monitors progress of the strategy.

Revenue budget

Forecast revenue budget outturn 2013/14

20. The Council's overall revenue forecast outturn for 2013/14 at the end of December 2013 projects an underspend of £13.9m. This comprises a £0.9m forecast underspend for services and zero use of the £13m risk contingency. A separate report on this agenda presents this in more detail.
21. Directorates' hard work in managing their budgets in 2013/14 continues their good record of meeting their spending targets. Therefore, the Council has not needed to use the risk contingency it has provided. Providing a risk contingency means setting money aside, which adds to the level of efficiencies required. It is proposed to reduce the risk contingency to £5m in 2014/15 and remove it from 2015/16 and use the funding this releases to provide support to the budget from 2014/15 onwards. The proposed new tracking mechanism will add further rigour to the monitoring of efficiency plans.
22. Within the Council's financial outturn, as part of longer term financial planning, directorates are likely to request to carry forward underspends to smooth funding across financial years. Further consideration on use of reserves and balances will be necessary as the level of Government grants receivable becomes clearer when the Government publishes the Final Local Government Financial Settlement.

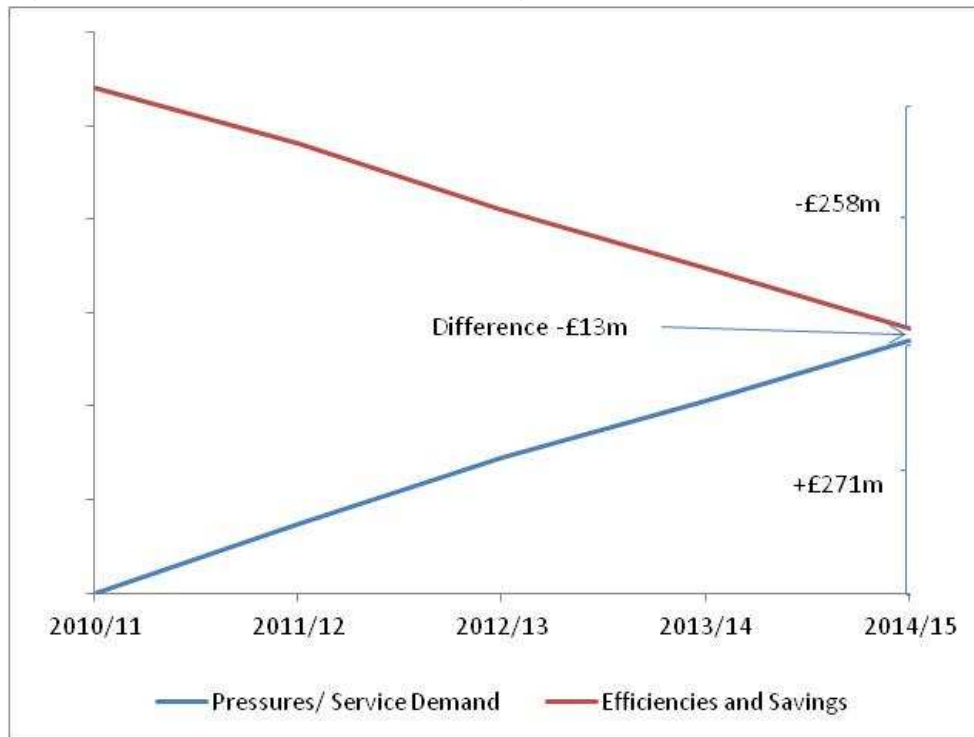
Savings, pressures and funding 2010/11 to 2014/15

23. Over the four years from 2010/11 to 2014/15 the Council's programme of efficiencies and savings has and will reduce the annual value of expenditure by £258m: an average savings of almost £65m every year. The Council sets out how it has increased value, reduced unit costs and provided better quality services to residents in its "*More than 50 Ways Surrey County Council adds value*" booklet, attached as Appendix A1.
24. Over the same period, the spending demands and budget pressures the Council has faced have increased at a faster rate: taking 2010/11 as the baseline, the Council's spending pressures have increased by £271m over the four years to 2014/15. This unrelenting rise in pressures includes the need to:
- care for increasing numbers of vulnerable adults as Surrey's population ages;
 - provide school places for Surrey's growing number of young children; and

- maintain and repair Surrey's highways network, one of the most heavily used in the UK.

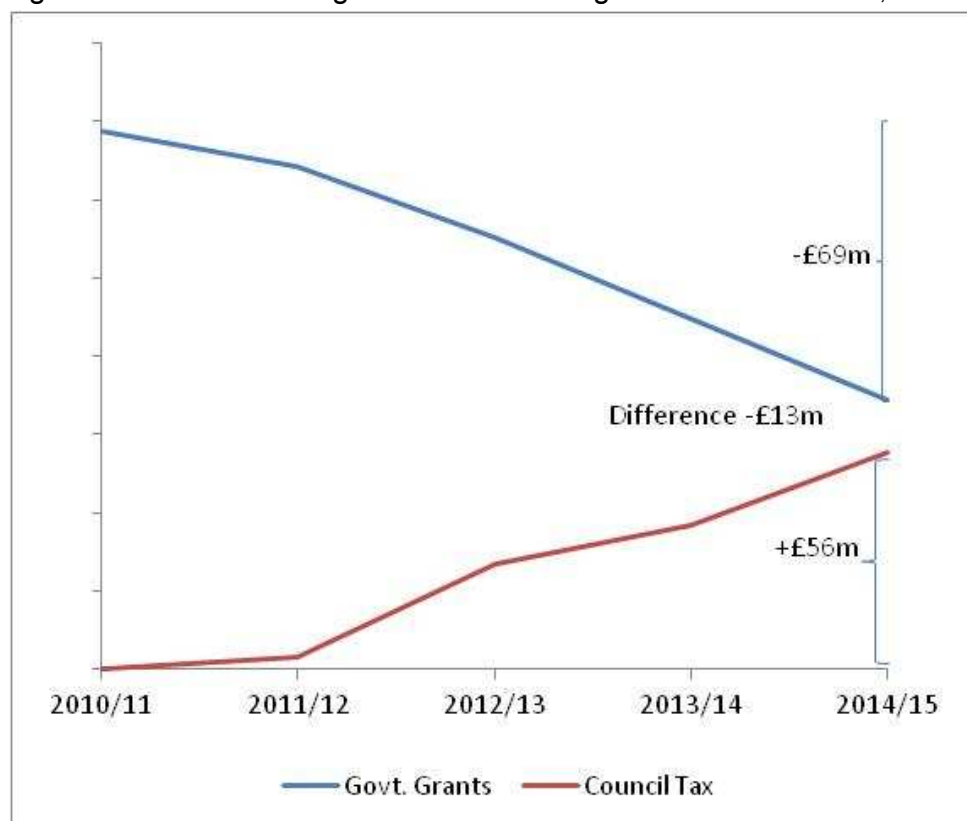
25. Despite managing to reduce its expenditure by an average £65m each year, the Council's programme of efficiencies and savings has not offset the demand pressures. Even after making £258m savings in four years, pressures exceed savings and efficiencies by £13m. Figure 3 shows how the profile of pressures and savings has changed.

Figure 3: Profile of pressures and savings, 2010/11 to 2014/15



26. Also since 2010/11 the Council has faced ever reducing funding from Government grants, despite the unrelenting expansion in service demands and pressures over the same period. Taking 2010/11 as the baseline, the reduction in Government grants to 2014/15 totals £69m (the average rate equates to 6% of the current grant funding, excluding Dedicated Schools Grant). Over the same period, the uplift in council tax has increased funding by only £56m. A shortfall of £13m. Figure 4 shows how the profile of funding from Government grants and council tax has changed.

Figure 4: Profile of funding from Government grants and council tax, 2010/11 to 2014/15



Scenario planning 2014/15 to 2018/19

Overall Government funding

27. Appendix A2 summarises the national economic outlook, which highlights how the relevant economic environment and future forecasts have changed in the last year.
28. In setting the MTFP (2013-18), the Council assessed the remaining impact of the public expenditure constraints of 2010's Comprehensive Spending Review (CSR) covering the period 2010/11-2014/15 and details released in the annual Local Government Financial Settlement. The Council also made financial projections related to the changes proposed to the system of local government funding to localise retention of business rates and council tax support implemented from April 2013. After including estimated budget pressures over the five years 2013/14 to 2017/18, the Council set itself a revenue savings target of £166m over the period.
29. In June 2013, the Chancellor of the Exchequer published Spending Round 2013 (SR2013). SR2013 principally covers 2015/16. It covered local government as a whole, with no specifics for any sector or tier. The main implications included:
 - funding from Government to the sector faces a real terms reduction of -10%;
 - extension of the first and third council tax freeze grants into 2014/15 and 2015/16 announcing the Government was intending to fund further council tax freeze grants at 1% and planning to set referendum thresholds at 2% in each of those years;
 - £665m to transform local services and prepare for reforms to social care funding;

- £3.8bn pooled budget for local health and care systems (subsequently termed the Better Care Fund);
 - 20% reduction in Education Support Grant for 2015/16; and
 - £13.5bn local authority capital for six years from 2015/16.
30. In July 2013, The Department for Communities and Local Government issued a technical consultation document that included a proposal to pool local authorities' New Homes Bonus (NHB) to provide funding to support Local Enterprise Partnerships (LEPs). This proposal included an option to pool all NHB due to county councils;
31. The Chancellor's Autumn Statement, made on 5 December 2013, included:
- the reversal of the proposal to pool NHB to LEPs outside London;
 - a 2% cap on business rates indexation in 2014/15 and other measures to support businesses (the Government will refund local authorities' reduction in business rates income);
 - measures to address business rates appeals and reduce the volatility of that income stream;
 - new national council tax discount of 50% for property annexes from April 2014;
 - £2.1bn further Government department budget reductions in 2014/15 and 2015/16 to exclude local government; and
 - extension of free school meals to reception, year one and year two pupils.
32. The MTFP (2014-19) spans two CSR periods (2010/11 to 2015/16 and 2016/17 onwards). As the review objectives and parameters of the second CSR are unknown, this adds to the uncertainty the Council needs to manage within its MTFP. Throughout development of the proposed MTFP, Members have therefore considered the budget proposals in three parts:
- year 1 – where council tax precept will be set and certainty is quite clear;
 - year 2 – where details of government grants have been announced in the Provisional Financial Settlement, and;
 - years 3 to 5 - which will be covered by the new CSR to be determined by the next Parliament and for which there is much uncertainty.
33. The basic assumptions reflected in the MTFP (2013-18) remain valid in moving the MTFP forward to cover 2014-19, except for the 2% council tax referendum threshold and where emerging changes to the new funding arrangements and assumptions about growth in service pressures have changed. Cabinet members and senior officers have rigorously reviewed, probed, assessed and validated the assumptions to determine the predicted scenario for medium term financial planning purposes.
34. In developing the MTFP (2014-19) the Council has again shared the stages of its medium term financial planning process widely. Cabinet members, senior officers and Select Committees participated in workshops and several financial planning update briefings have been provided for all members and other interested stakeholders. The Council also conducted a robust, open, consultation and engagement process with key stakeholders as outlined below (paragraphs 127 and 128).

Budget planning assumptions

35. The Council began building its annual budget in June 2013. This involved reviewing the Council's financial position and outlook at the end of the first quarter of 2013/14, revisiting the assumptions, pressures and savings included in the MTFP (2013-18) and projecting forward a further year to 2018/19. Table 1 shows the key cost, pressure and savings assumptions used to prepare the illustrative budgets.

Table 1: Budgetary cost, pressure and savings assumptions 2014-19

Descriptor	2014/15	2015/16	2016/17	2017/18	2018/19
Pay inflation – Surrey pay	up to 1.6%	up to 1.6%	up to 1.6%	up to 1.6%	up to 1.6%
Pay inflation – National pay	1.0%	1.0%	1.0%	1.0%	1.0%
General, non-pay inflation	2.1%	2.2%	2.2%	2.2%	2.2%
Remainder of MTFP (2013-18) (refreshed in July 2013) savings programme brought forward	£0m	-£22m	-£28m	-£44m	
Additional savings required to meet new service funding and spending pressures	£0m	£0m	-£7m	-£20m	-£41m
Allowances for central pressures:					
• Revenue impact (borrowing) of the capital programme 2014-19	£1m	£3m	£4m	£5m	£5m
• Risk contingency	£5m	£0m	£0m	£0m	£0m

Note:

- differing percentages apply to contractual inflation
- new service funding and spending pressures includes statutory, contractual and demographic changes.

Service expenditure 2014-19

36. Table 2 summarises the Council's gross revenue expenditure budget for the five years 2014-19 and compares it to 2013/14's budget by main services.

Table 2: Gross revenue expenditure budget 2014-19

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m	£m	£m
Adult Social Care	406.6	412.8	416.2	431.1	452.0	483.3
Children, Schools & Families	324.7	330.4	336.1	339.9	347.9	347.9
Schools Delegated Budgets	521.9	468.2	461.1	460.1	460.1	460.1
Customer & Communities	82.9	82.2	83.2	82.8	82.8	87.1
Environment & Infrastructure	142.8	145.5	142.0	144.1	147.2	152.1
Business Services	97.2	99.9	97.9	100.1	103.2	106.2
Chief Executive's Office (including Public Health)	43.0	43.9	45.8	47.8	51.7	53.9
Central Income & Expenditure	69.1	61.1	56.5	64.1	63.9	64.2
Public Services Transformation Network	0.0	0.0	-10.0	-10.0	-10.0	-10.0
Additional savings				-6.7	-19.5	-40.7
Total expenditure	1,688.2	1,644.2	1,628.7	1,653.3	1,679.4	1,703.9

Please note columns may not cast due to roundings

Service budget commentaries

37. Services continue to develop and test a range of proposals to enable the Council to meet its budget reduction targets for 2014/15 and beyond. Appendix A4 contains a summary of the proposals for each budget category, with a brief commentary by services on the proposals supported by a summarised income and expenditure statement and expenditure by service.
38. Cabinet will receive final detailed budget proposals for approval on 25 March 2014, after the appropriate Select Committees have reviewed the detailed budget changes.
39. The Chief Executive and Chief Finance Officer will establish a mechanism to track and monitor progress on the implementation of robust plans for achieving all the MTFP efficiencies.

Central Government funding

Provisional Local Government Finance Settlement

40. From 2013/14, the Local Government Finance Act 2012 fundamentally changed the local government funding system to one including partial retention of local business rates and localisation of council tax support.
41. The Provisional Local Government Finance Settlement for 2013/14 set out local authorities' start up funding assessment related to the new local government financing

system. This is now termed the Settlement Funding Assessment (SFA). For the Council this is equivalent to funding previously received from the following sources:

- formula grant
- council tax freeze grant
- council tax support grant
- early intervention grant
- lead local flood authority grant
- learning disability & health reform grant.

42. The main change from 2013/14 is the Secretary of State for the Department for Communities and Local Government (DCLG) has decided to move £38m council tax support funding from separately identified grants and roll it into formula funding. While grants rolled in broadly maintain their value, DCLG will scale formula funding in proportion to its own control total. Formula funding reduces by -11% from 2013/14 to 2014/15 and by another -17% to 2015/16 and accounts for 90% of the Council's settlement funding reductions.
43. Table 3 shows the Council's 2013/14 SFA compared to the provisional settlement for 2014/15 and illustrative figures for 2015/16.

Table 3: Settlement Funding Assessment (SFA)

	Adjusted 2013/14 £m	Provisional settlement 2014/15 £m	Illustrative settlement 2015/16 £m
Council tax freeze grant 2011/12	13.8	13.8	13.8
Early intervention grant	24.6	22.7	20.8
Local lead flood authorities' grant	0.2	0.2	0.2
Learning disabilities & health reform grant	68.2	68.8	68.8
Total grants rolled in	106.8	105.5	103.6
Formula funding	144.9	130.2	110.8
Share of returned topslice (safety net) etc.	0.0	0.3	0.0
Total Settlement Funding Assessment	251.7	236.0	214.4

Better Care Fund

44. The Better Care Fund (BCF) has two primary purposes: first, to seek transformation in health and social care system in order to achieve a shift from acute to community services; second, to 'protect' (the Government's word) adult social care, recognising that the financial pressures on it might otherwise undermine the achievement of those whole system goals. It carries forward the purposes of the current Whole Systems funding programme that runs from 2011 to 2015 (£14.3m in 2013/14 and £18.3m in

2014/15) but with greater ambition and on a broader scale (£65.5m, obtained by pulling together existing funding streams from health and social care).

45. The Government's timetable requires a plan to be submitted to the Department of Health by 14 February 2014, setting out how the BCF is to be used. That involves close joint working with the six Clinical Commissioning Groups (CCGs). An initial draft must be agreed by Health and Well-Being Board (relevant meeting 6 February 2014) and then approved by the Department of Health. Complying with that timetable is part of the performance framework which potentially attracts around 30% of the £65.5m revenue funding available to Surrey in 2015/16. Given the very tight timetable and the complexity of the task, the Government has agreed that plans can be amended subsequent to that submission, leading to a final version in early April 2014. However, the main content is required now, and discussions have been held accordingly with the CCGs.
46. Those discussions have established a preference for allocations, including those to protect social care, being made at Local Joint Commissioning Group level. The detail of those plans is not required by the February submission and will take some time to finalise. However, it has been agreed with the CCGs that those plans will be drawn up on the basis that 'in 2015/16 we expect the benefit to social care to be £25m'. Consequently, it is reasonable for the Council to set its budget plans accordingly for 2015/16, with reasonable prospects of that adjustment being built into the base: that depends on Government confirmation through future settlements that the BCF will be ongoing, as appears to be the intention; and on future joint planning then continuing to generate the same scale of benefit to social care.

Total Schools Budget - as defined in legislation

47. The Council is required by law to formally approve the Total Schools Budget (the legal technical definition of the Total Schools Budget comprises: Dedicated Schools Grant funding, post 16 grant funding and any legally relevant council tax related funding). The Total Schools Budget covers schools' delegated expenditure and other maintained schools expenditure, plus expenditure on a range of school support services specified in legislation. The Total Schools Budget (and the total County Council budget) excludes funding for academies.
48. Table 4 outlines the proposed Total Schools Budget for 2014/15 of £563.1m, which includes Dedicated Schools Grant (DSG) funds £546.5m, Education Funding Agency (EFA) sixth form grants fund £15.1m and the Council funds £1.5m for post-16 learning disabilities. The Total Schools Budget is a significant element of the Children, Schools & Families' proposed total budget of £798.6m.

Table 4: Analysis of Total Schools Budget for 2014/15

	Schools' delegated budgets £m	Centrally managed services £m	Total £m
DSG 2014/15	428.6	110.3	538.9
DSG brought forward from previous years	5.6	2.0	7.6
Total DSG	434.2	112.3	546.5
EFA sixth form grant	15.1		15.1
County Council contribution (post-16 learning disabilities)		1.5	1.5
Total Schools Budget	449.3	113.8	563.1

Note: Total Schools Budget does not include the pupil premium grant (provisional) £16.4m and the PE sports release grant £2.5m. These grants, although not part of the legal definition, are also delegated to schools and are included in the schools funding of £468.2m as in Appendix A4.

49. Centrally managed services include the costs of:

- placements for pupils with special educational needs in non maintained special schools and independent schools;
- two and three year olds taking up the free entitlement to early education and childcare in private nurseries;
- part of the cost of alternative education (including part of the cost of pupil referral units);
- additional support to pupils with special educational needs; and
- a range of other support services including school admissions.

50. The County Council contribution is to fund part of the anticipated increase in new responsibilities for over 16s with lifelong learning difficulties and disabilities (LLDD).

51. Schools are funded through a formula based on pupil numbers and ages with weightings for special educational needs and deprivation. In 2014/15 the formula limits any school level gains and losses to a 1.5% maximum loss per pupil (the Government's Minimum Funding Guarantee). A maximum per pupil increase (or ceiling) of approximately 1.5% will be required to pay for the guarantee.

52. Schools will also receive pupil premium funding, based on the number of:

- pupils on free school meals at some time in the past six years;
- looked after children; and
- pupils from service families (or who qualified as service children at some time within the last three years, or are in receipt of a war pension).

53. Funding for some support services for schools has now been transferred from general grant to a new education services grant. This grant is divided between the Council and individual Surrey academies in proportion to pupil numbers in each.

Other grants

54. There are a number of other government grants that are newly included in plans. These reflect new areas of responsibility, meaning the funding will be matched by an increase in the Council's need to spend. The most material of these is £3.5m over the two years 2014/15 and 2015/16 for PE & sport release.
55. More minor sums totalling £265,000 will be received for responsibilities connected with: sustainable transport for town centres and high streets, Police and Crime Panel, remand and restorative justice.

Funding commitments the Government has reduced or withdrawn

56. The Health and Social Care Act 2012 transferred substantial public health improvement duties to local authorities from 2013/14 as a new burden, funded by a ring-fenced specific grant based on estimates of historic spending from NHS Surrey Primary Care Trust.
57. This ring-fenced specific grant is designed to cover all the services transferred from NHS Surrey and allow for some growth. The Department of Health (DH) recognised it excluded £3.3m of genito-urinary medicine (GUM) services incorrectly from the grant and allocated it to the CCGs that succeeded NHS Surrey.
58. Historically public health funding in Surrey has been below the level of assessed need. Government stated policy is to rectify this underfunding. However, DH's commitment to increase funding by 10% each year (to return funding to the level of assessed need) is not included in illustrative 2015/16 allocations in the Provisional Local Government Finance Settlement.
59. Local welfare provision (Social Fund) was also a new responsibility transferred to the Council from 1 April 2013. The Social Fund provides emergency loans to vulnerable people. Less than eight months after transferring this responsibility, in December 2013, the Provisional Local Government Finance Settlement was the first indication to local authorities that the £1.1m funding is likely to cease from 1 April 2015. There is concern that the need for the Social Fund support is likely to continue, or even rise as the Government implements its welfare reform programme.
60. The Government will remove £0.9m carbon reduction commitment funding from 1 April 2014 to compensate HM Treasury for revenue lost as a result of schools being taken out of the carbon reduction scheme.
61. Extended rights to free travel faces a material reduction in funding of £0.4m from 1 April 2014. This reduction comes despite the Minister concerned reminding local authorities that their statutory home to school transport duties remain in force.
62. Community Right to Challenge became a new burden on the Council from 1 April 2013. December 2013's Provisional Local Government Finance Settlement first gave local authorities warning that funding will cease from 1 April 2015. The requirement for councils to provide the service to the community continues. Funding in 2014/15 is £9,000.

63. Other significant reductions and uncertainties include funding for localised council tax support and council tax freeze grant as discussed in the sections below.

Localisation of council tax support

64. From 2013/14, the Department for Work & Pensions (DWP) ceased to provide a national council tax benefit scheme. At the same time, central government imposed funding reductions requiring councils to make choices about changes to eligibility and levels of support. District & Borough councils implemented their own local support schemes from 1 April 2013. The County Council worked alongside Surrey Districts & Boroughs as they developed their schemes, with a view to:
- preserving the current high council tax collection rate,
 - avoiding unintended cost consequences for council services, and
 - avoiding detrimental impacts on frontline policing.
65. At the same time and to allow councils to mitigate some of the above funding reductions, the Government localised some council tax exemptions and discounts. District & Borough councils made local decisions about the level of these or whether to withdraw them altogether.
66. There were several direct impacts of the changed arrangements:
- A reduction in council tax income. The central government subsidy previously paid into districts' & boroughs' collection funds ceased. The County Council bears its share of this loss (approximately 75%) estimated at approximately £45m in 2013/14.
 - A new grant for council tax support (to compensate councils partially for the cessation of subsidy). The Council's grant in 2013/14 was identified as £38m, received as part of baseline funding. However, the Government has rolled it into formula funding from 1 April 2014, where it is subject to the scale reductions that apply to that funding.
 - An increase in council tax yield from changes to discounts and exemptions. The approximate impact on the Council was an increase of £5m.
 - A reduction in the council tax base (reflecting eligibility to council tax support). The approximate impact on the Council was a decrease of £7m.
67. These impacts are continuing and imply a number of newly assumed risks. Firstly, the future level of central government formula funding will fall by more than -10% in 2014/15 and likely by more thereafter, though the rate for scaling the reduction is uncertain. Secondly, the cost of local support schemes will be subject to changes in price (council tax rises) and volume (numbers of claimants).
68. The changes to the council tax base arising from localisation need close monitoring. For example, changes in the volume and make-up of the claimant population will have different implications. Also, pensioner claimants are fully protected from localisation changes (in effect remaining on the old national scheme) so any change in their volume or composition of caseload could have material implications. The Council is working with the Surrey districts and boroughs to share and collate monitoring information.

Local retention of business rates

- 69. The business rates retention system (BRRS) replaced formula grant as the core funding for local authorities from 1 April 2013. This is a major change arising from nearly two years' development. Under BRRS, district and borough councils continue to collect local business rates. They retain half of this income to share with the county council in their area (80:20 in the districts' & boroughs' favour). The remaining half is central government's share, which it redistributes back to local authorities.
- 70. This central share is combined with several existing specific grants that are rolled into SFA. DCLG allocates SFA to each authority as a baseline funding component and a Revenue Support Grant (RSG) component. Table 5 shows the Council's SFA allocations and comparison to national totals.

Table 5: Surrey County Council's Settlement Funding Allocation

	2013/14	2014/15	SCC change	National change	2015/16	SCC change	National change
RSG	£151.1m	£132.3m	-12.4%		£107.5m	-18.7%	
Baseline funding	£100.6m	£103.7m	3.1%		£106.8m	3.0%	
Settlement Funding Allocation	£251.7m	£236.0m	-6.2%	-9.4%	£214.3m	-9.2%	-13.2%

- 71. Under BRRS, the Government established a baseline funding level for each local authority. In effect this is the authority's portion of the local share (i.e. 50% of the estimated net business rates collected). This figure determined whether the authority pays a tariff to central government or receives a top-up.
- 72. If an authority has a business rates baseline (government estimate of its business rates income) higher than its baseline funding level, the difference is paid to central government as a tariff. All the Surrey districts are tariff authorities. Where the business rates baseline is lower than its baseline funding level (as is the case for this council), the authority receives a top-up. All county councils receive a top-up.
- 73. In previous years, the Government has increased business rates multiplier annually by Retail Price Index (RPI). Under BRRS, the Government indicated it would continue this practice to increase tariffs and top-ups annually by RPI to maintain their value in real terms.
- 74. In his 2013 Autumn Statement, the Chancellor of the Exchequer announced the Government would support business by limiting the increase in the business rates multiplier to 2% for 2014/15. Recognising that this represents money taken from local government's funding base equivalent to the difference between RPI and 2%, the Provisional Local Government Finance Settlement indicates a compensating grant (£1.1m for the Council) in 2014/15 and 2015/16. Uncertainty about the continuation of this funding beyond 2015/16 creates a funding risk.

75. The MTFP assumes that after 2014/15 the Council's income from local business rates and top-up grant from the Government will rise annually by RPI. However, there is a risk the Government may again choose to limit the increase in the business rates multiplier to a lower figure. The Council will review these assumptions in the next budget planning cycle when more information may be available.

76. Table 6 shows the calculation of the Council's top-up funding.

Table 6: Surrey County Council's top up funding 2013/14 and 2015/16

	2013/14	2014/15	2015/16
Funding baseline	£100.568m	£102.528m	£105.357m
less Business rates baseline	£43.862m	£44.718m	£45.951m
Top-up	£56.706m	£57.810m	£59.406m

77. BRRS alters the nature of the Council's funding risks. Under the previous funding system, the Government confirmed formula grant allocations annually in the local government finance settlement. These allocations did not vary during the year.

78. The Council's medium term financial planning makes the following assumptions for the new funding system:

- **Revenue support grant**

Allocations will reduce, but will not change in-year. There is a risk that the government may adjust annual control totals between years.

- **Business rates top-up grant**

MTFP 2013-18 assumed this would receive an annual uplift equivalent to RPI. For 2014/15, the Government has limited the increase in the business rates multiplier to 2%, but has provided compensation for the difference by way of grant. MTFP 2014-19 assumes indexation for this grant will return to RPI after 2014/15.

- **Business rates income**

This is still relatively new and as such is uncertain and potentially volatile:

- Under the previous funding system, central government bore the whole of the forecasting risk on business rates. BRRS shares this risk in Surrey: 50% by central government, 40% by the districts and boroughs, 10% by the County Council.
- MTFP (2013-18) used the Government's baseline funding estimates for 2013/14's budget, assumed no real annual growth and inflationary business rate multiplier increases at forecast RPI.
- MTFP (2014-19) uses the districts' & boroughs' mid-year estimates of 2013/14 business rates income as a baseline and adds 0.5% real growth annually and business rate multiplier increases limited to 2% for 2014/15 (as announced in the Chancellor's Autumn Statement) with subsequent years' indexation at forecast RPI using HM Treasury's average of independent forecasters as at November 2013.

- Funding from 2015/16 onwards includes a government grant compensating for the difference between the capped business rates multiplier and RPI for 2014/15.
- The main drivers of volatility are the volume and value of successful valuation appeals, as these reduce expected business rates income. In April 2013, at the start of the new system, the districts & boroughs charged the full billable sum for any outstanding appeals to rate payers and paid it into the central pool. Any successful appeals after the start of the new system are refunded at the expense of the local authorities concerned (i.e. the district & borough councils and counties) and central government, in proportion to their shares of business rates income. In view of this, Districts & Boroughs made assumptions about the value of successful appeals in their estimates of business rates income. The County Council bears 10% of any appeals losses (districts & boroughs 40% and central government 50%) and has a recommendation to set aside £1.25m in a reserve as mitigation against potential business rates valuation appeals.
- An anomaly of the business rates system is a lack of incentive for the Valuation Office Agency (which undertakes business rates valuations) to reduce the number and value of successful appeals against their valuations, since any adverse financial consequences rest only with local and central government. The Autumn Statement 2013 announced a commitment to resolve 95% of outstanding valuation appeals cases by July 2015 and to consult in 2014 on changes to increase transparency over rateable value assessments, improve confidence and allow faster resolution of well-founded challenges, preventing future backlogs.
- The Council also faces vulnerabilities associated with the loss of large site business ratepayers from the county area.

Council tax funding

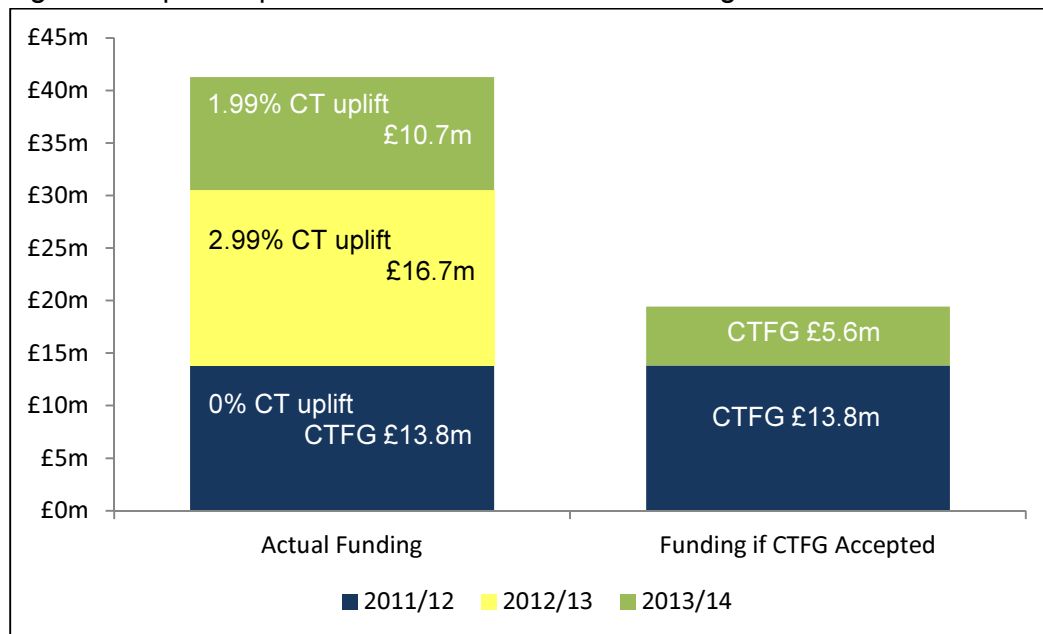
79. MTFP (2013-18) assumes council tax yield will increase by 2.5% annually through either an up-lift in the level of the tax or a compensating council tax freeze grant payment.

Council tax freeze grant

80. In June 2013 the Chancellor of the Exchequer announced in the Executive Summary of his Spending Round 2013 report that the Government was '*...making funding available for local authorities that choose to freeze their council tax in 2014-15 and 2015, and planning to set a council tax referendum threshold in each of those years that gives local people a say if their council tax rises by more than 2 per cent.*'. The report reiterated this point in its Overview chapter under the heading 'Fairness'. In the section on the departmental settlement for local government the report stated '*The Government ... plans to set the council tax referendum threshold at 2 per cent for 2014-15 and 2015-16.*'
81. The Provisional Local Government Finance Settlement confirmed the council tax freeze grant offered for 2014/15 as equivalent to 1% of an authority's council tax, payable for 2014/15 and 2015/16. It also confirmed the council tax freeze grant offered for 2015/16 as equivalent to 1% of an authority's council tax, payable for 2015/16.

82. Ministerial statements accompanying the provisional settlement added that *'Funding for the next two freeze years will also be built into the spending review baseline'*. While the current Comprehensive Spending Review is as far as Ministers can commit, it represents a fresh start in terms of Government financial planning and does not remove uncertainty about the continuation of council tax freeze grant funding beyond 2015/16. Extending the provision of council tax freeze grant increases the funding risk facing local government, particularly for authorities that depend on these grants for significant sums.
83. The Provisional Finance Settlement also stated the Secretary of State would decide the council tax referendum threshold in January 2014. At the time of writing (24 January 2014) the Secretary of State has not announced the threshold.
84. The Council declined the Government's offers of council tax freeze grant for 2012/13 and 2013/14, choosing to uplift council tax within the limits of what the Secretary of State declared as reasonable. By making these decisions, the Council has an additional £41.3m every year in its council tax base to sustain services to Surrey residents. This continuing funding for services is nearly £22m higher than if the Council had accepted the council tax freeze grants for 2012/13 and 2013/14. Figure 5 shows the impact of past council tax decisions on funding.

Figure 5: Impact of past council tax decisions on funding



85. Members have received several financial planning update briefings outlining the impact on the 2014/15 budget and MTFP (2014-19) of accepting or declining council tax freeze grant and of up-lifting council tax at different rates. Cabinet has explored the options in depth in workshops.
86. The MTFP (2014-19) includes proposals to increase council tax by 1.99% in 2014/15, giving a band D equivalent precept rate of £1,195.83, which raises £564m funding.

Balancing the 2014/15 revenue budget and MTFP (2014-19)

87. The Council plans to balance its budget in 2014/15 through a combination of budget reductions and efficiencies, additional income, council tax up-lift of 1.99% and use of £26m from reserves to smooth the flow of funds between years.
88. As illustrated in Figures 2 and 3, above, the £26m comprises a £13m excess of funding lost through Government grants partially offset by council tax uplifts, plus a £13m excess of service pressures and demands totaling £271m over the four years to 2014/15, less savings and efficiencies over the same period of £258m.
89. The Council plans to balance its five year MTFP through a combination of service transformation mechanisms, earlier and deeper implementation of planned productivity and efficiency savings, and making the case to central government to secure a fairer distribution of national funding to the Council to help meet the disproportionately high and uncontrollable demand pressures the Council faces e.g. School places and the needs of an increasingly ageing population. Table 7 outlines the revenue funding proposals.
90. This strategy is working and protecting the long term future of services for Surrey residents. However, if its effectiveness falls, the Council would need to make significant reductions to the services residents receive.
91. To help ensure success, the Chief Executive and Chief Finance Officer will establish a mechanism to track and monitor progress on the implementation of robust plans for achieving all the MTFP efficiencies systematically.

Table 7: Revenue funding for 2014-19 MTFP

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Total spending	1,688	1,644	1,629	1,660	1,699	1,745
Council tax	-550	-569	-578	-592	-607	-622
Retained business rates	-44	-45	-47	-49	-51	-53
UK Government grants	-923	-853	-849	-854	-854	-858
Other income (incl fees, charges, investments and reimbursements)	-148	-151	-155	-158	-167	-171
Use of reserves and balances	-23	-26	0	0	0	0
Total funding	-1688	-1644	-1629	-1653	-1679	-1704
Additional savings required				-7	-20	-41

Risks and uncertainties

92. Before balancing the 2014/15 revenue budget and MTFP (2014-19) in detail, the Council will need to confirm or substantiate its position on the following risks and uncertainties:

- the agreement with CCGs to allocate £25m from Surrey's pooled BCF budget to protect adult social care services;
- the Secretary of State's referendum limit for uplifts to council tax;
- the council tax base for Surrey and the balance due to the Council from each District's & Borough's collection fund;
- the growth in the business rates base for Surrey;
- the Government's Final Local Government Financial Settlement;
- formal notification of £9.0m revenue grants assumed for 2014/15, including waste private finance initiative (PFI) grant of £1.9m;
- details of directorates' and services' budgets.

Capital programme 2014-19

Capital budget planning

93. The Council set a five year capital programme totalling £699m in the MTFP (2013-18). A significant element of this relates to the supply of new school places (£261m) and the recurring programme of transportation and highways maintenance (£179m).
94. For the MTFP (2014-19), Cabinet has reviewed the capital programme including extending it to 2018/19. The updated capital programme amounts to £760m investment in Surrey. The review focused on the continuing forecast growth in school pupil numbers and the importance residents place on good roads.

Capital position 2013/14

95. The forecast in-year variance on the 2013/14 capital budget as at 31 December 2013 is an overspend of +£7.0m against the approved revised budget of £224.6m. The main reasons for the overspend are +£29.3m invested in long term capital investment assets through the Revolving Infrastructure & Investment Fund, offset by material spend profile changes:
 - acquiring land for waste schemes (-£5.9m);
 - school basic need (-£5.4m)
 - archaeological finds at Guildford Fire Station (-£3.0m);
 - schools changing to replacement boiler specification (-£2.0m);
 - deliveries of fire vehicle and equipment replacement programme (-£1.6m);
 - Safe cycle bid delayed due to the weather - grant extended until May 2014 (-£1.5m);
 - rephasing refurbishments of some short stay schools (-£1.2m); and
 - obtaining planning permission to improve a travellers' site (-£1.1m).
96. To complete these projects, the Council will need to carry forward the related funding to future years. This decision is proposed as part of the budget outturn flash report, published towards the end of April 2014 and if approved, the amounts will be added to the capital programme for 2014-19.

Capital expenditure

97. In 2012/13 the Council approved funding of £244m for the first five years of a ten year capital programme to provide an additional 16,000 school places by 2022. The capital programme in MTFP (2013-18) and MTFP (2014-19) recognise the number of school places required as nearer 20,000 over the ten year period. This 4,000 increase in school places is largely due to the increasing birth rate and inward migration to Surrey.
98. For 2014/15 the capital investment in school places has increased from £81m to £105m. Overall, for the period 2014-19, the Council will invest an additional £135m on top of the existing school place capital programme. The existing and revised budget for the capital programme includes average savings targets for procurement efficiency on capital schemes of 40% for primary schools and 20% for secondary schools.
99. The Council will review demand for school places beyond 2017/18 annually and reflect it in the capital programme. During 2013 the Council successfully bid for a grant to contribute to the cost of providing new school places. MTFP (2014-19) incorporates this £16m targeted basic need capital grant.
100. In 2012 independent benchmarking confirmed that Surrey had one of the road networks in the country most in need of repair, with 17% of roads classed as needing urgent repair compared to national average of 10%.
101. In 2010 a Department for Transport review advised that the best approach to managing this problem would be long term planned repairs, as opposed to short term pot hole repairs. For example, planned repairs have a ten year guarantee compared to a two year guarantee for reactive repairs. The Council fully adopted this principle into its road maintenance strategy and in 2012 approved a £100m investment programme to resurface 312 miles of road over five years (known as Project Horizon).
102. This single investment programme will not only help Surrey reach the UK average for road condition but has also enabled contractor negotiations and design innovations which have secured an additional 15% saving, which the Council is reinvesting in the wider programme.
103. The original Project Horizon programme was planned using 2010 data. Since then four severe weather events have accelerated the deterioration of the network. In response to this, works planned for later in the programme have been brought forward. This avoids further deterioration and prevents additional pressure on the revenue repairs budget, which is already under considerable strain due to a doubling of pothole volumes from 2010 to 2012 as a result of severe weather. A one off release of £5m from the severe weather reserve has alleviated this pressure in 2013.
104. Table 8 shows the original Project Horizon budget profile, £20m per year for 5 years, and the proposed revised profile. Budget totalling £11m has already been reprofiled into 2013/14. Table 8 also shows the additional revenue impact of bringing forward this expenditure, should it be necessary to borrow to fund this expenditure.

Table 8: Proposed reprofiling of Project Horizon

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m	£m	£m
Original profile	20	20	20	20	20	100
Revised profile	31	24	15	15	15	100
Change	+11	+4	-5	-5	-5	0
Additional revenue cost	0.2	1.5	1.9	1.9	0.9	6.4

105. The Council plans to invest £20.7m in IT over the five years to 2018/19. This includes £12m for new equipment and infrastructure, a £7.5m replacement and renewal programme, plus £1.2m of projects to improve infrastructure for adult social care and the telecommunications network. By making this investment, the Council is enabling and supporting further service efficiencies.

106. Table 9 summarises the Council's £760m capital programme for the five years of MTFP (2014-19). Appendix A5 shows it in more detail. Inclusion of a project in the capital programme does not give authorisation for work to start on the scheme. Cabinet requires a detailed and robust business case before considering a project for approval.

Table 9: Summary capital expenditure programme

Scheme category	2014/15	2015/16	2016/17	2017/18	2018/19	2014-19
	£m	£m	£m	£m	£m	£m
School places	105	69	72	49	32	327
Recurring programme	74	63	60	62	67	326
Strategic capital projects	38	32	18	11	8	107
Total	217	164	150	122	107	760

Capital funding

107. The Council funds its capital programme from: government grants, third party contributions, revenue reserves and borrowing.

Government grants

108. Government departments have announced some, but not all, capital grants for 2014/15 and even fewer for 2015/16 in the Provisional Financial Settlement. The Provisional Financial Settlement is for consultation and the Final Financial Settlement may change. Government departments commonly announce additional grants during the financial year, so the Council includes a forecast for these. £19.5m of the £82.5m capital grants funding the programme remain to be announced.

109. Central government provides capital grants to local authorities in two categories: ring fenced grants paid to local authorities for specific projects or to achieve an agreed

outcome; and non ring fenced grants, which although awarded for a general purpose, can be used to fund local priorities. This is often referred to as the single capital pot.

110. Table 10 shows those grants for 2014/15 announced in the provisional settlement, those the Council still expects and whether they are ring fenced or not.

Table 10: Government capital grants 2014/15

	Provisional settlement 2014/15 £m
Capital grants announced	
Ring fenced grants	
Targeted school places	16.3
Walton bridge 2014/15	0.4
Local sustainable transport fund	3.4
Superfast broadband	1.3
Non ring fenced grants	
School places	12.0
Schools kitchens	1.0
Integrated transport block	9.4
Highways maintenance	15.3
Fire capital grant	1.1
Department of Health capital grant	2.2
IMT adults infrastructure grant	0.6
Total capital grants announced	63.0
Capital grants yet to be announced	
Ring fenced grants	
Schools devolved formula capital	2.2
Non ring fenced grants	
Carbon reduction - schools	3.3
Schools capital maintenance	10.3
Unspecified government grants	3.7
Total capital grants yet to be announced	19.5
Total grants	82.5

111. Capital grants for years beyond 2015/16 are not known and MTFP (2014-19) includes an estimate for each year. The Council reviews this estimate each year and makes equivalent adjustments to the capital programme.

Third party contributions

112. The Council also uses contributions from third parties to fund its capital programme. Third party contributions come largely from developers as community infrastructure levies and planning gain agreements under Section 106. MTFP (2014-19) capital programme relies on £35m third party funding.

Revenue reserves

113. The Council uses reserves to fund capital items. It replenishes these reserves from revenue. The main two revenue reserves are: Fire Vehicle & Equipment Reserve and

IT Equipment Reserve. MTFP (2014-19) capital programme relies on £15m funding from revenue reserves.

Borrowing

114. The Council borrows to fund the part of the programme remaining after applying the above three funding sources. Over the five years of MTFP (2014-19), the Council expects to borrow £295m to balance the capital programme.

115. Table 11 summarises the Council's estimated capital funding for the period 2014-19.

Table 11: Capital funding 2014/15 to 2018/19

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2014-19 £m
Government grants	83	90	91	77	74	415
Third party contributions	3	5	8	9	10	35
Revenue reserves	5	4	1	2	3	15
Borrowing	126	65	50	34	20	295
Total	217	164	150	122	107	760

Capital receipts

116. Capital receipts have previously formed an element of the funding for the Council's capital programme. Because the Council can apply capital receipts more flexibly to fund its investments, the Chief Finance Officer supports the proposal for the Council to use these resources to fund its additional portfolio of investments.

Additional portfolio of investments

117. On 23 July 2013, Cabinet approved a portfolio of investments, covering investment in property and assets and in new models for service delivery. This supports the Council's stated intentions of enhancing financial resilience in the longer term. These arrangements will allow for investment in schemes that will support economic growth in Surrey provided that these schemes are consistent with the Investment Strategy outlined in the Cabinet report of 23 July 2013.

118. The strategic approach to investment is based upon the following:

- prioritising use of the Council's cash reserves and balances to support income generating investment through a Revolving Investment & Infrastructure Fund to meet the initial revenue costs of funding initiatives that will deliver savings and enhance income in the longer term (some of which may be used to replenish the Revolving Investment & Infrastructure Fund);
- using the Revolving Investment & Infrastructure Fund to support investments in order to generate additional income for the Council that can be used to provide additional financial support for the delivery of functions and services

- investing in a diversified and balanced portfolio to manage risk and secure an annual overall rate of return to the Council;
- investing in schemes that have the potential to support economic growth in the county;
- retaining assets where appropriate and undertaking effective property and asset management, and if necessary associated investment, to enhance income generation.

Reserves & balances

119. In recent years it has been considered prudent to maintain a minimum level of available general balances of between 2.0% to 2.5% of the sum of council tax plus settlement funding, i.e. between £16m to £20m. This is normally sufficient to cover unforeseen circumstances and the risk of higher than expected inflation. The Council brought forward £31.8m general balances at 1 April 2013. The Council has applied £11.9m to support the 2013/14 budget, leaving £19.9m. Going into 2014/15 the Chief Finance Officer recommends the level of general balances remains the same. This approach is considered prudent when combined with the proposal to remove the risk contingency from within the revenue budget, leaving general balances to provide some mitigation against the risk of non-delivery of service reductions & efficiencies in 2014/15.

120. Earmarked reserves are funds set aside for specific purposes and agreed by the Cabinet. The forecast total balance for all earmarked reserves carried forward at 31 March 2014 is £104.2m, up from £94.0m brought forward on 31 March 2013.

121. The Chief Finance Officer supports that the Council applies £20.1m from the Budget Equalisation Reserve (including £13.0m contributed by the unused risk contingency from 2013/14), plus £5.8m of other reserves to smooth funding between years and provide £25.9m support to the 2014/15 budget. Contributions from reserves comprise the following.

Budget Equalisation Reserve – unused 2013/14 risk contingency	£13.0m
Budget Equalisation Reserve – unapplied revenue grants	£1.5m
Budget Equalisation Reserve – other	<u>£5.6m</u>
Budget Equalisation Reserve – total contribution	£20.1m
Waste Site Contingency Reserve	£0.3m
Equipment Renewal Reserve	£1.8m
Interest Rate Reserve	<u>£3.7m</u>
Other reserves – total contribution	£5.8m
	<hr/>
Total contributions from reserves	<u>£25.9m</u>

122. To help mitigate future reductions in government grants and to help minimise council tax up-lifts in future, the Council created a Revolving Investment & Infrastructure Fund to provide the revenue costs of funding initiatives that will deliver savings and enhance income in the longer term.

123. Appendix A6 sets out the Council's policy on reserves and balances. Appendix A7 summarises the level and purpose of each of the Council's earmarked reserves.

TREASURY MANAGEMENT AND BORROWING STRATEGY

124. Each year the Full County Council is required to update and approve its policy framework and ongoing strategy for treasury management in order to reflect changed market conditions, changes in regulation, and other changes in the Council's financial position. It is a statutory requirement that the policy framework and strategy are approved by the Full County Council before the beginning of the financial year. Annex 2 sets out updated versions of the County Council's treasury management policy statement and treasury management strategy.

125. The treasury management strategy since 2009/10 has followed a cautious approach as a direct result of the Council's Icelandic bank experience. Moving forward into 2014/15, changes are proposed to the treasury management strategy reflecting the current economic climate and Council's risk appetite.

126. The changes are detailed in Annex 2, and are summarised below.

- To maximise the benefit of current unprecedented low interest rates and high cash balances and set a minimum cash balance of £47m.
- To maintain the current counterparty list of institutions to which the Council will place short term investments to reflect market opinion and formal rating criteria.
- To maintain the monetary limit for the two instant access accounts (Lloyds and RBS) at £60m whilst they have nationalised status and therefore minimum risk, and to reassess when the nationalised status ceases.
- To maintain the Council's Minimum Revenue Provision policy.

CONSULTATION:

127. During October 2013 and January 2014, the Leader Deputy Leader, Chief Executive and Chief Finance Officer held a series of workshops and face-to-face meetings with key partners and stakeholder groups, including representatives of Surrey's business community, voluntary sector and trade unions. The feedback from these workshops and meetings was incorporated into the Council's budget scenario planning workshops and briefing sessions.

128. The Council conducted a public engagement campaign in November and December 2012 to understand residents' service priorities and views on spending. A budget consultation modelling tool (called SIMALTO) was used to ensure this process was robust and statistically sound. There were 701 participants (155 face-to-face, 546 via the web) which represents a good sample and gives the results reasonable longevity. There are further details on the methodology and results in Appendix A8. The summary headlines were as follows:

- the Council's current spending closely reflects the spending priorities of Surrey's residents
- the Council understands its residents

- a majority of residents (58%) would be willing to see a slight increase in council spending and their council tax in return for current service levels being maintained and specific investments and improvements being made
- residents attach value to the Council's services and reductions will cause dissatisfaction.

RISK MANAGEMENT AND IMPLICATIONS:

129. The Council maintains an integrated risk framework to manage the significant challenges it faces and the associated emerging risks. The Council's risk management strategy and framework ensure an integrated and coordinated approach to risk across the organisation. The Strategic Risk Forum, chaired by the Chief Finance Officer, provides a clear direction for managing risk and strengthening resilience to support the achievement of priorities and delivery of services. The group consists of directorate risk leads and representatives from emergency management, health and safety and internal audit. The Council's Risk and Resilience Forum, comprising service risk and business continuity representatives, focuses on operational risk and shares learning and best practice through formal meetings and quarterly workshops
130. The Leadership Risk Register contains the Council's strategic risks and is reviewed by the Strategic Risk Forum prior to monthly review by the Continual Improvement Board ahead of review by the Chief Executive and Strategic Directors. Each strategic risk is cross referenced to risks on directorate risk registers and shows clear lines of accountability for each risk at both senior management and Cabinet Member levels. Audit & Governance Committee reviews the Leadership Risk Register at each meeting and refers any issues to the appropriate Select Committee or Cabinet Member.
131. The specific risks and opportunities facing the Council that are particularly relevant to the budget and recorded in the Leadership Risk Register are:
- erosion of the Council's main sources of funding (council tax and government grant)
 - management of service demand, delivery of the major change programmes and associated efficiencies;
 - development and maintenance of significant partnerships.
132. Senior management and members regularly monitor and manage these risks through boards, groups and partnerships to ensure that opportunities are exploited and the resulting risks are controlled to a tolerable level.
133. The Chief Finance Officer is satisfied the proposed budget, including increased rigour to monitoring progress towards delivery of efficiencies, general balances and reserves are sensible to address these risks.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

134. All the documented budget targets have been subject to a thorough value for money assessment.

SECTION 151 OFFICER COMMENTARY

135. As required by legislation, the Chief Finance Officer has written a separate report, which is attached at Annex 1.

LEGAL IMPLICATIONS – MONITORING OFFICER

136. In view of the uncertainty highlighted in paragraph 7 of this report the Council has been asked to delegate powers to the Leader and the Chief Finance Officer to finalise detailed budget proposals to maintain the council tax rate it sets, should the Final Financial Settlement result in any late changes. If any such proposals cannot be accommodated without changes to the capital or borrowing strategies approved by Council a further report will need to be presented to Full County Council in due course.

EQUALITIES AND DIVERSITY

137. In approving the budget and the Council tax precept, the Cabinet and Full Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to:

- “eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.”

138. To inform decision making, an analysis of the potential impact of the proposals set out in the MTFP (2014-19) on Surrey’s residents with one or more of the protected characteristics identified by the Equality Act 2010 will be made available at the meeting of the Council’s Cabinet on 25 March 2014. This analysis will also set out the actions that the Council is taking, or will undertake, to mitigate any negative impacts that could arise.

139. The equality impact analysis undertaken for the proposed MTFP (2014-19) will build on the analysis of savings in the MTFP (2013-18). It will include full assessments of new savings proposals and further analysis of proposals where there is a significant change from those presented previously.

140. The analysis will include an overall council wide analysis and a summary of the implications of the proposals for each Directorate. Detailed analysis, undertaken through Equality Impact Assessments, will be made available on the Council’s website.

141. Where Cabinet is required to take specific decisions about the implementation of savings proposals, additional equalities analysis will be presented at the point where a decision is made. This will be submitted alongside relevant Cabinet reports. Directorates will also continue to monitor the impact of these changes to services and will take appropriate action to mitigate additional negative impacts that may emerge as part of this ongoing analysis.

142. In approving the overall budget and precept at this stage, the Cabinet and Council will be mindful of the specific references in this report to the impact on people with protected characteristics under the Equality Act 2010 – particularly the following proposals referenced in this report which have been identified as requiring new Equality Impact Assessments:

- Family, Friends and Community programme (Adult Social Care)
- Planned savings and income generation relating to the Fire and Rescue Service (Customers and Communities)
- Members’ Allocation Funding and Community Improvement Fund (Customers and Communities)
- Disbanding the Legacy Team (Chief Executive’s Office)
- Public Value Programme (Children, Schools and Families)
- Review of transport provision (Environment and Infrastructure)
- Planning review (Environment and Infrastructure)
- Countryside programme (Environment and Infrastructure).

143. As part of the Government’s welfare reform programme, council tax benefit has been replaced by localised council tax support schemes. In Surrey, these schemes are the responsibility of the Borough and District Councils and were put in place from April 2013. Surrey County Council responded in its role as a consultee on each of the proposed schemes. During 2013/14, Surrey County Council responded to consultations from four of the Borough and District Councils that consulted on changes to their schemes for 2014/15. The Districts and Boroughs need to take account of relevant impacts in their decisions on the schemes. Surrey County Council identified a number of specific equality impacts that may require monitoring. These remain a consideration as decisions are taken relating to the support available under each scheme in the future.

WHAT HAPPENS NEXT

144. The Full County Council will set its budget and council tax precept on 11 February 2014.

145. The detailed budget will be presented to the Cabinet on 25 March 2014.

Contact Officer

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Tel 020 8541 9223

Consulted

Cabinet, Select Committees, all County Council Members, Chief Executive, Strategic Directors, Surrey’s business community, voluntary sector, residents and trade unions.

Annexes and Appendices

Annex 1 Chief Finance Officer Statutory Report (Section 25 report)

- Appendix A1 More than 50 Ways Surrey County Council adds value
- Appendix A2 National economic outlook and public spending

Appendix A3	Provisional government grants for 2014/15 to 2018/19
Appendix A4	Revenue budget proposals
Appendix A5	Capital programme proposals 2014/15 to 2018/19
Appendix A6	Reserves & balances policy statement
Appendix A7	Projected earmarked reserves and general balances 2013/14 and 2014/15
Appendix A8	SIMALTO results

Annex 2 Treasury management strategy report

Appendix B.1	Treasury Management Policy
Appendix B.2	Prudential indicators – summary
Appendix B.3	Global economic outlook and the UK economy
Appendix B.4	Treasury management scheme of delegation
Appendix B.5	Institutions
Appendix B.6	Approved countries for investments
Appendix B.7	Annual minimum revenue provision (MRP) policy statement

Sources and background papers:

- DCLG revenue and capital Provisional Local Government Financial Settlement papers from the Government web-site
- Budget working papers
- CIPFA Prudential Code for Capital Finance
- CIPFA Treasury Management in the Public Services: Code of Practice
- Investment guidelines under section 15(1)(a) of the Local Government Act 2003
- Financial resilience report, Grant Thornton, 2013
- Spending Round 2013 (26 June 2013)
- CIPFA Prudential Code for Capital Finance
- CIPFA Treasury Management in the Public Services: Code of Practice
- Investment guidelines under section 15(1)(a) of the Local Government Act 2003
- Audit Commission: 'Risk & Return: English Local Authorities and the Icelandic Banks

Local Government Act 2003: Section 25 Report by the Chief Finance Officer

Introduction

- 1.1. The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget and precept, the Chief Finance Officer must report to it on the following matters:
 - the robustness of the estimates made for the purposes of the calculations
 - the adequacy of the proposed financial reserves.
- 1.2. The Council must have due regard to the report when making decisions on the budget and precept.
- 1.3. The Chief Finance Officer for the County Council is Sheila Little (in the post of Chief Finance Officer and Deputy Director for Business Services Directorate).
- 1.4. In expressing her opinion, the Chief Finance Officer has considered the financial management arrangements that are in place, the level of reserves, the budget assumptions, the overall financial and economic environment, the financial risks facing the County Council and its overall financial standing.
- 1.5. Preserving the Council's financial resilience is a key long-term driver in the council's financial strategy that has been reflected in the current Medium Term Financial Plan (2013-18) and which continues as a core principle as the council moves forward to the next 5 year MTFP (2014-19).
- 1.6. Although the Council has successfully delivered significant efficiency savings & service reductions in each of the last three financial years (2010/11 £68m, 2011/12 £61m, 2012/13 £66m, and is forecast to deliver further savings for 2013/14 of £60m, including the budget assumptions for the next MTFP (2014-19) making a total of around £492m over the nine year period.
- 1.7. The Council sets out how it has increased value, reduced unit costs and provided better quality services to residents in its "More than 50 Ways Surrey County Council adds value" booklet, attached as Appendix 1 to the main report.
- 1.8. The level of savings delivered so far continue to retain a balance of approximately an 80:20 split between meeting the austerity agenda through a combination of service efficiencies and tax increases, similar to central Government's strategy for addressing the national fiscal deficit. However, continuing this level of further savings year on year is becoming harder for services to deliver, therefore increasing the risk in the MTFP (2014-19).
- 1.9. Further significant risk exists due to:
 - a. the continuing unprecedented level of economic uncertainty: austerity seems likely to continue for at least a decade.

- b. the on-going revisions to the basis of local government funding. This current financial year, 2013/14, saw the start of council tax benefit localisation support and the local retention of business rates; looking ahead the expansion of the health and social care integration transformation, involving re-alignment of social care funding, the implications of the upcoming Care Bill, and on-going changes to local authorities responsibilities and funding for these, all increase the uncertainty around the level of actual funding the council will receive in the future.
- c. The increasing tendency for late Government announcements of Financial Settlement details makes the challenge of effective financial planning more difficult, reducing the opportunity to consult effectively with stakeholders.
- d. Funding issues related to top slicing of grants and allocations.

1.10. The Council remains correctly focused on long term financial resilience and is proactively planning to apply one-off general reserves & balances totaling £26m to achieve a balanced budget in 2014/15 (as set out in paragraphs 1.29 to 1.32). This will enable the Council to further pursue the medium term strategy focused on securing a fair share of Government funding for this Council for the services where demand is uncontrollable by the Council: adult social care and school places in particular.

1.11. Taken together, all of these risks will require careful consideration as to the prudent level of balances to be maintained and a review of the level of the risk contingency within the revenue budget. In recent years the Council has had a risk contingency within the revenue budget of £8m, principally to mitigate against non-delivery of service reductions & efficiencies and to facilitate smoothing of spend across financial years. For 2013/14 this contingency was increased to £13m as a one off reflecting that efficiencies are getting harder to deliver and sustain. However, the risk contingency has not been used in any past year and the expectation is not to have to use it again for 2013/14. Although there remains a high level of efficiencies to deliver in the up-dated MTFP(2014-19), the proposal to reduce (in 2014/15) and then remove (from 2015/16) the risk contingency is sensible; since including it only increases the efficiencies required to be delivered in any one year.

1.12. However, to recognise the risk of non-delivery of efficiencies going forwards the proposal to establish a mechanism to regularly track and monitor progress on the implementation of robust plans for achieving the efficiencies across the whole MTFP period, will ensure early action can be taken if it emerges that any plans are non-deliverable.

1.13. The above risks apply where the Council continues with its long term financial strategy of below inflation annual council tax up-lifts to secure the long term funding required to sustain service delivery. For the new MTFP (2014-19) the proposal to amend the council tax strategy from 2.5% annual up-lift, to be marginally below the level of intended council tax referendum threshold indicated in the Spending Round 2013, of 2% (for 2014/15 and 2015/16),

represents a continuation of this long term strategy. Council tax up-lifts of 1.99% are used throughout this proposed MTFP period.

- 1.14. For the last two years this has meant declining the Governments council tax freeze grant offers and instead put in place sensible council tax up-lifts. For 2014/15 and 2015/16 the Provisional Financial Settlement has indicated further council tax freeze grants at 1% (for two years for 2014/15 and for 1% year for 2015/16). Although the Government have indicated that these grants will be added to the 'review' base for that period, there is no certainty beyond 2015/16, whereas the council tax up-lift is in the Councils long term base budget.
- 1.15. Accepting these grants would be inconsistent with the Council's long term strategy and would erode the Council's funding base: particularly important to this Council because of the high dependence upon council tax funding as a result of low central Government grant support and high service demand pressures.
- 1.16. It must be recognised that, at the date of writing this paper, the Government have yet to confirm the referendum threshold level for 2014/15 or 2015/16, although this Council has been consulting on budget proposals based on the Governments clearly stated intent to set the level at 2% for each year. This intent was stated several times in the Spending Round 2013 announcements published on 26 June 2013; deliberately issued in the summer to assist councils with their financial planning. If the Council has to amend its proposed council tax strategy (and lower the level of council tax up-lifts) once confirmation of the referendum threshold is known, then the council will have to:
 - impose a more significant Council Tax up-lift in 2015/16 and subsequent years; and/or
 - make significant cuts to front line services.
- 1.17. In the event that the referendum limit is announced after the Full Council agrees the budget, including council tax precept, for 2014/15, the Council will separately consider any appropriate action.

Financial management arrangements

- 1.18. For 2012/13 the Council received another unqualified opinion on the Council's financial statements and an unqualified conclusion on the Council's arrangements for securing value for money. Indeed, the Council was rated as 'good or better' in terms of its financial resilience, when the top rating achievable is usually good. Further, the Council is recognised in Grant Thornton's national report on all of its local authority clients (which present 40% of local authorities) for its high quality and robust long term financial planning.
- 1.19. This was the first year under the newly appointed auditor, Grant Thornton. The Chief Finance Officer worked closely with the new auditors to ensure a smooth transition and will continue this positive working in future years.

- 7
- 1.20. The Council has maintained a robust system of budget monitoring and control evidenced by the continuation of timely monthly reports to Cabinet. Where over-spends or under-spends have arisen, prompt management actions have been identified to minimise effect and to enable early corrective action to be put in place where relevant.
- 1.21. The system for monitoring the progress on the implementation of efficiency savings has been sustained during 2013/14: regular review of efficiencies by the Chief Executive and senior officers before onward reporting and scrutiny by the Leader and Cabinet as well as Council Overview Scrutiny Committee. This will continue during 2014/15 alongside the additional mechanism whereby the Chief Executive and Chief Finance Officer will regularly review the progress of plans to deliver efficiencies across the whole MTFP period (not just 2014/15) highlighting any significant issues to the Leader and Cabinet as appropriate.
- 1.22. Throughout 2013/14 the Council Overview Scrutiny Committee, comprising of the Chairmen of all other Select Committees, continued to scrutinise all Cabinet budget monitoring reports following presentation to Cabinet. The capital programme was monitored closely by the Chief Executive and senior officers each month, in advance of formal reporting to Cabinet.
- 1.23. The above approaches will be continued into 2014/15 and progress on the actions needed to achieve the required savings will be tracked. The Chief Finance Officer considers that the financial control arrangements remain sufficiently robust to maintain adequate and effective control of the budget in 2014/15.

Budget process

- 1.24. The budget planning process, established in 2011, following a 'lean' process review, was developed further for this MTFP (2014-19) process. The main enhancements were:
- broader representation and more discursive workshop style to the face to face engagement with the business & voluntary sector communities, and trade unions
 - regular all Member briefings at each phase
 - specific induction training programme to support in particular the newly elected Councilors following the May 2013 elections.
- 1.25. The budget has been constructed by looking at expected activity for the future years rather than the incremental approach. This applies a consistent approach to preparing budget proposals across all services. The assumptions, calculations and proposals in this budget are the result of challenge and scrutiny by the Leader of the Council, Members of the Cabinet and Select Committees throughout the summer and autumn of 2013 and into January 2014, guided by advice from the Chief Executive, Strategic Directors and Chief Finance Officer.

MTFP (2014-19) budget assumptions

1.26. The table below shows the main budget assumptions together with an assessment of their robustness and the risk they pose to the Council's financial position and strategy.

	Assumption	Comments
Pay inflation: Surrey Pay	Up to 1.6% each year	These proposals follow a three year pay freeze for senior officers and increases as follows for other staff on Surrey pay: 2010/11 Pay freeze, but up to £300 if headroom allowed 2011/12 Flat rate £250, plus up to £250 if headroom allowed 2012/13 Flat rate £350, plus up to £250 if headroom allowed
Pay inflation: National pay	1% each year	
General price inflation	2014/15 2.1% 2015-19 2.2%	General inflation relates to non service specific budgets only. Specific inflation allowances have been included in individual services budgets reflecting the assessment of Strategic Directors and the Head of Procurement of the likely cost increases.
Council tax benefit support localisation and business rate retention	N/a	The impact of the local government funding review was central to developing the MTFP (2013-18). Consultation with the Government and Surrey borough & district councils was extensive throughout 2012 and 2013. The Council modeled a range of likely outcomes in its scenario planning.
Interest rates	Minimal changes in base rates during 2014/15	All existing long term debt is fixed interest and so not subject to interest rate variation. MTFP allows for new borrowing at on average 5%, but rates may vary between 4.4% and 5.6% over the 5 year MTFP period. Interest on cash balances is assumed as 0.7% Sector, our treasury management advisers, forecast minimal changes in rates until at least mid 2014 and then gradual, low increases.
Demand led pressures	Demand pressures in: Children, Schools & Families and Adult Social Care directorates	Both directorates are experiencing increasing demand on services over the MTFP period reflecting: <ul style="list-style-type: none"> • increases in Surrey's population aged +80, dementia care; • increases in Surrey's school age population; • legislative changes affecting vulnerable adults' entitlement and eligibility for support from the council. There is an increasing risk that these demand pressures may be understated, leading directly to revenue budget overspends in 2014/15.
Efficiency and other service savings	£219m over 2014-19	Efficiency & service reductions identified by Strategic Directors and their proposed budget targets will be very challenging to implement, so the Chief Executive and Chief Finance Officer will add a mechanism to track delivery of these savings. Some degree of risk is recognised (see paragraphs 1.8 to 1.13)

- 1.27. The Chief Finance Officer's opinion is the general assumptions are realistic but the proposed efficiency and other service savings are ambitious and there is substantial risk they will not all be achieved within the required timescale. To mitigate this risk, the Chief Executive and Chief Finance Officer will establish a more robust mechanism regularly to monitor and report progress in planning delivery of savings.
- 1.28. In recognition of the need to invest to deliver some of the efficiencies & service reductions required, the invest to save fund created in 2010/11 against which services will be required to produce full business cases before any resources are actually released, will continue in 2014/15. As in 2013/14, this reserve will require services to 'repay' the investment released to them over an agreed period – thereby ensuring that this fund is replenished over time and available for future investment initiatives.

Level of reserves and balances

- 1.29. The final accounts for 2012/13 show available general balances at 31 March 2013 of £19.9m. The latest budget monitoring position for 2013/14, as at 31 December 2013, forecasts that this level will remain at £19.9m by 31 March 2014. Appropriate levels of general balances are necessary to be maintained so that the Council can respond to unexpected emergencies. The recent adverse weather and flooding may require use of some of these balances in the coming months.
- 1.30. Details of earmarked balances are set out in Appendix A7. To enable the Council's financial strategy to secure a fair share of Government support for uncontrollable service demands to be met, the budget proposal is to apply £26m of these earmarked reserves to the 2014/15 budget: importantly, £20.1m of this is from the Budget Equalisation Reserve which is the carry forward reserve set up to smooth spending across financial years. The remainder is sensible to use after reviewing the reasons for holding each balance, an annual process.
- 1.31. During the current financial year, the Cabinet has agreed to use the Severe Weather Reserve, £5m, to improve the condition of roads, reducing the longer term deterioration of road conditions and reducing future maintenance liability. At the end of this financial year, it is proposed to create a new reserve to mitigate against the potential liability for business rate appeals, £1.25m.
- 1.32. The Chief Finance Officer confirms that the level of reserves and balances represents a prudent and sensible level for the Council: ensuring funds are set aside for likely future commitments, particularly necessary in the current uncertain financial climate, whilst not holding excessive balances when services are facing increasing demands.

Financial standing

- 1.33. The Council has complied fully with the requirements of the Prudential Code for Capital Finance in Local Authorities. The formal recommendation to the council

sets out the prudential indicators, which the council must adhere to. The Chief Finance Officer is satisfied that the level of borrowing assumed in the indicators is affordable and sustainable. During the current financial year, 2013/14, the Council has repaid a loan of £68m using cash balances as part of an active strategy of reducing cash balances while interest rates are low. However, the MTFP (2014-19) makes provision for the financing of all proposed borrowing and assumes an extension of the strategy to borrow internally unless external factors (i.e. interest rates and or capping limits) alter and make early borrowing appropriate.

Risk assessment

1.34. In response to the significant challenges that the council is facing and the associated emerging risks, an integrated risk framework comprising the separate disciplines of risk management is well established in the Council and will be maintained. This has seen several changes to the risk governance arrangements embedded in the council and the close link between risk registers and business impact analyses and continuity plans has been sustained throughout 2013/14 and will continue into 2014/15. Similarly the Leadership Risk Register remains in place and will continue to be monitored monthly by the Chief Executive and senior officers, and reviewed by Cabinet quarterly in 2014/15.

1.35. The specific risks relating to the financial environment and opportunities facing the Council and recorded in the Leadership Risk Register are:

- erosion of the council's main sources of funding (council tax and government grant)
- delivery of the major change programmes and associated efficiencies;
- increased reliance on partnership working to manage service delivery and maximise efficient service delivery, in particular integration of health and social care, and,
- the increasing uncertainty over future local government funding, exacerbated by late announcements.

1.36. The Chief Finance Officer is satisfied that the proposed budget, including risk contingency, general balances & reserves sufficiently addresses these risks, Additional resilience has been assured over the long term through sustaining the earmarked reserve for long term investment & infrastructure initiatives and creation of a reserve to mitigate against potential business rate appeal successes.

Future years

1.37. The proposed budget addresses the estimated reduction in funding over the next five years and sets out a plan to ensure that the Council can deliver budgets within estimated available resources. The plan will require close monitoring and, in view of the increased uncertainty around Government funding, council tax and business rates, as well as volatile service demands, it is likely that adjustments will be required during 2014/15 to take account of

unforeseen events and changes in the underlying assumptions. However, it sets a clear direction for the future and places the Council in a sensible position to meet the challenges ahead.

- 7
- 1.38. Given the scale of the financial challenges facing the public sector, the Chief Finance Officer must emphasise the high likelihood that the next Comprehensive Spending Review (CSR) will introduce further government grant cuts, meaning any changes to services over the MTFP (2014-19) period must be sustainable in the long term. It ought to be recognized that the content of the next CSR will be particularly hard to forecast in view of it being a new Parliament.

Conclusion

- 1.39. The Chief Finance Officer considers that the budget proposals recommended by the Cabinet are robust and sustainable. However, there are considerable risks associated with the increased uncertainty in a number of areas:
- a. the achievement of efficiencies & service reductions year on year;
 - b. the transfer of uncertainty regarding the level of funding to local authority as a result of the local government funding changes introduced from April 2013;
 - c. the volatility implicit in the level of service demands;
 - d. the current economic situation and long term austerity faced by the country.
- 1.40. The above means monitoring of the whole MTFP (2014-19) period is recommended throughout 2014/15 to validate assumptions and timescales.

More than
50 ways
Surrey County Council
adds
value



Surrey County Council is constantly looking to improve the value it provides for its residents, businesses and service users. By being brave, innovative and actively seeking to work with partners the county council has provided this. Here are more than 50 examples of what we have done over the last few years or are on schedule to deliver.

1

PUBLIC VALUE REVIEW PROGRAMME 2009-2012

Nearly **£300m** saved over five years thanks to thorough review of 29 services.



2

OPERATION HORIZON PROGRAMME

Capital investment of **£100m** over five years to bring roads up to the highest standard, reduce operating costs and provide wider economic benefits. Cost saving of **£16 million** with extended 10 year warranties and investment in employment and skills.



MANAGEMENT OF SUPPLIERS AND JOINING UP PROCUREMENT

Improved management of suppliers and collaborative South East region procurement on track to deliver **£100m** savings over four years.



CONTRACTS TO LOCAL SUPPLIERS

Increased proportion of contracts awarded to local businesses to **52%**, spending more than **£364m** with 4,500 local suppliers.



3

4

2012 OLYMPICS

Hosting the Olympic cycling events boosted economic, business and volunteering opportunities across Surrey – worth collectively over **£800m**.



BETTER PROCUREMENT

New highways contract has led to **£28m** savings over four years and improved maintenance of roads.



CONSTRUCTION WASTE RECYCLING PROJECT

Working with other councils to provide savings of **£8.5m** a year, as well as promoting economic growth, apprenticeships, and reducing the negative environmental impact.



ROADWORKS PERMIT SCHEME

Introduction of road permit scheme for utility firms reducing traffic and saving the economy around **£6.5m** per year.



HIGH-SPEED BROADBAND

Delivery of **99.7%** high-speed broadband across the county by the end of 2014 set to boost the local economy by **£28m**.



SCHOOL PLACES

Reduced costs for providing school places by **40%** through working jointly with Hampshire County Council.



USE OF OFFICES

Reducing office space has cut the cost per employee by nearly **20%** to **£3,700** over two years.



YOUTH SERVICE TRANSFORMATION

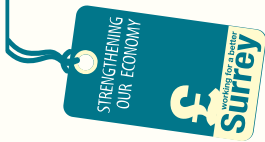
Transformation of the youth service has reduced total budget by **£4.5m** over three years and increased activities for young people and performance.



13

BUILDSURREY WEBSITE

Introduction of BuildSurrey – **£4m** of contracts have already been awarded to local businesses through the website.



14

SCHOOL IMPROVEMENT

Additional investment in school improvement of **£2m** per year already seeing better Ofsted results.



17

INCOME GENERATION

Dividends of **£2m** for council from its joint venture on school improvement – for re-investment in services.



18

PROPERTY INVESTMENT

On track to generate over **£5m** per year net income from property by 2017/18.



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15

WINTER PREPARATIONS

£5m set aside to repair damaged roads after winter and 16,000 tonnes of salt stockpiled to help keep the county moving.



16

YOUTH JUSTICE

Due to new focus on youth justice services, the number of young people not in employment, education or training (NEET) has fallen from 840 to **450** over 12 months.



20

PRODUCTIVITY

Working more productively using the 'lean process re-engineering' concept developed by Toyota has saved **£5m** per year.



ENERGY USE

Surrey County Council has reduced its energy costs by **£1m**.



SURREY AND EAST SUSSEX COUNTY COUNCIL SHARED SERVICES

Partnership working with East Sussex County Council on shared transactional services has delivered **£0.5m** saving a year.



CONTROLLING STREETLIGHTS

12%, or nearly £0.4m, reduction in annual energy costs.



SURREY SWITCH AND SAVE

Encouraging people to switch energy suppliers has saved Surrey residents **£123,000** over the last 12 months.



WASTE DISPOSAL AND RECYCLING

Increased recycling rate to **52%** by supporting district and borough waste collection through investment in improved sorting and handling facilities.



UNICORN SINGLE PUBLIC SECTOR NETWORK

Innovative partnership working with public services in Berkshire has delivered a higher capacity, more resilient electronic network and led to annual savings of **£0.5m**.



IMPROVED SOFTWARE SYSTEM COSTS

Better deals on software has reduced costs by **50%** from £3m per year to **£1.5m**.



SCHOOL IMPROVEMENT

Negotiated **better** deals with providers of school support services, saving money for taxpayers.



MODERN LIBRARIES

Unit cost of each library visit reduced by nearly **7%** in two years due to increased online visits.



HELPING PEOPLE WITH LEARNING DIFFICULTIES

Unit cost of helping people with learning difficulties has reduced by nearly **9%** over two years despite a 4.5% increase in numbers of people.



ACCESS TO SOCIAL CARE SERVICES

Introduced 8am-8pm working hours in the five acute hospitals on weekdays and 9am-5pm at weekends, **increasing** evening and weekend discharges.



SERVICES AT THE HEART OF THE COMMUNITY

Citizen **hubs** established in the heart of communities run by volunteers to improve access to key services and provide information and advice about care and support.



PROCUREMENT

Surrey County Council named as one of the country's **top** 10 councils to do business with and recognised in an award from Prime Minister for supporting small businesses through our procurement process.



REDUCTION IN BUS SUBSIDY

Re-negotiated bus subsidies have saved nearly **£5m** over three years, limiting loss of services through redesign of the network and re-procurement.



TRADING STANDARDS

The rapid action team has stopped more than **£1.2m** being handed over to common by unsuspecting victims since forming in 2003.



DEMENTIA FRIENDLY SURREY

Working together with clinical commissioning groups to help communities to become more **supportive** and inclusive places for people with dementia and their families.



SURREY FAMILY SUPPORT PROGRAMME

Helping families most in need of support by **coordinating** work with other agencies and focusing more on prevention.



HOME FIRE SAFETY VISITS

Review of the home fire **safety** visits has led to savings and improved the speed and efficiency of the service.



COMMUNITY PARTNERED LIBRARIES INITIATIVE

Radical new approach to running libraries service with six libraries staffed by **volunteers** and a further four planned.



SERVICES FOR YOUNG PEOPLE

A secure online **app** has helped youth workers do tasks on the move and saved thousands annually on paperwork, freeing up more time for them to spend with young people.



WASTE DISPOSAL

An online app developed in-house for a van and trailer permit scheme has stopped residents forking out around **£1m** a year on trade waste being disposed of for free.



SERVICES FOR YOUNG PEOPLE

Developing income generation from outdoor education centres for our young people to make them **self-funding**.



PUBLIC SERVICE TRANSFORMATION

Transforming services through **collaboration** on emergency services, family support, health and social care, assets, skills and employment and justice services by working better with other organisations.



SKILLS

The UK's first Masters **degree** in highway engineering introduced in collaboration with Brighton University to train the next generation of public sector road managers.



SOCIAL ENTERPRISES

Surrey Deaf Services established as a community interest company to enable users to **shape** the service.



RECRUITMENT AND TRAINING

Establishment of Surrey Academy to nurture, mentor and **invest** in newly qualified social workers, reducing reliance on expensive locums.



SUBSTANCE MISUSE AND HOUSING SUPPORT

Contracts for drug misuse work set to save over **20%** (£0.3m) and improve services.



CHILDREN'S SOCIAL CARE

Despite a 16% increase in the numbers of children in **care**, spending has reduced by **£1.5m** over two years.



ADVERTISING TRAFFIC REGULATION ORDERS

Changes to the way we advertise traffic regulation orders will result in a saving of **£105,000** per year.



WASTE DISPOSAL AND RECYCLING

Waste campaign has reduced Surrey waste by **2%** in two years, reducing landfill tax.



REDUCING FRAUD

Joint working with all 11 districts and boroughs set to eliminate fraudulent claims for single person discount on council tax and save **£300k** a year.



TRANSFERRING RISK AND REDUCING INSURANCE LIABILITY

Driving tougher deals with contractors has led to insurance savings of up to **£100,000** per year.



REIGATE AND BANSTEAD - SURREY BOARD

Collaboration with Reigate & Banstead Borough Council set to boost area's economy and infrastructure.



National economic outlook and public spending

A.2.1. The Council's financial and service planning takes place within the context of the national economic and public expenditure plans. This appendix explores that context and identifies the broad national assumptions within which the draft budget and MTFP have been framed.

The economy

A.2.2. One of the Government's self imposed targets is to tackle the national budget deficit. After taking into account cyclical or temporary effects it seeks to balance the current budget at the end of a rolling five year period, currently up to 2018/19. The Office for Budget Responsibility (OBR) recently assessed this target in their December 2013 report and forecast that in 2018/19 the cyclically adjusted current budget (CACB) will be in surplus by 1.6%. Table A2:1 summarises OBR's forecast.

A.2.3. The amount of money the Government borrows each year, Public Sector Net Borrowing (PSNB), is due to fall to -0.1% (net surplus) of Gross Domestic Product (GDP) by 2018/19 compared with 7.3% in 2012/13. Furthermore, OBR expects the Government's cumulative borrowing or total amount of debt owed, Public Sector Net Debt (PSND), to peak at 80% of GDP in 2015/16 before falling in the years thereafter.

Table A2:1: UK borrowing levels as a percentage of GDP between 2012/13 and 2018/19

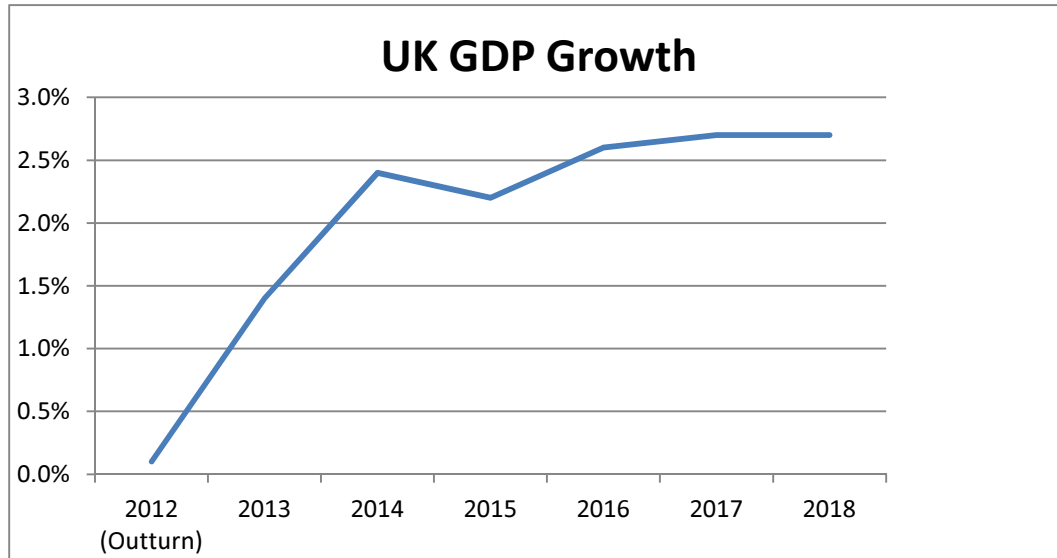
	Per cent of GDP						
	Outturn		Forecast				
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cyclically adjusted surplus on current budget	-3.6	-2.9	-2.0	-1.4	-0.2	0.7	1.6
Public Sector Net Borrowing ¹	7.3	6.8	5.6	4.4	2.7	1.2	-0.1
Public Sector Net Debt	73.9	75.5	78.3	80.0	79.9	78.4	75.9

¹ Excluding Royal Mail and APF Transfers

Source: Office for Budget Responsibility, *Economic and Fiscal Outlook December 2013*

A.2.4. The OBR forecast for growth in 2013 has been revised upwards from 0.6% to 1.4% as the economy has performed more strongly in 2013 than forecast in March as a result of stronger than expected growth in private consumption and growth in residential investment. However, expansion seen in 2013 is not expected to be sustained as productivity and real earnings growth in the economy have remained relatively weak. It is therefore expected that quarterly GDP growth will slow into 2014 and then strengthen gradually as productivity and real growth earnings pick up and provide a foundation for a more sustained upswing. Graph A2:1 shows the OBR's growth figures for the next five years.

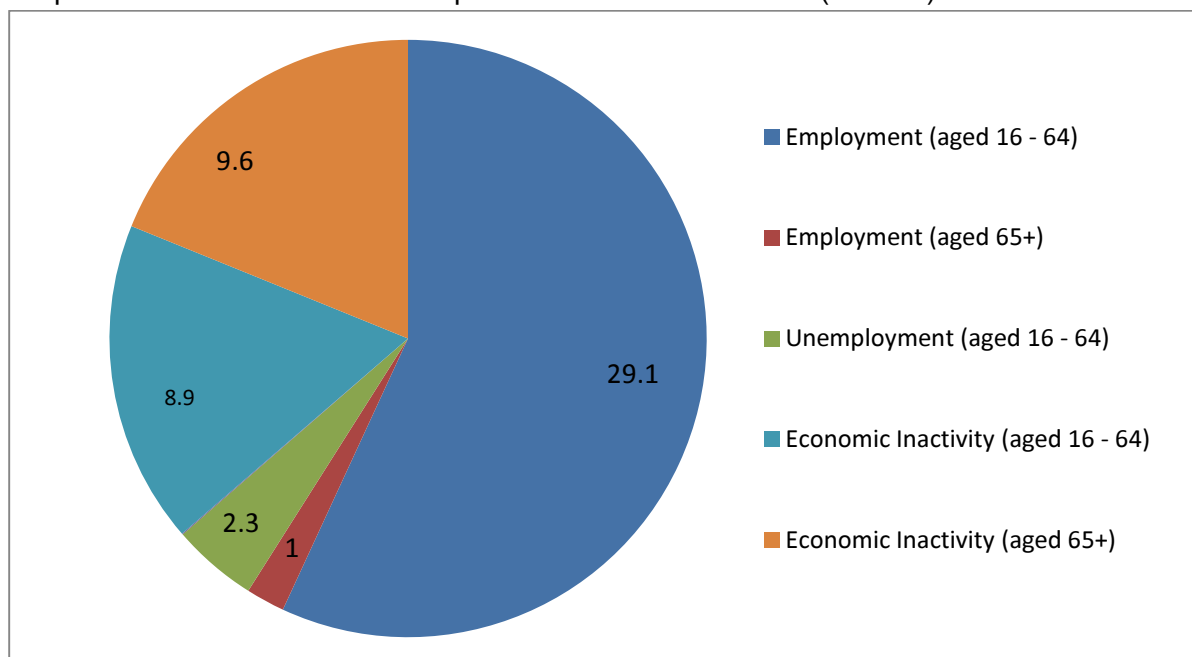
Graph A2:1 UK GDP growth:



Source: Office for Budget Responsibility, *Economic and Fiscal Outlook December 2013*

A.2.5. National unemployment is continuing to decline. For the period between September to November 2013, compared with the period between June to August 2013, the number of people in employment increased by 280,000 to reach 30 million. Meanwhile, the number of unemployed people fell by 167,000 to reach 2.3 million and the number of economically inactive people aged from 16 to 64 fell by 22,000 to reach 8.9 million. Notably, for people aged 65 and over, 1 person in 10 was in work, the highest employment rate for this age group since comparable records began in 1992 and up from 9.2% compared with a year earlier.

Graph A2:2: UK Labour Market September to November 2013 (millions)

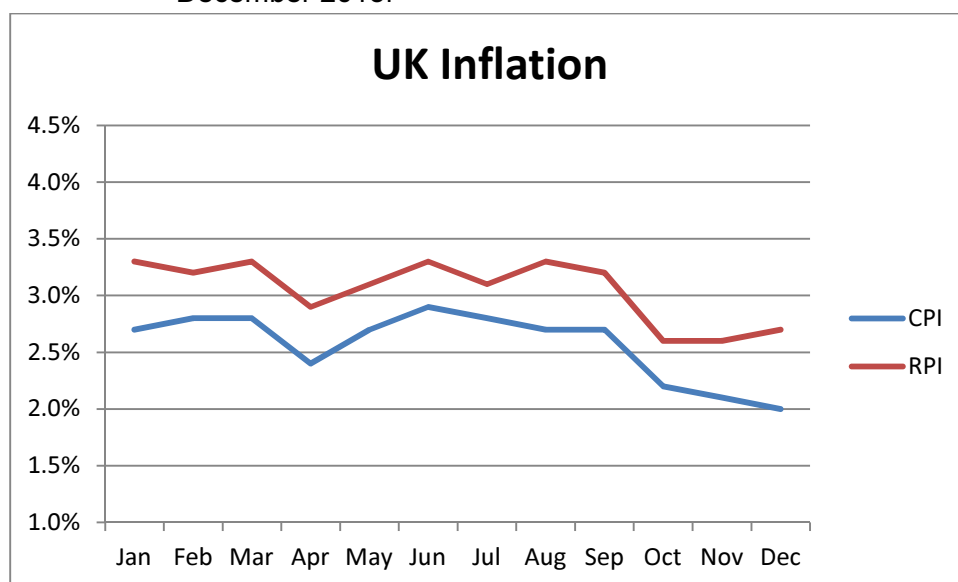


Source: Office for National Statistics, *Summary of Labour Market Statistics January 2014*

A.2.6. The Consumer Price Index (CPI) in the year to December 2013 grew by 2.0%, down from 2.1% in November. It is the first time since November 2009 that inflation has

been at or below the 2% target set by the government. The largest contributions to the fall in the CPI rate came from prices for food & non-alcoholic beverages and recreational goods & services. These were partially offset by an upward contribution from motor fuels. The overall price increase for gas and electricity in December 2013 was slightly larger than the rises a year earlier resulting in a small upward contribution to inflation.

Graph A2:3: UK annual inflationary measures of CPI and RPI between January 2013 and December 2013.



Source: Office for National Statistics, Consumer Price Inflation December 2013.

A.2.7. The Bank of England (BoE) is responsible for monetary and financial stability in the UK. The main tool at its disposal is to control the price of money through setting interest rates via the BoE base rate. The BoE responded to the recession with successive interest rate cuts in 2008 and 2009 and by March 2009 it was down to 0.5% where it has remained ever since. In the three months to November unemployment fell to 7.1%, a fraction above the 7% level where the BoE said it would begin considering raising interest rates. However, despite the sharp fall in unemployment, the BoE has stressed that it will not rush to raise interest rates even if the 7% threshold were to be hit in the near future. UK inflation fell to its target level of 2% in December and the BoE has stated that there is currently no immediate pressure to raise interest rates to reduce cost pressures in the economy. The BoE has also stated that it will not raise interest rates until it has seen a pickup in wages growth and a more established recovery and that when the time does come to raise interest rates it will only do so gradually.

A.2.8. On 5 December 2013 the Chancellor George Osborne presented the Autumn Statement to Parliament which reinforced the continuing need to reduce spending in order to tackle the deficit and reduce public debt. There will be an extra £1bn of cuts from the budgets of government departments for each of the next three years, a cap on total welfare spending will be introduced next year and the state pension age is to increase to 68 in the mid-2030s and to 69 in the late 2040s. The UK public finances are expected to be in surplus by 2018/19. Underlying public sector net borrowing – which excludes the impact of the Royal Mail pension scheme and the Asset

Purchase Facility transfer – is set to fall to 6.8% of gross domestic product this year, down from the 7.3% forecast by the OBR in March. It is then predicted to fall to 5.6% next year and go on declining; reaching 1.2% in 2017/18 and by 2018/19 a small surplus is expected. While the Chancellor has announced new, further departmental savings for government departments, local government has been protected from further cuts.

A.2.9. The Government's economic plan focuses on the following areas:

- *Cutting the deficit* - the deficit is down by a third but more than £60bn more of cuts are still required over the next five years.
- *Reducing income tax* – the personal allowance will be increased to £10,000 from April, fuel duty will be frozen and tax free childcare will be available for working families.
- *Creating more jobs* - by backing small businesses and enterprises with better infrastructure and lower job taxes.
- *Cutting immigration and welfare* - immigration needs to be controlled and the welfare bill managed in order to relieve pressure on public services and prevent abuse of the welfare system. A welfare cap will be introduced next year although state pensions will not be included in the cap.
- *Delivering the best schools and skills* – an additional 20,000 apprenticeships will be created and there will be continued focus on raising standards in education.

A.2.10. The Institute for Fiscal Studies (IFS) states that the Government will in future have little scope for spending beyond core functions such as health, pensions, social security and education. The IFS has also reiterated its long-standing prediction that the next Government would need to consider raising taxation or delay further fiscal tightening because the squeeze on the public sector was so severe. Even though the Government plans to run a budget surplus in 2018-19, health and school spending is protected, pensioner numbers are growing and spending on debt interest is likely to keep rising because interest rates will be on their way up. It is calculated that only a third of the spending cuts have yet been implemented and, after 2016, the projected rate of annual real reductions will need to increase from the current average of 2.3% to 3.7%.

Provisional government grants for 2014/15 to 2018/19

UK government grants	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Business rates retention grants						
Revenue support grant and business rates top-up	210,276	191,245	168,382	160,998	154,066	154,066
Dedicated schools grant	600,732	546,541	542,923	544,923	546,923	546,923
Other government grants						
ACL, Skills Funding Agency	2,446	2,446	2,446	2,446	2,446	2,446
Adoption reform	-	-	-	-	-	-
Area of ONB grant	137	137	137	137	137	137
Asylum Seekers	1,640	2,000	2,000	2,000	2,000	2,000
Better Care Fund	-	-	25,000	25,000	25,000	25,000
Bikeability	240	240	240	240	240	240
Business rates cap (Sec 31 grant)	-	1,088	1,088	1,088	1,088	1,088
Community right to challenge	9	9	-	-	-	-
Council tax localisation transition grant	-	-	-	-	-	-
Education Funding Agency	19,331	15,063	15,063	15,063	15,063	15,063
Education services grant (ESG)	16,600	14,387	11,510	11,510	11,510	11,510
Extended rights to free travel	835	318	318	318	318	318
Fire pensions	6,769	7,532	9,867	10,080	8,949	11,992
Fire (revenue)	379	395	404	404	404	404
GUM services (Public Health)	0	3,300	3,300	3,300	3,300	3,300
LACSEG (local authority central spend equivalent grant) refund	-	-	-	-	-	-
Lead local flood authorities	375	375	250	250	250	250
Local Sustainable Transport Fund	750	630	-	-	-	-
Local Sustainable Transp. Fund (large bid)	1,725	2,009	-	-	-	-
Local Sustainable Transp. Fund (Town Centres & High Streets)	-	75	230	-	-	-
Local Reform and Community Voices DH	700	721	721	721	721	721
Music Grant	1,043	1,064	1,064	1,064	1,064	1,064
New Homes Bonus	2,825	3,897	4,941	6,825	8,117	8,117
New Homes Bonus-returned topslice	855	350	891	891	891	891
PE and sport release	-	2,523	981	-	-	-
Police and Crime Panel	-	68	68	68	68	68
Private Finance Initiative	11,900	10,949	10,949	16,949	18,949	15,903
Public health	23,237	25,561	28,117	30,928	34,021	37,423
Pupil Premium	15,049	17,579	17,579	17,579	17,579	17,579
Registration service	21	18	18	18	18	18
Remand	-	104	104	104	104	104
Restorative justice development	-	18	18	18	18	18
Right to Control Trailblazers	165	-	-	-	-	-
SEN pathfinder	165	-	-	-	-	-
SEN reform grant	-	150	-	-	-	-
Social care reform	1,865	-	-	-	-	-
Social fund (incl. administration)	1,162	1,145	-	-	-	-
South-east protected landscape	33	33	33	33	33	33
Troubled families (Family Support Prog.)	879	352	-	-	-	-
Youth Justice Board	896	839	839	839	839	839
Total other government grants	112,030	115,374	138,175	147,872	153,126	156,525
Total government grants	923,038	853,161	849,481	853,795	854,117	857,516

note: any minor casting anomalies are due to roundings.

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Revenue budget proposals

A.4.1. This appendix contains the overall budget position for the council, then by directorate. Each budget is prefaced by a commentary outlining the 14/15 budget position, future issues affecting the directorate over the subsequent four years and how the directorate is going to manage the situation

A.4.2. The categories are in order:

- Adults Social Care
- Children, Schools & Families with Delegated Schools
- Customer & Communities
- Environment & Infrastructure
- Business Services
- Chief Executive Office (including Public Health)
- Central Income & Expenditure

A.4.3. All expenditure is gross rather than netted off for non government grant and council tax income (fees & charge). Funding is now inclusive of all government grants and local taxation (business rates surplus and council tax).

A.4.4. This appendix outlines the draft 2014/19 revenue budget by:

- income and expenditure type ; and
- total income and service expenditure

A.4.5. In approving the budget and the Council tax precept, the Cabinet and full Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to:

- “eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.”

A.4.6. In approving the overall budget and precept at this stage, the Cabinet and Council will be mindful of the specific references in this report to the impact on people with protected characteristics under the Equality Act 2010 – particularly the following proposals referenced in this report which have been identified as requiring new Equality Impact Assessments:

- Family, Friends and Community programme (Adult Social Care)
- Planned savings and income generation relating to the Fire and Rescue Service (Customers and Communities)
- Members’ Allocation Funding and Community Improvement Fund (Customers and Communities)
- Disbanding the Legacy Team (Chief Executive’s Office)
- Public Value Programme (Children, Schools and Families)
- Review of transport provision (Environment and Infrastructure)

- Planning review (Environment and Infrastructure)
- Countryside programme (Environment and Infrastructure)

Overall

Draft Income & Expenditure category summary

	MTFP					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
Local taxation - Council Tax	(550,420)	(568,849)	(578,083)	(592,517)	(607,297)	(622,469)
Local taxation - Business rates surplus	(43,863)	(45,525)	(47,165)	(48,917)	(50,834)	(52,876)
UK Government grants	(923,038)	(853,161)	(849,481)	(853,795)	(854,117)	(857,516)
Other bodies grants	(18,302)	(22,626)	(22,663)	(22,701)	(22,739)	(22,778)
Fees & charges	(80,676)	(81,907)	(84,417)	(87,665)	(91,448)	(95,061)
Property income	(3,681)	(3,899)	(3,984)	(4,071)	(4,160)	(4,251)
Income from investment	(578)	(522)	(450)	(344)	(5,295)	(5,191)
Joint working income	(24,149)	(23,166)	(23,121)	(23,081)	(23,045)	(23,015)
Reimbursements and recovery of costs	(20,554)	(18,587)	(19,309)	(20,160)	(20,530)	(20,762)
Total funding	(1,665,261)	(1,618,242)	(1,628,673)	(1,653,251)	(1,679,406)	(1,703,920)
Expenditure						
Service staffing	313,262	306,829	307,354	307,386	308,827	311,589
Service non-staffing	853,109	869,084	860,233	892,429	929,929	972,944
Schools - net expenditure	521,855	468,246	461,086	460,105	460,105	460,105
Additional savings				(6,669)	(19,455)	(40,718)
Total expenditure	1,688,226	1,644,159	1,628,673	1,653,251	1,679,406	1,703,920
Funded by reserves	22,965	25,916	0	0	0	0

Proposed gross expenditure revenue budget 2014/19

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Revenue summary	£000s	£000s	£000s	£000s	£000s	£000s
Personal Care & Support	302,142	306,147	309,643	324,639	345,730	376,131
Service Delivery	20,524	20,685	19,980	19,270	18,540	18,701
Policy & Strategy	3,509	3,029	3,051	3,073	3,092	3,110
Commissioning	80,038	82,492	83,070	83,656	84,244	84,900
Strategic Director	412	416	420	425	428	432
Adults Social Care	406,625	412,768	416,165	431,063	452,034	483,271
Strategic Services	3,207	2,841	2,516	2,537	2,560	2,567
Children's Service	86,408	89,686	92,001	92,260	94,156	94,150
Schools and Learning	214,040	211,519	214,953	218,289	224,010	224,010
Services for Young People	21,094	26,329	26,654	26,805	27,181	27,181
Children, Schools & Families	324,749	330,375	336,124	339,891	347,907	347,907
Schools Delegated Budgets	521,855	468,246	461,086	460,105	460,105	460,105
Fire Service	45,752	46,724	46,944	45,809	45,090	48,565
Cultural Services	23,917	23,213	23,709	24,218	24,741	25,274
Customer Services	4,010	3,906	3,964	4,045	4,125	4,208
Trading Standards	2,480	2,521	2,566	2,614	2,663	2,711
Community Partnership & Safety	3,476	2,992	3,039	3,087	3,136	3,186
County Coroner	1,075	1,243	1,266	1,289	1,313	1,337
Directorate Support	2,167	1,648	1,686	1,725	1,765	1,806
Customer & Communities	82,877	82,247	83,174	82,787	82,833	87,087
Environment	87,344	89,621	85,397	86,036	88,534	91,917
Highways	52,689	53,406	54,418	55,927	56,509	58,132
Directorate-wide services (including savings to be allocated)	2,771	2,509	2,183	2,107	2,148	2,015
Environment & Infrastructure	142,804	145,536	141,998	144,070	147,190	152,064
Property Services	39,889	40,009	38,755	40,171	41,803	43,587
Information Management & Technology	23,244	25,546	24,920	25,073	25,584	26,105
Finance & strategic support	10,563	10,787	11,433	11,861	12,406	12,655
HR & Organisational Development	11,447	11,411	11,070	11,207	11,427	11,651
Shared Services	8,640	8,708	8,152	8,230	8,382	8,538
Procurement	3,444	3,481	3,544	3,508	3,571	3,635
Business Services	97,227	99,942	97,874	100,050	103,173	106,171
Strategic Leadership	472	444	445	447	447	449
Emergency Management	499	531	541	549	560	570
Communications	1,892	1,820	1,851	1,883	1,917	1,950
Legal & Democratic Services	9,899	8,543	8,513	8,677	10,353	9,022
Policy & Performance	3,292	3,931	3,988	4,045	4,102	4,161
Magna Carta	0	300	0	0	0	0
Public Health	26,994	28,361	30,417	32,228	34,321	37,723
Chief Executive Office	43,048	43,930	45,755	47,829	51,700	53,875
Central Income & Exp	69,041	61,115	56,496	64,125	63,919	64,154
Public service transformation network	0	0	(10,000)	(10,000)	(10,000)	(10,000)
Additional savings				(6,669)	(19,455)	(40,718)
Total expenditure	1,688,226	1,644,159	1,628,673	1,653,251	1,679,406	1,703,920

Adult Social Care

Acting Strategic Director: Dave Sargeant

Strategic Finance Manager: Paul Carey-Kent

Financial commentary

- 7
- A.4.7. The base revenue expenditure budget for the Adult Social Care Directorate in 2013/14 is £338m and the proposed budget is £339m, giving an overall increase of £1m.
- A.4.8. This overall budget for 2014/15 includes £59m to deal with service pressures, a combination of demographic and inflationary pressures and the need to replace savings covered by one-off means in 2013/14.
- A.4.9. The pressures emerging from 2013/14 and updating of demographic projections for 2014/15 total £59m, offset by the £1m increase in the budget and £5m of other funding changes. The Directorate has, therefore, included in its budget savings of £53m.
- A.4.10. This makes 2014/15 a particularly challenging year and it is thus the dominant year in considering the Directorate's MTFP. Monitoring for 2013/14 shows that expenditure, particularly for individually commissioned 'spot' care services, is significantly above budgeted levels. A number of one-off measures and funding sources are being utilised to mitigate these pressures year, but few of these are expected to be available next year; and in spite of those measures a £5.8m overspend is forecast for 2013/14 (as at the end of December 2013).
- A.4.11. Details of the savings programme to achieve that are being finalised, and joint work will be carried out with the Chief Executive and Chief Finance Officer to confirm the programme and gain assurance that the 2014/15 budget can be delivered.
- A.4.12. Future years of the MTFP are also challenging with ambitious savings targets for the Friends, Family and Community programme (a further £20m in 2015-18 on top of the £10m planned for 2014/15) and £4.9m of as-yet-unallocated savings in 2015/16. Although the priority is therefore to address the 2014/15 budget, future years still require careful consideration especially in light of the risks associated with the Care Bill and potential market pressures. This will make it important to work successfully with the Clinical Commissioning Groups (CCGs) in order to make best use of the Better Care Funding from 2015/16.

Adults Social Care

Draft Income & Expenditure category summary

	MTFP					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
UK Government grants	(2,030)	(222)	(222)	(222)	(222)	(222)
Other bodies grants	(14,297)	(18,309)	(18,309)	(18,309)	(18,309)	(18,309)
Fees & charges	(38,173)	(41,911)	(43,377)	(45,555)	(48,149)	(51,489)
Joint working income	(11,971)	(11,080)	(10,830)	(10,580)	(10,330)	(10,080)
Reimbursements and recovery of costs	(2,222)	(2,222)	(2,222)	(2,222)	(2,222)	(2,222)
Total funding	(68,693)	(73,744)	(74,960)	(76,888)	(79,232)	(82,322)
Expenditure						
Service staffing	73,632	70,853	70,633	70,394	70,085	70,643
Service non-staffing	332,993	341,915	345,532	360,669	381,950	412,632
Total expenditure	406,625	412,768	416,165	431,063	452,034	483,275
Net budget supported by Council Tax and general government grants	337,932	339,024	341,205	354,175	372,802	400,952

Draft service summary

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding	(68,693)	(73,744)	(74,960)	(76,888)	(79,232)	(82,322)
Expenditure by service:						
Personal Care & Support	302,142	306,147	309,643	324,639	345,730	376,131
Service Delivery	20,524	20,685	19,980	19,270	18,540	18,701
Policy & Strategy	3,509	3,029	3,051	3,073	3,092	3,110
Commissioning	80,038	82,492	83,070	83,656	84,244	84,900
Strategic Director	412	416	420	425	428	432
	406,625	412,768	416,165	431,063	452,034	483,275
Adults Social Care	337,932	339,024	341,205	354,175	372,802	400,952

Children, Schools & Families.

Strategic Director: Nick Wilson

Strategic Finance Manager: Paula Chowdhury

Budget 2014/15

A.4.13. The base revenue expenditure budget for the Children, Schools and Families Directorate in 2013/14 is £325m and in 2014/15 the proposed budget is £330m, giving an overall net increase of £5m.

A.4.14. This overall budget for 2014/15 includes increased funding of £12.2m for service pressures:

- £4.2m for specific demand led pressures around child protection and Special Education Needs (SEN); and
- £8.0m for general inflation, pay inflation and general demographic growth.

A.4.15. The Directorate also has included in its budget planned savings for 2014/15 to the value of £9.1m. This has been allocated to each of the individual services:

- Schools and Learning £4.3m;
- Children's Services £3m; and
- Services for Young People £1.8m.

A.4.16. The schools delegated base revenue budget in 2013/14 is £522m and in 2014/15 is proposed at £468m. The year on year reduction is as a result of the Dedicated Schools Grant reducing by -£63.1m, the post 16 funding reducing by -£4.3 and the pupil premium funding reducing by -£2.5m, for schools converting to academies. These reductions are then off-set by some small increases and transfers of responsibilities from centrally managed services to schools totaling £15.7m.

A.4.17. The provisional DSG settlement in December for children with learning disabilities in schools post 16 is £2.5m less than is required given that the full cost of placements is now expected to be funded from the allocation. This was unexpected and was therefore not planned for. Schools Forum has been informed and we will need to manage the funding risk together.

A.4.18. The total Children, Schools and Families budget, including schools, for 2014/15 is £798m, compared to £847m in 2013/14.

Medium Term Financial Plan 2014/19

A.4.19. Over the five year period of the MTFP, the Directorate is anticipating budget pressures as a result of funding reductions, demand led budgets and general demographic increases. The pressure on the schools funding will increase as more schools convert to become academy taking significant funding with them and reduced growth funding and the potential ring-fencing of Early Years. The Special Education Need high needs block continues to have significant demand growth pressures as the school population increases.

A.4.20. School improvement continues to be a major priority for the County Council, with key performance targets being set around the funding allocation of £1.9m.

- A.4.21. The Directorate has made savings of over £56m over the last five years while facing the further challenge of £24m savings over the next five years. It is expected that this target will increase over the period, due to further funding and policy changes from Central Government.
- A.4.22. One of the key areas of funding risk for the Directorate is around the Dedicated Schools Grant (DSG). The high needs block within the DSG, which funds the special education needs services, has not received growth funding, yet this is an area where demand is increasing as the overall school population increases. This growth issue coupled with the 2014/15 funding shortfall on post 16 learning disabilities, means that from 2015/16 there could be an approx £7m shortfall within DSG.
- A.4.23. Another major funding risk for the Directorate and the wider County Council is the continual reduction of the Education Services Grant (ESG). This grant is part of the general County Council funding for school improvement and contributes towards Directorate and Corporate overheads. As schools convert to academy status the ESG reduces and for 2014/15 the financial impact is estimated at £2m. In addition to this continual academy conversion reduction, the government has announced the possibility of a 20% reduction on this grant from 2015/16. This grant reduction has been built into the 2014/19 planning.
- A.4.24. The Directorate has recognised these challenges and has established a Public Value Programme to research and identify efficiency savings and reductions across the Directorate. The focus of this work is around reviewing - Early Help strategies and strengthening the preventative services; disability services and support for families with complex needs. Part of this work will be about strengthening partnership working with Health, Boroughs and Districts, the Police and the voluntary sector, maximising local resources through joint commissioning, joint working practices and community budgets.
- A.4.25. The County Council has been successful in its bid to be part of the governments Public Services Transformation Network (PSTN). The Directorate is building on the national work around Troubled Families and one of the PSTN projects is to expand this work further and develop an integrated Family Support Programme with partner agencies sharing the costs and the fiscal and non-fiscal benefits. The second PSTN partnership project is about skilling up 14-19 year olds so that they are marketable in the future labour market.

Children, Schools & Families

Draft Income & Expenditure category summary

	MTFP					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
Dedicated Schools Grant	(109,211)	(108,826)	(110,826)	(112,826)	(114,826)	(114,826)
Other UK Government grants	(4,676)	(4,796)	(4,294)	(4,294)	(4,294)	(4,294)
Other bodies grants	(1,084)	(1,084)	(1,084)	(1,084)	(1,084)	(1,084)
Fees & charges	(25,974)	(24,569)	(25,359)	(26,165)	(27,086)	(27,086)
Property income	(27)	(27)	(27)	(27)	(27)	(27)
Joint working income	(2,774)	(2,774)	(2,774)	(2,774)	(2,774)	(2,774)
Reimbursements and recovery of costs	(6,511)	(6,511)	(6,511)	(6,511)	(6,511)	(6,511)
Total funding	(150,257)	(148,587)	(150,875)	(153,681)	(156,602)	(156,602)
Expenditure						
Service staffing	106,975	105,326	107,221	107,516	108,211	108,211
Service non-staffing	217,774	225,049	228,903	232,375	239,696	239,696
Total expenditure	324,749	330,375	336,124	339,891	347,907	347,907
Net budget supported by Council Tax and general government grants	174,492	181,788	185,249	186,210	191,305	191,305

Draft service summary

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding	(150,257)	(148,587)	(150,875)	(153,681)	(156,602)	(156,602)
Expenditure by service:						
Strategic Services	3,207	2,841	2,516	2,537	2,560	2,560
Children's Service	86,408	89,686	92,001	92,260	94,156	94,156
Schools and Learning	214,040	211,519	214,953	218,289	224,010	224,010
Services for Young People	21,094	26,329	26,654	26,805	27,181	27,181
	324,749	330,375	336,124	339,891	347,907	347,907
Children, Schools & Families	174,492	181,788	185,249	186,210	191,305	191,305

Schools

Income & Expenditure category summary

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
UK Government grants	(521,855)	(468,246)	(461,086)	(460,105)	(460,105)	(460,105)
Total funding	(521,855)	(468,246)	(461,086)	(460,105)	(460,105)	(460,105)
Expenditure						
Schools - net expenditure	521,855	468,246	461,086	460,105	460,105	460,105
Total expenditure	521,855	468,246	461,086	460,105	460,105	460,105
Net Budget supported by Council Tax and general government grants	0	0	0	0	0	0

Customers and Communities.**Strategic Director: Yvonne Rees & Susie Kemp****Strategic Finance Manager: Susan Smyth****Financial commentary**

- 7
- A.4.26. The Directorate faces pressures of £6.0m over the five year planning period, predominately due to expected inflation of £5.9m, which need to be covered by efficiency actions. In addition there are expected increases in grant funded Fire pension expenditure of £5.2m. Savings of £6.1m and generation of £2.5m additional income are planned over the five year period. These actions, together with £0.7m of budget virements to other directorates, result in a net reduction to the Directorate budget of £3.3m over the 5 year period. There are no significant volume changes expected.
- A.4.27. The Fire service is continuing to implement the Public Safety Plan on a phased basis and the budget is based upon an improved understanding of service pressures and changes to the timing at which savings are assessed as achievable. The Fire Service has planned savings and income generation of £6.3m over the 5 year period. This includes £2.2m of efficiency improvements from property reconfigurations linked to capital investment, and a further £3.3m through planned operational efficiencies and the implementation of staff agency arrangements. £0.9m of the savings from the reconfigurations is being used to fund the relocation of an appliance to a new station at Salfords. The innovative contingency crewing pilot has been extended, with a review during 2014/15.
- A.4.28. The reduced value of contributions to the Fire Vehicle and Equipment Replacement Reserve, as a result of expenditure being funded by government grant, continues for three years saving £1.5m and helping to fund overall pressures. Current plans, which will be kept under review in light of changing vehicle needs and future grant settlements, reinstate the full contribution in 2017/18.
- A.4.29. Across the rest of Customers and Communities there are planned savings and increased income of £2.3m. These include reductions to Members' Allocation Funding and the Community Improvements Fund totalling £0.5m, together with reductions as a result of staffing efficiencies across a number of services.

Customer & Communities
Draft Income & Expenditure category summary

	MTFP					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
UK Government grants	(10,658)	(11,455)	(13,799)	(14,012)	(12,881)	(15,924)
Other bodies grants	(2,921)	(3,233)	(3,270)	(3,308)	(3,346)	(3,385)
Fees & charges	(9,137)	(8,705)	(8,807)	(8,914)	(9,023)	(9,131)
Property income		(145)	(148)	(151)	(154)	(157)
Joint working income	(280)	0	0	0	0	0
Reimbursements and recovery of costs	(531)	(1,300)	(1,645)	(2,229)	(2,401)	(2,428)
Total funding	(23,527)	(24,838)	(27,669)	(28,614)	(27,805)	(31,025)
Expenditure						
Service staffing	57,323	56,184	54,642	53,818	54,303	55,183
Service non-staffing	25,554	26,063	28,532	28,969	28,530	31,904
Total expenditure	82,877	82,247	83,174	82,787	82,833	87,087
Net Budget supported by Council Tax and general government grants	59,350	57,409	55,505	54,173	55,028	56,062

Draft service summary

	2012/13	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding	(23,527)	(24,838)	(27,669)	(28,614)	(27,805)	(31,025)
Expenditure by service:						
Fire Service	45,752	46,724	46,944	45,809	45,090	48,565
Cultural Services	23,917	23,213	23,709	24,218	24,741	25,274
Customer Services	4,010	3,906	3,964	4,045	4,125	4,208
Trading Standards	2,480	2,521	2,566	2,614	2,663	2,711
Community Partnership & Safety	3,476	2,992	3,039	3,087	3,136	3,186
County Coroner	1,075	1,243	1,266	1,289	1,313	1,337
Directorate Support	2,167	1,648	1,686	1,725	1,765	1,806
	82,877	82,247	83,174	82,787	82,833	87,087
Customer & Communities	59,350	57,409	55,505	54,173	55,028	56,062

Environment & Infrastructure**Strategic Director: Trevor Pugh****Strategic Finance Manager: Susan Smyth****Financial commentary**

- 7
- A.4.30. Environment & Infrastructure faces pressures and growth of £18m (including funding changes) over the five year planning period. This primarily relates to inflation of £24.4m across all budgets including waste disposal, highways and local bus contracts. Two additional pressures are anticipated. Local bus contract savings planned for 2013/14 have not been delivered in anticipation of a wider review of transport provision (see below). Together with increased costs of bus services this results in a pressure of £0.5m. Secondly, changes to the highway repairs regime and associated lump sum payments are expected to result in an additional cost of £0.4m. Other changes include the reversal of prior year one-off savings, and annual changes to expected waste disposal spend resulting from volume and costs. Further uncertainties remain, including implications of the transfer of Bus Service Operators Grant and the possible transfer of maintenance responsibility for Highway Agency assets to local authorities.
- A.4.31. Pressures and growth are offset by planned savings of £6.6m over the five year planning period. These include highway maintenance efficiencies and reductions (£2.1m) including reducing costs through collaboration and reduced overheads, expected savings through a review of transport provision (£2m), savings from the ongoing “one team” organisational review (£0.8m) and from ongoing reviews of support and other services (£0.9m, including directorate support services, planning & development, network management, sustainability and road safety), countryside (£0.4m) and waste disposal (£0.3m).
- A.4.32. In the longer term waste management efficiencies are planned, in collaboration with partners across the Surrey Waste Partnership and SE7, by adopting a more consistent and efficient approach to disposal and recycling and taking advantage of new technologies and business models. Highway maintenance efficiencies from a more effective investment strategy and improved supply chain are also being investigated.

Environment & Infrastructure
Draft Income & Expenditure category summary

	MTFP					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
UK Government grants	(3,528)	(3,601)	(992)	(762)	(762)	(762)
Fees & charges	(7,096)	(6,411)	(6,557)	(6,707)	(6,860)	(7,018)
Joint working income	(4,037)	(4,123)	(4,214)	(4,307)	(4,402)	(4,500)
Reimbursements and recovery of costs	(2,748)	(2,352)	(2,405)	(2,459)	(2,515)	(2,572)
Total funding	(17,409)	(16,487)	(14,168)	(14,235)	(14,539)	(14,851)
Expenditure						
Service staffing	21,667	20,926	20,906	21,140	20,746	21,096
Service non-staffing	121,137	124,610	121,093	122,930	126,444	130,968
Total expenditure	142,804	145,536	141,998	144,070	147,190	152,064
Net Budget supported by Council Tax and general government grants	125,395	129,049	127,830	129,835	132,651	137,213

Draft service summary

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding	(17,409)	(16,487)	(14,168)	(14,235)	(14,539)	(14,851)
<u>Expenditure by service:</u>						
Environment	87,344	89,621	85,397	86,036	88,534	91,917
Highways	52,689	53,406	54,418	55,927	56,509	58,132
Directorate-wide services (including savings to be allocated)	2,771	2,509	2,183	2,107	2,148	2,015
	142,804	145,536	141,998	144,070	147,190	152,064
Environment & Infrastructure	125,395	129,049	127,830	129,835	132,651	137,213

Business Services**Strategic Director: Julie Fisher****Strategic Finance Manager: Susan Smyth****Financial commentary**

- 7
- A.4.33. Savings of £6.2 m will be delivered over the five years through continued efficiency improvements, increased income and enhanced partnership working across Business Services. Self service capability will be significantly improved for services creating efficiency improvements in Business Services and improved quality of delivery for customers. Working in partnership will drive benefits from economies of scale, and the directorate will continue to strengthen and enhance partnership arrangements that we have across our IT infrastructure, procurement and transactional services exemplified by our partnership with East Sussex. Securing improved commercial arrangements with suppliers for the council and for partners will deliver savings in Business Services and the council as a whole. The Directorate will continue to develop its business support offer and deliver income from the provision of transactional and professional consultancy services to partners and other external organisations.
- A.4.34. The directorate budget includes additional strategic investment in IMT of £2m in 2014/15 and £1m per annum thereafter. This investment will deliver enhanced functionality to drive efficiency and productivity improvements across the council, particularly in relation to the modern worker programme which equips staff and members with appropriate technology to carry out their roles. The directorate budget includes inflationary costs of £11.8m over the planning period, which include updated assumptions regarding energy inflation however there remain uncertainties regarding this in the medium to longer term. The budget has been adjusted for recent announcements regarding the grant funding for the Local Assistance scheme which will discontinue after 2014 / 15. Assuming that support to vulnerable people will continue to be provided by the council at the current levels of expenditure creates a cost pressure of £0.5m.

Business Services**Draft Income & Expenditure category summary**

	MTFP					
	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding						
UK Government grants	(1,162)	(1,145)				
Fees & charges	(100)	(102)	(104)	(106)	(108)	(110)
Property income	(3,654)	(3,727)	(3,809)	(3,893)	(3,979)	(4,067)
Joint working income	(5,066)	(5,167)	(5,281)	(5,397)	(5,516)	(5,637)
Reimbursements and recovery of costs	(5,073)	(5,789)	(6,106)	(6,312)	(6,447)	(6,586)
Total funding	(15,055)	(15,930)	(15,300)	(15,708)	(16,050)	(16,400)
Expenditure						
Service staffing	40,305	40,329	40,450	40,822	41,556	42,303
Service non-staffing	56,922	59,613	57,424	59,228	61,617	63,868
Total expenditure	97,227	99,942	97,874	100,050	103,173	106,171
Net Budget supported by Council Tax and general government grants	82,172	84,012	82,574	84,342	87,123	89,771

Draft service summary

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Funding	(15,055)	(15,930)	(15,300)	(15,708)	(16,050)	(16,400)
Expenditure by service:						
Property Services	39,889	40,009	38,755	40,171	41,803	43,587
Information Management & Technology	23,244	25,546	24,920	25,073	25,584	26,105
Finance & strategic support	10,563	10,787	11,433	11,861	12,406	12,655
HR & Organisational Development	11,447	11,411	11,070	11,207	11,427	11,651
Shared Services	8,640	8,708	8,152	8,230	8,382	8,538
Procurement	3,444	3,481	3,544	3,508	3,571	3,635
	97,227	99,942	97,874	100,050	103,173	106,171
Business Services	82,172	84,012	82,574	84,342	87,123	89,771

Chief Executive's Office**Asst Chief Executive Officer: Susie Kemp****Strategic Finance Manager: Susan Smyth****Financial commentary**

- 7
- A.4.35. The Chief Executive's Office faces ongoing pressures of £1.5m over the 5 year planning period. This is predominately due to expected inflation of £1.3m, but also £0.2m has been added to the Legal budget to reflect the increased costs due to both the number and complexity of child protection cases. The budget has also been adjusted across this period for the £1.5m cost of holding 4-yearly County Council elections in 2017/18.
- A.4.36. Savings of £1.1m are planned over the 5 year period. Of this £0.3m was achieved early during 2013/14. The remaining £0.8m is planned through the creation of an in-house advocacy team (£0.4m) within Legal and through disbanding the Legacy team (£0.4m) that transferred into the directorate during 2013/14.
- A.4.37. There is a one-off £1m budget to mark the 800th celebration of the Magna Carta allocated to revenue (£0.3m) and capital (£0.7m).
- A.4.38. Health and wellbeing with a gross budget of £0.7m transferred into the Chief Executive's Office from Adult Social Care during 2013/14 along with associated government grant funding of £0.5m.
- A.4.39. The roll out of superfast broadband continues across the county with a capital budget of £9.8m within 2014/15 to finish installing within those areas not covered by a commercial installation.
- A.4.40. The Assistant Chief Executive, Susie Kemp, took on responsibility for Public Health during 2013/14 and this is now being reported as part of the Chief Executive's Office.

Public Health

- A.4.41. The Health and Social Care Act 2012 transferred substantial public health duties to local authorities from 2013/14, funded by a ring-fenced specific grant based on estimates of historic spending from NHS Surrey. The budget is drafted in accordance with the 2014/ 15 £25.6m grant allocation. This is designed to cover all the services that transferred from the PCT, however there remains £3.3m of funding relating to Genito-Urinary Medicine (GUM) Services that were incorrectly excluded from the grant and we are therefore looking to recover this separately. Discussions will proceed on this basis, and a balanced budget position will be finalised within the resources available.
- A.4.42. The budget plan assumes that savings will be made to the benefit of the council as a whole, by funding services which meet the Public Health Outcomes Framework in other directorates.
- A.4.43. A further national risk also needs to be noted. It has emerged during the first year of public health responsibility that there is some ambiguity over whether local authorities have been appropriately funded for their responsibilities to pay prescription charges relating to public health services. This risk is estimated to be around £2m. The budget has been prepared assuming appropriate funding will be granted by the government, should charges for this be made to the council.
- A.4.44. In the medium term the expected 10% growth in funding each year should enable us to deal with volume and price issues, whilst recognising that there is a growing demand for public health services and that there has been historic underfunding of public health services in Surrey which needs to be rectified.
- A.4.45. For 2014/15 the budget will fund the council's in undertaking the five mandatory requirements from the Health and Social Care Act 2012:
- commissioning appropriate access to sexual health services
 - commissioning the NHS Health Check programme
 - commissioning the national child measurement programme
 - ensuring that plans are in place to protect the population's health
 - ensuring NHS commissioners receive the public health advice they need
- A.4.46. In addition 15 non-mandatory services continue to be commissioned guided by local needs such as stop smoking, drug and alcohol misuse services, obesity initiatives and accidental injury prevention as outlined in the Health and Social Care Act 2012.
- A.4.47. In 2015 responsibility for some health services for children under the age of 5 will transfer to Local Authorities including health visiting, the healthy child programme and family nurse partnership. The expectation is that the NHS budget currently allocated to these services will come to Local Authorities. A newly formed transition group is progressing this transfer.

Chief Executive's Office (incorporating Public Health)

Draft Income & Expenditure category summary

	MTFP					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
UK Government grants	(23,936)	(28,929)	(30,985)	(32,796)	(34,889)	(38,291)
Fees & charges	(196)	(209)	(213)	(218)	(222)	(227)
Joint working income	(21)	(22)	(22)	(23)	(23)	(24)
Reimbursements and recovery of costs	(3,469)	(413)	(420)	(427)	(435)	(444)
Total funding	(27,622)	(29,573)	(31,640)	(33,464)	(35,569)	(38,986)
Expenditure						
Service staffing	12,934	12,764	13,179	13,398	13,629	13,856
Service non-staffing	30,114	31,166	32,576	34,431	38,071	40,020
Total expenditure	43,048	43,930	45,755	47,829	51,700	53,875
Net budget supported by Council Tax and general government grants	15,426	14,357	14,115	14,365	16,131	14,889

Draft service summary

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding	(27,622)	(29,573)	(31,640)	(33,464)	(35,569)	(38,986)
Expenditure by service:						
Strategic Leadership	472	444	445	447	447	449
Emergency Management	499	531	541	549	560	570
Communications	1,892	1,820	1,851	1,883	1,917	1,950
Legal & Democratic Services	9,899	8,543	8,513	8,677	10,353	9,022
Policy & Performance	3,292	3,931	3,988	4,045	4,102	4,161
Magna Carta	0	300	0	0	0	0
Public Health	26,994	28,361	30,417	32,228	34,321	37,723
	43,048	43,930	45,755	47,829	51,700	53,875
Chief Executive's Office (incorporating Public health)	15,426	14,357	14,115	14,365	16,131	14,889

Undistributed to directorate**Income & Expenditure category summary**

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
<u>Funding</u>						
Total funding	0	0	0	0	0	0
<u>Expenditure</u>						
Service non-staffing			(10,000)	(16,669)	(29,455)	(50,718)
Total expenditure	0	0	(10,000)	(16,669)	(29,455)	(50,718)
Net Budget supported by Council Tax and general government grants	0	0	(10,000)	(16,669)	(29,455)	(50,718)

Draft service summary

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Public Service Transformation Network			(10,000)	(10,000)	(10,000)	(10,000)
Additional Savings				(6,669)	(19,455)	(40,718)
			(10,000)	(16,669)	(29,455)	(50,718)

Central Income & Expenditure**Strategic Director: Julie Fisher****Deputy Chief Finance Officer: Kevin Kilburn****Financial commentary**

A.4.48. The Central Income and Expenditure budget provides for items of income and expenditure that are not directly related to service provision, or are as a result of past decisions. This budget supports the council's corporate priorities by providing the resources to ensure the provision of the council's capital programme and a sound financial standing both now and in the future.

A.4.49. The gross expenditure under this budget has reduced by £9.2m to £59.8m for the 2014/15 financial year. A significant part of this reduction, £8m, is in relation to the risk contingency budget. Over recent years the council has held a risk contingency budget to cover for savings and reductions not being made in full. The risk contingency budget has not had to be used despite the Council achieving nearly £200m of savings since 2010. As a result of a review of the appropriate level of contingency, this budget has been reduced in 2014-15 to £5m and has been removed thereafter completely. Any failure to make savings in future years will have to be met by reductions elsewhere.

A.4.50. In 2013/14 the budget included £1m in relation to the estimated cost of auto-enrolment of employees to the Pension Fund. The costs materialising from this have been less than originally estimated and so this £1m has been removed from the 2014/15 budget. The service revenue budgets reflect the cost to the Council of employees participating in the pension fund.

A.4.51. These reductions are partially offset by increases in relation to two pressures. The first is the revenue financing of the council's capital programme, and the second is the impact of the triennial actuarial review of the pension fund. This review was completed during 2013/14 and will increase the employer contributions by £2.5m from 2014/15.

A.4.52. For the remainder of the five year plan the central income and expenditure budgets increases to -£800m due mainly to the revenue financing of the council's capital programme alongside reductions in the anticipated levels of Government Funding.

Central Income and Expenditure

Draft Income & Expenditure category summary

	MTFP					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
Local taxation - Council Tax	(550,420)	(568,849)	(578,083)	(592,517)	(607,297)	(622,469)
Local taxation - Business Rates	(43,863)	(45,525)	(47,165)	(48,917)	(50,834)	(52,876)
UK Government grants	(245,982)	(225,942)	(227,278)	(228,778)	(226,138)	(223,092)
Income from investment	(578)	(522)	(450)	(344)	(5,235)	(5,191)
Total funding	(840,843)	(840,838)	(852,976)	(870,556)	(889,504)	(903,628)
Expenditure						
Service staffing	426	447	324	298	298	298
Service non-staffing	68,615	60,668	56,173	63,827	63,621	63,856
Total expenditure	69,041	61,115	56,497	64,125	63,919	64,154
Net budget supported by reserves	(771,802)	(779,723)	(796,479)	(806,431)	(825,585)	(839,474)

Draft service summary

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s
Funding	(840,843)	(840,838)	(852,976)	(870,556)	(889,504)	(903,628)
Expenditure by service						
Protected Salaries & Relocation	426	447	324	298	298	298
Pensions Back-funding	8,606	11,139	11,332	11,529	11,731	11,938
Redundancy & Compensation	4,360	5,749	3,919	3,739	2,738	2,731
Impact of NI Changes				6,000	6,000	6,000
Corporate initiatives		250	-500	-1,000	-1,000	-1,000
Risk Contingency	13,000	5,000				
Changes to Pension Fund Contributions	1,000					
Land Drainage Precept	1,071	1,098	1,125	1,153	1,182	1,212
Contributions to/from reserves	3,597	843	-279	-1,083	-656	-637
Interest Payable	15,942	14,762	15,895	17,782	17,739	17,701
Minimum Revenue Provision	21,039	21,827	24,680	25,707	25,887	25,911
	69,041	61,115	56,497	64,125	63,919	64,154
Central Income and Expenditure	(771,802)	(779,723)	(796,479)	(806,431)	(825,585)	(839,474)

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Capital programme proposals 2014/15 to 2018/19

	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	TOTAL £000s
<u>Overall Summary</u>						
School basic need	105,011	69,012	71,963	49,106	32,187	327,279
Total recurring programmes	73,520	63,431	59,967	61,732	67,231	325,881
Total projects	38,241	32,013	17,680	10,989	7,429	106,351
Total Capital Schemes	216,772	164,456	147,610	121,827	106,847	759,511

Adult Social Care**Recurring programmes**

Major adaptations	800	800	800	800	800	4,000
Total recurring programmes	800	800	800	800	800	4,000

Projects

Wellbeing centres	105					105
In-house capital improvement scheme	250	250	250	250	250	1,250
User led organisation hubs	100	100	100			300
Total projects	455	350	350	250	250	1,655

Total Capital Schemes	1,255	1,150	1,150	1,050	1,050	5,655
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Children, Schools & Families**Recurring programmes**

Adaptations for children with disabilities	299	299	299	299	299	1,495
Foster carer grants	300	300	300	300	300	1,500
Schools devolved formula capital (ring-fenced grant)	2,231	2,231	2,231	2,231	2,231	11,155
Total recurring programmes	2,830	2,830	2,830	2,830	2,830	14,150

Total Capital Schemes	2,830	2,830	2,830	2,830	2,830	14,150
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Customer & Communities**Recurring programmes**

Fire vehicles & equipment reserve	2,695	3,698	1,104	1,408	1,820	10,725
Local committee allocations	385	385	385	385	385	1,925
Total recurring programmes	3,080	4,083	1,489	1,793	2,205	12,650

Total Capital Schemes	3,080	4,083	1,489	1,793	2,205	12,650
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	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	TOTAL £000s
<u>Environment & Infrastructure</u>						
Recurring programmes						
Highway maintenance	31,592	21,018	21,018	21,018	26,018	120,664
Bridge strengthening	1,956	1,956	1,956	1,956	1,956	9,780
Flooding & drainage	776	776	776	776	776	3,880
Local transport schemes	4,000	4,000	4,000	4,000	4,000	20,000
Maintenance at closed landfill sites	416	100	100	100	100	816
Rights of Way and byways	85	85	85	85	85	425
Road safety schemes	200	200	200	200	200	1,000
Safety barriers	256	256	256	256	256	1,280
Traffic signal replacement	550	550	550	550	550	2,750
Economic regeneration projects	1,000	1,000	1,000	1,000	1,000	5,000
Highways Vehicle Replacement	200	200	200	200	200	1,000
Total recurring programmes	41,031	30,141	30,141	30,141	35,141	166,595
Projects						
Walton Bridge-ring fenced grant	444					444
Basingstoke Canal Improvements	500	500	500			1,500
Local sustainable transport fund grant	50					50
Local sustainable transport fund grant (large bid)	3,335					3,335
CIL funded schemes	378	2,002	4,576	5,354	5,479	17,789
S.106 funded schemes	2,500	1,700	1,700	1,700	1,700	9,300
Total projects	7,207	4,202	6,776	7,054	7,179	32,418
Total Capital Schemes	48,238	34,343	36,917	37,195	42,320	199,013
<u>Chief Executive Office</u>						
Recurring programmes						
Community building grant scheme	150	150	150	150	150	750
Total recurring programmes	150	150	150	150	150	750
Projects						
Magna Carta	700					700
Economic Development-Broadband	9,792					9,792
Total projects	10,492	0	0	0	0	10,492
Total capital schemes	10,642	150	150	150	150	11,242

	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	TOTAL £000s
Business Services						
School basic need	105,011	69,012	71,963	49,106	32,187	327,279
Recurring programmes						
Carbon reduction - Schools ¹	3,332	3,332	3,332	3,332	3,332	16,660
Schools - Disability Discrimination Act	456	466	477	487	497	2,383
Schools capital maintenance, including children's centres	10,328	10,328	10,328	10,328	10,328	51,640
Carbon reduction - Corporate	1,186	1,212	1,239	1,264	1,289	6,190
Fire risk assessments	365	373	382	390	398	1,908
Minor works/disability access	178	182	186	190	194	930
Non schools structural maintenance	5,526	5,604	5,683	5,797	5,913	28,523
IMT Equipment	2,000	2,500	2,500	2,500	2,500	12,000
IT Equipment Replacement Reserve	2,258	1,430	430	1,730	1,654	7,502
Total recurring programmes	25,629	25,427	24,557	26,018	26,105	127,736
Projects						
Portesbury SEN School	10,589	2,756	210			13,555
Cultural Services		1,250				1,250
Fire Station reconfiguration	600	4,500	900	3,500		9,500
Fire Stations minor works	200	200				400
Guildford Fire Station	560					560
Merstham Library		200	1,000			1,200
Fire training tower replacement	500					500
SEN strategy	750	2,250	7,044			10,044
Short Stay Schools		2,000				2,000
Youth Transformation	200					200
Projects to enhance income	250	1,455				1,705
Projects to re-provision and deliver capital receipts	1,510	1,540				3,050
Telephones Unicorn Network (BT)	150	150	140	185		625
School Kitchens	983	982				1,964
Trumps Farm Solar Panels		3,800				3,800
Land Acquisition for Waste	850					850
Merstham Youth		1,100				1,100
Expansion of Coroners Court	152					152
Gypsy Sites		2,653				2,653
Reigate Priory School	500	500	500			1,500
Replace aged demountables	1,685	985				2,670
Joint Public Sector Property Projects		1,140	760			1,900
Adults Social Care Infrastructure Grant	608					608
Total projects	20,087	27,461	10,554	3,685	0	61,786
Total capital schemes	150,727	121,900	107,074	78,809	58,292	516,801

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Reserves & balances policy statement

Introduction

A.6.1. This paper sets out the Council's policies underpinning the maintenance of a level of general balances and earmarked reserves within the Council's accounts.

Statutory position

A.6.2. A local authority is not permitted to allow its spending to exceed its available resources so that overall it would be in deficit. Sections 32 and 43 of the Local Government Finance Act 1992 require authorities to have regard to the level of balances and reserves needed for meeting estimated future expenditure when calculating the budget requirement.

A.6.3. Balances and reserves can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, this forms part of general reserves;
- a contingency to cushion the impact of unexpected events or emergencies, this also forms part of general balances;
- a means of building up funds often referred to as earmarked reserves, to meet known or predicted liabilities.

A.6.4. This policy statement is concerned with general balances and earmarked reserves as defined above.

Purpose of balances and reserves

A.6.5. The Council has traditionally maintained a small general balance in order to provide a contingency against unforeseen overspendings or a major unexpected event.

A.6.6. Although there is no generally recognised official guidance on the level of general balances to be maintained, the key factor is that the level should be justifiable in the context of local circumstances, and council taxpayers' money should not be tied up unnecessarily. The Council's external auditor comments on the level of balances and reserves as part of the annual audit of the council's financial position.

A.6.7. While general balances are unallocated, earmarked reserves are held for specific purposes and to mitigate against potential future known or predicted liabilities.

Level of balances and reserves

A.6.8. In recent years it has been considered prudent to maintain a minimum level of available general balances of between 2.0% to 2.5% of the sum of council tax plus settlement funding, i.e. between £16m to £20m. This is normally sufficient to cover unforeseen circumstances and the risk of higher than expected inflation. The Council brought forward £31.8m general balances at 1 April 2013. The Council has applied £11.9m to support the 2013/14 budget, leaving £19.9m. Going into 2014/15 the Chief Finance Officer recommends the level of general balances remains the same. This approach is considered prudent when combined with the proposal to remove the risk

contingency from within the revenue budget, leaving general balances to provide mitigation against the risk of non-delivery of service reductions & efficiencies in 2014/15.

A.6.9. The level of earmarked reserves will vary according to specific prevailing financial circumstances, in particular linked to risk and uncertainty.

A.6.10. In this context the Chief Finance Officer report on the budget for 2014/15 recommends:

- holding general balances to £19.9m, combined with;
- reducing the risk contingency within the revenue budget to £5m (from £13m in 2013/14) to mitigate against the risk of non-delivery of the service reductions & efficiencies included in budget proposals.

Proposed policy for 2014/15

A.6.11. General balances should only be held for the purposes of:

- helping to cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- a contingency to cushion the impact of unexpected events or emergencies.

A.6.12. The application of general balances and reserves can, by definition only be used once and should therefore only be applied for one-off or non-recurring spending or investment or to smooth the effect of government funding reductions that have a disproportionate impact in any one year.

Projected earmarked reserves and general balances 2013/14 and 2014/15

	Brought forward 1 Apr 2013 £m	Forecast 31 Mar 2014 £m	Proposal to balance 2014/15 budget £m	Forecast 1 Apr 2014 £m
Earmarked revenue reserves				
Investment Renewals Reserve	13.3	10.6		10.6
Equipment Replacement Reserve	3.1	2.8	-1.8	1.0
Vehicle Replacement Reserve	5.1	5.2		5.2
Waste Site Contingency Reserve	0.3	0.3	-0.3	0.0
Budget Equalisation Reserve	6.1	23.5	-20.1	3.4
Financial Investment Reserve	1.6	1.6		1.6
Street Lighting PFI Reserve	5.8	6.2		6.2
Insurance Reserve	7.4	8.2		8.2
Severe Weather Reserve	5.0	0.0		0.0
Eco Park Sinking Fund	8.0	11.6		11.6
Investment Reserve	0.0	0.0		0.0
Revolving Infrastructure & Investment Fund	19.5	20.3		20.3
Child Protection Reserve	3.6	2.2		2.2
Interest Rate Reserve	3.2	4.7	-3.7	1.0
Economic Downturn Reserve	4.4	6.0		6.0
Business Rates Appeals Reserve	0.0	0.0		1.3
General Capital Reserve	7.6	4.6		4.6
Total earmarked revenue reserves	94.0	107.8	-25.9	83.2
General balances	31.8	19.9	0	19.9

Note: Council approved use of £11.9m general balances to support the 2013/14 budget

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Public budget survey 2012/13 using SIMALTO modeling

Headline findings

A.8.1. The results of the survey are a **robust and reliable guide** to the views of Surrey residents. There were **701 responses**. The method used means the results reported are **representative of the whole county** - they include a balance of views from people of different ages, gender, socio-economic groups etc.

A.8.2. There are four key headline findings:

1. The council's current spending closely reflects the spending priorities of Surrey's residents

A majority of residents would leave the allocation of current spend as it is now, altering the existing budget only slightly through increased investment in highways services, with corresponding reductions to the opening hours of libraries and recycling centres.

2. The council understands its residents

The research company who ran the exercise reported that the similarity between the council's current spending and residents' preferences was notable and not typical for councils.

3. A majority of residents (58%) would be willing to see a slight increase in council spending and their council tax in return for current service levels being maintained and specific investments and improvements being made in:

- Highways maintenance
- Supporting young people into education, employment or training, including more apprenticeships
- Supporting more older people to live independently

4. Residents attach value to the council's services and reductions will cause dissatisfaction

If service levels were scaled back to the most basic level that was presented in the budget survey, 96% of respondents indicated they would complain to the council. They identified four areas that should be protected even if savings have to be made:

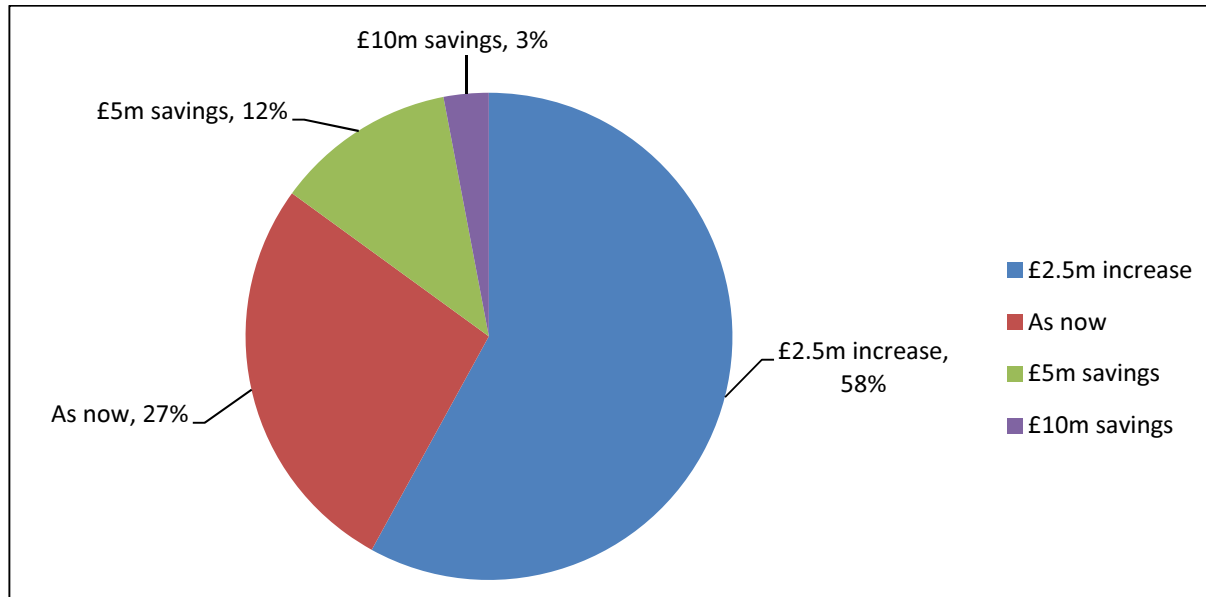
- Fire and Rescue services
- Highways maintenance
- Residential care for dementia sufferers
- Independent living for older people

A.8.3. The full set of data results from the survey can be found online at <http://www.surreycc.gov.uk/your-council/consultations>

Detailed results

A.8.4. Figure A.8:1 shows that once informed about the impact of their service preferences on the council's spending (and their council tax) the consensus view from residents was slight increases to the current level of spend on the services they were surveyed on. 58% of respondents to the survey were willing to accept a £2.5m increase in council spend on the services (equating to a £6 annual council tax rise for the average home) to pay for their preferred service options.

7 Figure A.8:1: Residents' budget scenario choice once informed of impact of their spending decisions (face-to-face sample)



A.8.5. Table A.8.1 shows residents' consensus optimum service configurations for different spending scenarios. The column on the far right hand side illustrates the mix of services that residents expressed a preference for in a scenario where an additional £2.5m is invested in the services. The column of the far left hand side illustrates the mix of services that residents expressed a preference for in a scenario where spending on the services is reduced by £10m. The columns in-between illustrate the preferred mix of services in scenarios where spending on the services is reduced by £7.5m, £5m, £2.5m or remains as it is currently.

A.8.6. The yellow shaded options (in bold) indicate where the current service level has been 'improved', and the grey shading (italics) indicates reduction in service level.

Table A.8.1: Optimum service configurations for different spending scenarios (face to face survey results)

Investment Scenario SIMALTO Points	-£10m 31	-£7.5m 41	-£5m 51	-£2.5m 61	As now 71	+£2.5m 81
Council Tax change	-	-	-	-	-	+£6
1 NEET support centres	<i>5 fewer</i>	<i>5 fewer</i>	As now	As now	As now	More apprenticeships
2 Children's centres	<i>6 fewer</i>	<i>6 fewer</i>	<i>6 fewer</i>	As now	As now	As now
3 Dementia care	<i>100 fewer</i>	As now	As now	As now	As now	As now
4 Elderly live at home	As now	As now	As now	As now	As now	100 more
5 Day centres	<i>Close 1</i>	<i>Close 1</i>	As now	As now	As now	As now
6 Learning difficulties	<i>20 fewer</i>	<i>20 fewer</i>	As now	As now	As now	As now
7 Fire and rescue	As now	As now	As now	As now	As now	As now
8 Library service	<i>Large reduction</i>	<i>Large reduction</i>	<i>Large reduction</i>	<i>Small reduction</i>	<i>Small reduction</i>	As now
9 Trading standards	<i>Halve protection</i>	<i>Halve protection</i>	<i>Halve protection</i>	As now	As now	As now
10 Arts & heritage	<i>No support</i>	<i>No support</i>	<i>No support</i>	<i>No support</i>	As now	As now
11 Road maintenance	As now	As now	As now	As now	Increase	Increase
12 Recycling centres	<i>Less hours</i>	<i>Less hours</i>	<i>Less hours</i>	<i>Less hours</i>	<i>Less hours</i>	As now
13 Bus routes	<i>Many fewer</i>	<i>Many fewer</i>	<i>Many fewer</i>	<i>Fewer</i>	As now	As now
14 Countryside estate	<i>Close all</i>	<i>Close all</i>	<i>Close all</i>	<i>Deteriorate</i>	As now	As now

A.8.7. Table A.8.2 shows the complete hierarchy of preferred choices for the options on the SIMALTO grid. The options at the top of the list are those which the most number of residents selected as a priority. So, from a starting point where all services have reduced spending and provision the most popular thing to do when given a chance to allocate funds was to spend it on highways maintenance. The second most popular choice was to spend a further amount on highways maintenance. The third most popular choice was then to bring the number of fire engines back up. And so on.

Table A8.2: Complete hierarchy of preferred choices

Service	Change	% Preference Face-to-face	% Preference Web residents	Cost
11 Road maintenance	Big reduction → Reduction	91	93	£1m
11 Road maintenance	Reduction → as now	88	82	£1m
7 Fire and rescue	2 fewer → 1 fewer engine	86	89	£1m
1 NEET support	Close 10 centres → close 5	85	85	£1m
4 Elderly independent living	100 fewer → as now	84	89	£1m
7 Fire and rescue	1 fewer engine → as now	83	68	£1m
5 Disabled day centres	Close 2 → close 1	81	88	£500k
9 Trading standards	No support → Reduced	79	88	£250k
9 Trading standards	Reduce → as now	79	75	£250k
1 NEET support	Close 5 centres → as now	79	71	£1m
2 Children's centres	12 fewer → 6 fewer	78	83	£500k
2 Children's centres	6 fewer → as now	74	68	£500k
5 Disabled day centres	Close 1 → as now	73	75	£500k
6 Learning independence	20 fewer → as now	72	86	£1m
3 Dementia residential care	100 fewer → as now	72	71	£2.5m
12 Recycling centres	Fewer centres → fewer hours	70	84	£500k
13 Bus routes	12 fewer → 7 fewer	69	80	£1m
14 Countryside estate	Close sites → deterioration	67	81	£250k
14 Countryside estate	Deterioration → as now	67	71	£250k
13 Bus routes	7 fewer → as now	66	56	£1m
1 NEET support	As now → more apprenticeships	62	41	£500k
11 Road maintenance	As now → increase	62	44	£1m
8 Library services	Big reduction → Reduction	61	75	£500k
12 Recycling centres	Fewer hours → as now	58	64	£500k
8 Library services	Reduction → as now	53	57	£500k
2 Children's centres	As now → +1500 children	51	27	£500k
10 Arts & heritage	No support → as now	50	72	£250k
4 Elderly independent living	As now → 100 more	49	57	£1m
9 Trading standards	As now → Enhanced	47	37	£250k
7 Fire and rescue	As now → investment	35	13	£1m
6 Learning independence	As now → 20 more	30	55	£1m

continued ..

14 Countryside estate	As now → improved	30	24	£500k
13 Bus routes	As now → 7 more	27	13	£1m
11 Road maintenance	Increase → significant increase	27	15	£1m
1 NEET support	more apprenticeships → much more	24	14	£500k
10 Arts & heritage	As now → enhanced	24	26	£250k
2 Children's centres	+1500 children → +3000 children	22	9	£250k
8 Library services	As now → increase	22	12	£250k
9 Trading standards	Enhanced → + advice	21	12	£250k
3 Dementia residential care	As now → 100 more	19	23	£2.5m
12 Recycling centres	As now → some new	18	15	£500k
7 Fire and rescue	investment → more investment	15	4	£1m
14 Countryside estate	improved → much more	11	6	£500k
12 Recycling centres	some new → more new	9	3	£500k
8 Library services	Increase → + Sunday opening	8	5	£250k
13 Bus routes	7 more → 11 more	7	4	£1m

A.8.8. The results show that of the numerous individual changes to service levels from which residents could choose to prioritise, some key messages emerged regarding service enhancements that would cause them to be **most satisfied**, service levels that they most **wished to protect** from reductions, and others they would be relatively **less concerned** about if they were reduced:

Enhancement options that residents would be most satisfied with:

- More investment in Highways maintenance
- Investment in NEET support, including an increase in apprenticeships.
- Further investment in more older people being supported to live independently.

Services where provision should be protected even if savings have to be made:

- Fire and Rescue services.
- Highways maintenance.
- Residential care for dementia sufferers.
- Independent living for older people.

Service reduction options that would cause relatively least concern for residents
(But which would still cause many people dissatisfaction)

- Reducing Libraries opening hours and fewer new books.
- Reducing opening hours for recycling facilities.
- Six to eight bus services removed.
- No support for Arts and Heritage services

RESEARCH METHODOLOGY

Background

A.8.9. The Council desired resident input into the 2013 budget planning process that was as relevant and accurate as possible. Following a procurement process the SIMALTO Modelling approach was adopted. The Council has used this approach for budget consultations previously in 2005 and 2009. It has also been used by over 90 local authorities in the UK and worldwide.

A.8.10. This method asks respondents to make their priorities from a choice of defined alternative levels of each service. Respondents' choices are 'realistic' since the relative savings/extra costs of each different service level are shown to residents, and they only have fixed, constrained budgets to allocate across the competing service levels. This recognises some changes save or cost more than others, and residents (councils) cannot spend the same money twice.

Method

A.8.11. The council prepared a matrix grid of 14 different services on which the level of service provision might be changed from 2012 to 2013¹. Individual alternative levels of service are described, each with the relative cost of their change from other levels of the same attribute, e.g. increased investment in road and footway maintenance (4 units, (12 - 8) on attribute 11) costs the same as 6-8 enhanced weekday bus services (4 units, (12 - 8) on attribute 13).

A.8.12. Very approximately, 1 point on the grid represents £250,000 of council budget, and the current service 'costs' 71 points (approximately £18million) on the grid. Respondents were invited to carefully read the whole sheet, and then carry out the following tasks.

Task 1 Cross out any options they thought were unacceptable, i.e. would cause them to complain or seriously consider doing so if this level of service was provided.

Task 2 Indicate the 5 or 6 services they thought were most important.

Task 3 Read the options in the first option box on each row, and indicate how 'pleased' they would be if that level of service were to be provided by the council.

Task 4 Allocate between 29 and 31 points on improving the overall service from this basic first option box position (first priorities)

Task 5 Allocate a further 20 points – second priority improvements

Task 6 Allocate a further 20 points – third priority improvements

Task 7 Allocate a final 15 points of improvements – fourth priority improvements

After each of Tasks 4 to 7, respondents indicated how 'pleased' they would be if this improved level of service were to be provided (with no associated change in council tax being implied).

¹ Note that the survey did not model the entire council budget. It focussed on 14 service areas with discretion to adjust spending levels

Task 8 Finally respondents were told the net effect that each of their scenarios would have on the county budget. The last scenario would require an approximate £6 annual increase in council tax for the average home.

First points allocation round	+30 point priorities	£10 million saving
Second points allocation round	+50 point priorities	£5 million saving
Third points allocation round	+70 point priorities	No change
Fourth points allocation round	+85 point priorities	£2.5 million increase (equates to approx £6 council tax increase for a Band D property)

Residents were then asked to select the scenario which they felt was most worth the cost.

Sample

A.8.13. A total of 701 people participated in the survey. The sample for the Simalto exercise was sourced using two different methods:

- 155 face-to-face interviews were completed to capture views that were representative of Surrey's residents across different ages and genders
- A web-based version of the Simalto exercise was run via the council's website. A total of 546 people participated in the web survey – 445 residents, 89 council officers and 12 Members.

A.8.14. When comparing the results between both samples, there are only very slight differences between their preferences.

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Treasury management strategy statement and prudential indicators 2014/19

Key issues and decisions

To set the Council's prudential indicators for 2014/15 to 2018/19, approve the minimum revenue provision (MRP) policy for 2014/15 and agree the treasury management strategy for 2014/15.

Introduction

- 2.1. Each year the County Council is required to update and approve its policy framework and ongoing strategy for treasury management in order to reflect changes in market conditions, regulation, and the Council's financial position. It is a statutory requirement that the policy framework and strategy are approved by the Full County Council before the beginning of the financial year. This annex sets out updated versions of the Council's treasury management strategy statement and Appendix B.1 sets out the Council's treasury management policy statement.
- 2.2. Since 2009/10 the Council's treasury management strategy has followed an extremely cautious approach as a direct result of the Council's experience with Icelandic banks. Moving forward into 2014/15, no significant changes are proposed to the treasury management strategy reflecting the current economic climate and Council's risk appetite. The proposed position can be summarised as follows.
 - As a result of unprecedented low investment interest rates, and in order to help reduce counterparty risk, reduce the minimum cash balance further to £47m. However, officers will keep a watching brief on the financial markets with a view to reversing the current internal borrowing policy, if the market conditions change.
 - Maintain the current counterparty list of institutions with which the Council will place short term investments, with the approved lending list reflecting market opinion as well as formal rating criteria.
 - Maintain the monetary limit for the two instant access accounts at £60m since both have nationalised status and therefore minimum risk. That will be reassessed in the event that either institution has been fully refloated on the market, thus falling out of the Government's protection umbrella.
 - Approve the Prudential Indicators in Appendix B.2.
 - Maintain the Schedule of Delegation as set out in Appendix B.4.
 - Maintain the Council's minimum revenue provision policy as set out in Appendix B.7.

Background

- 2.3. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite,

providing adequate security and liquidity initially before considering investment return.

- 2.4. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.5. The Chartered Institute Public Finance and Accountancy (CIPFA) defines treasury management as:
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Reporting requirements

- 2.6. The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actual outturn:
- treasury management policy, strategy statement and Prudential indicators report (this report), consisting of:
 - the capital plans (including prudential indicators);
 - a minimum revenue provision (MRP) policy, indicating how the Council intends to fulfil its duty to make a prudent provision towards the reduction in the overall borrowing requirement,
 - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
 - an investment strategy (the parameters on how investments are to be managed).
 - mid year treasury management update reports, consisting of:
 - update of progress on treasury and capital position
 - amendment of Prudential indicators where necessary
 - view on whether the treasury strategy is on target or whether any policies require revision.
 - an annual treasury management outturn report
 - details of the actual prudential and treasury indicators and actual treasury operations compared with the estimates within the strategy.
- 2.7. The treasury management policy, strategy statement and prudential indicators report is required to be adequately scrutinised before being recommended to the Full County Council. This role is undertaken by the Audit and Governance Committee.

Treasury management strategy for 2014/15

2.8. The strategy for 2014/15 covers two main areas:

- capital issues:
 - the capital plans and the prudential indicators;
 - the minimum revenue provision (MRP) strategy.
- treasury management issues:
 - the current treasury position;
 - treasury indicators which limit the treasury risk and activities of the Council;
 - prospects for interest rates;
 - the borrowing strategy;
 - policy on borrowing in advance of need;
 - debt rescheduling;
 - the investment strategy;
 - creditworthiness policy; and
 - policy on use of external service providers.

2.9. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

Treasury management consultant

- 2.10. The Council uses Capita Asset Services as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.
- 2.11. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Training

- 2.12. Officers and members involved in the governance of the Council's treasury management function are required to participate in training. Officers are also expected to keep up to date with matters of relevance to the operation of the Council's treasury function. Officers continue to keep abreast of developments via the CIPFA Treasury Management Forum as well as through local authority networks. Capita Asset Services provides daily, weekly and quarterly newsletters and update meetings are held with Capita Asset Services twice a year.
- 2.13. The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training.

This especially applies to members responsible for scrutiny. Training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

Capital prudential indicators 2014/15 to 2018/19

- 2.14. The Prudential Code plays a key role in capital finance in local authorities. The Prudential Code was developed as a professional code of practice to support local authorities in their decision making processes for capital expenditure and its financing. Local authorities are required by statutory regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.
- 2.15. The Council's capital expenditure plans are the key driver of treasury management activity. The framework of prudential indicators aims to ensure that an authority's capital investment plans are affordable, prudent and sustainable. As part of the strategic planning process, authorities are required, on a rolling basis, to calculate a range of indicators for the forthcoming budget year and two subsequent years. The prudential indicators in this report are calculated for the whole medium term financial plan (MTFP) period. Authorities are also required to monitor performance against indicators within the year as well as preparing indicators based on the statement of accounts at each year end. Indicators relate to capital expenditure, external debt and treasury management.
- 2.16. The prudential indicators are set out in Appendix B2.

Borrowing

- 2.17. The capital expenditure plans set out in Appendix A5 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury and prudential indicators, the current and projected debt positions and the annual investment strategy.
- 2.18. Table 2.1 summarises the Council's treasury portfolio position at 31 March 2013, with forward projections. The table shows the actual external debt against the underlying capital borrowing need (the capital financing requirement or CFR), highlighting any over or under borrowing. The authority has adopted a treasury management strategy that favours fixed rate borrowing to provide certainty over borrowing costs and rates of interest.

Table 2.1: Current portfolio position

External debt	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual £m	Projected £m	← ----- £m	Estimated ----- £m	----- £m	----- £m	----- £m
Capital Finance Requirement	560	659	770	808	831	841	837
Less Other Long Term Liabilities	-57	-70	-80	-77	-72	-67	-63
Borrowing Requirement	503	589	690	731	759	774	774
Actual External Debt at 31 March	314	246	301	334	346	354	354
Under/(over) borrowing	189	343	389	397	413	420	420

- 2.19. Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the capital finance requirement (CFR) in the preceding year plus the estimates of any additional CFR for 2014/15 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- 2.20. The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Prospects for interest rates

- 2.21. The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Table 2.2 provides Capita's central view on interest rates. For clarification, the Public Works Loans Board (PWLB) certainty rate is a 0.20% reduction to local authorities who provide the required information on their plans for long-term borrowing and associated capital spending. Appendix B3 sets out a summarised report on global economic outlook and the UK economy.

Table 2.2: Prospects for interest rates

Annual average	Bank rate %	PWLB borrowing rates (including certainty rate adjustment)		
		5 year %	25 year %	50 year %
December 2013	0.50	2.50	4.40	4.40
March 2014	0.50	2.50	4.40	4.40
June 2014	0.50	2.60	4.50	4.50
September 2014	0.50	2.70	4.50	4.50
December 2014	0.50	2.70	4.60	4.60
March 2015	0.50	2.80	4.60	4.70
June 2015	0.50	2.80	4.70	4.80
September 2015	0.50	2.90	4.80	4.90
December 2015	0.50	3.00	4.90	5.00
March 2016	0.50	3.10	5.00	5.10
June 2016	0.75	3.20	5.10	5.20
September 2016	1.00	3.30	5.10	5.20
December 2016	1.00	3.40	5.10	5.20
March 2017	1.25	3.40	5.10	5.20

- 2.22. Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations. Growth prospects remain strong for 2014, not only in the UK economy as a whole, but in all three main sectors: services, manufacturing and construction. One downside is that wage inflation continues to remain significantly below Consumer Price Index (CPI) inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent.
- 2.23. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth. There are, therefore, concerns that a UK recovery currently based mainly on consumer spending and the housing market, may not endure much beyond 2014. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

2.24. The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Although Eurozone concerns have subsided in 2013, Eurozone sovereign debt difficulties have not gone away and there are major concerns as to how these will be managed over the next few years as levels of government debt to GDP ratios, in some countries, continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to indicate the use of higher quality counterparties for shorter time periods.
- Investment returns are likely to remain relatively low during 2014/15 and beyond.
- Borrowing interest rates have risen during 2013 and are on a rising trend, albeit slow. The policy of avoiding new borrowing by running down spare cash balances has served the Council well over the last few years. Looking forward, this will be carefully monitored to avoid incurring unnecessarily high borrowing costs, as the council does reach the point of needing to borrow to finance new capital expenditure and/or to refinance maturing debt, in the near future.
- There will remain a cost of carry. Any borrowing undertaken that results in an increase in the investment portfolio will incur a revenue loss between the borrowing cost and the investment return.

Treasury Management Delegation

2.25. The Treasury Management Scheme of Delegation is set out in Appendix B.4.

Borrowing strategy

2.26. The Council is currently maintaining a significantly under-borrowed position. This means that the capital borrowing need (the capital financing requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. At 31 December 2013, the level of under-borrowing amounted to around £250m. This strategy is prudent and has proved to be extremely effective as investment returns are at a historic low and counterparty risk remains relatively high.

2.27. Against this background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The Chief Finance Officer will monitor interest rates and gilt yields in financial markets, and adopt a pragmatic approach to changing circumstances.

2.28. The crucial question is how much longer this under-borrowing strategy will be appropriate and relevant. The Council's current policy of funding external borrowing from internal reserves, thus saving the difference between the cost of capital and the investment returns available in the money markets will not hold permanently. At some point in the medium term, the Council will be required to reverse this policy and fund its position from external sources as long term gilt yields and interest rates will eventually rise, thus impacting on the cost of borrowing.

2.29. How the current internal borrowing gap will eventually be bridged will depend on market projections over 2014/15 and beyond and officers will take advice from the

Council's treasury consultant as to the future directions of the market over the next year. In the current low interest rate environment, which is not expected to change in the immediate short term, the Council remains well placed to take advantage of its internal borrowing strategy in terms of funding capital expenditure from reserves, and then refinancing at the optimum time over the medium term future. In order to facilitate this, the Full County Council agreed to reduce the minimum cash level from £135m to £49m at its meeting on 12 February 2013.

- 2.30. There remains an optimal opportunity to take advantage of financing for the long term at historically low rates, just prior to those long term rates rising upwards. The Council must be strategically poised to take advantage of this opportunity and will assess the timing carefully in order to take full advantage. It is expected that the return to external borrowing will take place on a gradual basis in order to reduce the impact of reverse movements in the market to those anticipated. This underlines the Council's need to maintain a cautious, and low risk approach and monitor on a daily basis the economic position against the Council's existing treasury position.
- 2.31. There are two possible risks in 2014/15:
- The risk of a fall in long and short term rates (e.g. due to a marked increase of risks around a further relapse into recession or of risks of deflation). In this instance, long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
 - The risk of a sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the anticipated rate of US tapering of asset purchases, or in world economic activity, or in inflation expectations. In this instance, the portfolio position will be reappraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.
- 2.32. The UK is still benefitting from a "safe haven" status outside the Eurozone, which has supported UK gilt prices and maintained historically low gilt yields (which underpin PWLB borrowing rates). Whilst the UK inflation position has improved significantly, and has recently returned to the Bank of England's Monetary Policy Committee's (MPC's) target of 2%, any deterioration, i.e., a rise in the UK inflation outlook, may have a negative impact on the financial markets view of gilt prices, with a consequent rise in gilt (and therefore PWLB) rates. Whilst this outcome is not expected, it remains an outside possibility and highlights the higher risks in the longer term fixed interest rate economic forecasts.
- 2.33. Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Treasury management limits on activity

- 2.34. There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, then they will impair the opportunities to reduce costs and improve performance. The indicators are as follows:

- **Upper limits on variable interest rate exposure**
This identifies a maximum limit for the level of debt (net of investments) taken out at variable rates of interest.
- **Upper limits on fixed interest rate exposure**
This is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- **Maturity structure of borrowing**
These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

2.35. Cabinet is asked to recommend the Council approves the treasury indicators and limits in Table 2.3.

Table 2.3: Treasury indicators and limits

	2014/15 to 2018/19		2013/14 year end projection	
	Lower	Upper	£m	
Upper limits on fixed interest rates	100%			
Upper limits on variable interest rates	25%			
Maturity structure of external borrowing	Lower	Upper	£m	
Under 12 months	0%	50%	0	0%
12 months to 2 years	0%	50%	0	0%
2 years to 5 years	0%	50%	0	0%
5 years to 10 years	0%	75%	10	4%
10 years and above	25%	100%	237	96%
Total external borrowing			237	100%

Policy on borrowing in advance of need

2.36. The Council will not borrow more than or in advance of its needs purely in order to benefit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved capital finance requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Debt rescheduling

2.37. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (significant premiums can be incurred).

- 2.38. The reasons for any rescheduling to take place will include:
- the generation of cash savings or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhancing the balance of the portfolio (amend the maturity profile or the balance of volatility).
- 2.39. Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. Such a decision will be dependent on the level of the premium levied on the redemption.
- 2.40. All rescheduling will be reported to the Audit & Governance Committee at the earliest meeting following its action.

Annual investment strategy

Investment policy

- 2.41. The Council's investment policy has regard to the CLG's Guidance on Local Government Investments (the Guidance) and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (the CIPFA TM Code). The Council's investment priorities will be security first, liquidity second, then return as the third priority, in line with this guidance.
- 2.42. In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on its lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three rating agencies (Fitch, Moody's and Standard & Poor's (S&P)). Using the Capita Asset Services ratings service, potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.
- 2.43. Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.
- 2.44. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. Other information sources used will include the financial press, e.g. Financial Times, share prices and other information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. The intention of the strategy is to provide security of investment and minimisation of risk.

- 2.45. Current investment counterparties identified for use in the financial year using currently approved rating criteria are listed in Appendix B5 under the 'specified' and 'non-specified' investments categories. Counterparty monetary limits are also set out in this appendix. No changes to limits and criteria are recommended, given the Council's desired prudent risk level.
- 2.46. The Chief Finance Officer, under delegated powers, will undertake the most appropriate form of investments depending on the prevailing risks and associated interest rates at the time. All investments will be made in accordance with the Council's treasury management policy and strategy, and prevailing legislation and regulations. If the list of counterparties and their time or value limits need to be revised, amendments will be recommended to the Audit & Governance Committee.

Creditworthiness policy

- 2.47. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure it:
- maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security (this is set out in the specified and non-specified investment sections below); and
 - has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed (these procedures also apply to the Council's prudential indicators covering the maximum principal sums invested).
- 2.48. The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria determine an overall pool of counterparties considered to be high quality. It does not define the types of investment instruments to be used.
- 2.49. The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies with one meeting the Council's criteria and the other not, the institution will fall outside the lending criteria. Credit rating information is supplied by Capita Asset Services on all active counterparties that comply with the criteria below.
- 2.50. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notifications of likely changes), rating outlooks (notification of possible longer term changes) are provided to officers almost immediately after they occur and this information is considered before dealing. The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is summarised in Appendix B5.
- Banks (1): good credit quality. The Council will only use banks which:

- are UK banks; or
- are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA.

and have, as a minimum, the following Fitch, Moody's and S&P's credit ratings (where rated):

- Short term: F1/P1/A1
 - Long term: A-/A3/A-
 - Viability/financial strength: BB+/C (Fitch and Moody's only)
 - Support: 3 (Fitch only)
- Banks (2): part nationalised UK banks, Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
 - Banks (3): The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
 - Bank subsidiaries: The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
 - Building societies: The Council will use all societies which meet the ratings for banks outlined above.
 - Money market funds: AAA rated via all three rating agencies. Up to total £100m. £20m per fund.
 - UK Government, including gilts and the Debt Management Account Deposit Facility (DMADF)
 - Local authorities, parish councils etc
 - Supranational institutions
 - Enhanced Cash/Corporate bonds pooled funds: AAAs1 (or equivalent)

Country and Sector Considerations

2.51. Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above. In addition,

- no more than £50m will be placed with any non-UK country at any time;
- AAA countries only apply as set out in Appendix B6;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

Use of additional information other than credit ratings

2.52. Additional requirements under the Prudential Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market

information (for example credit default swaps, negative rating watches or outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments

- 2.53. All investments will be limited to 364 days. Further internal restrictions may be applied on recommendations from Capita Asset Services.
- 2.54. The proposed criteria for specified and non-specified investments are shown in Appendix B5 for approval.

Country limits

- 2.55. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA from all three rating agencies. This restriction does not apply to the UK, which has seen its AAA rating reduced.

In-house funds

- 2.56. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Instant access funds

- 2.57. The Council will seek to maximise its return on investments by retaining its call account deposits in part nationalised banks (Lloyds and RBS) which pay a premium due to their weakened financial strength but remain supported by the UK Government. In addition, the council will utilise money market funds (up to the value of £100m).

Local authorities

- 2.58. Loans will be offered to local authorities that seek to borrow cash from alternative sources to the PWLB.

Investment returns expectations

- 2.59. The Bank Rate is forecast by Capita Asset Services to remain unchanged at 0.5% before starting to rise from quarter 4 of 2014. Capita Asset Services forecasts the financial year ends (March) as:

2013/14	2014/15	2015/16	2016/17
0.50%	0.50%	0.50%	1.25%

- 2.60. There are downside risks to these forecasts (i.e., the start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if the Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

- 2.61. The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next three years are as follows:

2014/15	0.50%
2015/16	0.50%
2016/17	1.00%
2017/18	1.25%

Investment treasury indicator and limit

- 2.62. This indicator concerns the total principal funds invested for greater than 364 days. This limit is set with regard to the Council's liquidity requirements and to reduce the need for early liquidation of an investment, and based on the availability of funds after each year end.

- 2.63. The Council is asked to approve the treasury indicator and limit.

Table 2.4: Maximum principal sum invested >364 Days

	2014/15 % of portfolio	2015/16 % of portfolio	2016/17 % of portfolio
Principal sums invested > 364 days	0	0	0

- 2.64. This means that no investments should be for longer than 364 days. This keeps the strategy within the Council's desired level of prudent risk.
- 2.65. For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated overnight deposits.

Icelandic bank investments

- 2.66. The Council placed £20m of deposits with two failed Icelandic banks: Glitnir and Landsbanki. Of this £20m, the Council's exposure is £18.5m with the balance attributable to the Police and Crime Commissioner for Surrey. The Audit & Governance Committee receives regular reports on the prospects for recovery of the deposits that are at risk and the efforts being made by the Local Government Association (LGA) and its legal advisors in this regard.
- 2.67. On 28 October 2011, the Supreme Court of Iceland upheld the District Court judgment in favour of local authority depositors, deciding by a 6-1 majority that local authorities' claims are deposits that qualify in full for priority in the bank administrations. These decisions are now final and there is no further right of appeal.
- 2.68. The current position is that 55% of the Landsbanki deposit and 84% of the Glitnir deposits have been repaid, with expected recovery rates now at 100% in respect of

both banks (subject to exchange rate fluctuations). The balance owed on each deposit is shown in the Table 2.5.

Table 2.5: Balances owed on Icelandic bank deposits

Counterparty	Period (days)	Principal £000	Rate %	Principal repaid £000	Principal outstanding £000
Glitnir	364	5,000	6.25%	4,192	808
Glitnir	366	5,000	6.20%	4,193	807
Landsbanki	732	10,000	5.90%	5,520	4,480
		20,000		13,905	6,095

2.69. Previous provision has been made within the Council's accounts for an irrecoverable amount regarding the Icelandic bank debt. It is anticipated that the position could be finally ascertained and closed at some juncture in 2014 with a final irrecoverable amount decided and included in the Council's accounts.

Investment risk benchmarking

2.70. A development in the revised Code on Treasury Management and the CLG consultation paper, as part of the improvements to reporting, is the consideration and approval of security and liquidity benchmarks. Whereas yield benchmarks are currently widely used to assess investment performance, security and liquidity benchmarks are new reporting requirements. These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or annual report.

Security

2.71. The Council's maximum security risk benchmark for the current portfolio, when compared with these historic default tables, is:

- 0.05% historic risk of default when compared to the whole portfolio

Liquidity

2.72. The Council currently restricts deposits with each counterparty to term deposits only, the length of which is based upon individual assessment of each counterparty. The amount of available cash each day should never fall below £15m. A minimum core is recommended to be set at £47m by Cabinet. This provides a safety margin, to help ensure the Council need not borrow to fund daily expenditure. In respect of its liquidity, the Council seeks to maintain the following.

- Bank overdraft: £100,000
- Liquid short term deposits of at least £15m available with a day's notice
- Weighted average life benchmark is expected to be three months, with a maximum of one year.

Yield

2.73. The Council benchmarks the return on deposits against the 7-Day LIBID (London Interbank Bid Rate), and reports on this as part of the treasury monitoring reports.

Additional Portfolio of Investments

2.74. On 23 July 2013, Cabinet approved a portfolio of investments, covering investment in property and assets and in new models for service delivery. This supports the Council's stated intentions of enhancing financial resilience in the longer term. These arrangements will allow for investment in schemes that will support economic growth in Surrey provided that these schemes are consistent with the Investment Strategy outlined in the Cabinet report of 23 July 2013.

2.75. The strategic approach to investment is based upon the following:

- prioritising use of the Council's cash reserves and balances to support income generating investment through a Revolving Investment and Infrastructure Fund (the Investment Fund) to meet the initial revenue costs of funding initiatives that will deliver savings and enhance income in the longer term (some of which may be used to replenish the Investment Fund);
- using the Investment Fund to support investments in order to generate additional income for the council that can be used to provide additional financial support for the delivery of functions and services;
- investing in a diversified and balanced portfolio to manage risk and secure an annual overall rate of return to the Council;
- investing in schemes that have the potential to support economic growth in the county;
- retaining assets where appropriate and undertaking effective property and asset management, and if necessary associated investment, to enhance income generation.

Performance indicators

2.76. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy and effectiveness of the treasury management function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The performance indicators to be used for the treasury management function are:

- borrowing: actual rate of borrowing for the year less than the year's average rate relevant to the loan period taken; and
- investments: internal returns above the 7-day LIBID rate.

2.77. These indicators will be reported to the Audit & Governance Committee in the quarterly and half yearly reports, due after 30 September 2014, and the Treasury Management Annual Report for 2014/15.

End of year investment report

2.78. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Management Report.

External fund managers

2.79. The Council does not currently employ an external fund manager.

Minimum revenue provision

2.80. The Council's policy on minimum revenue provision (MRP) is shown in Appendix B7.

Lead/contact officer:

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Appendices:

Appendix B.1	Treasury Management Policy
Appendix B.2	Prudential indicators – summary
Appendix B.3	Global economic outlook and the UK economy
Appendix B.4	Treasury management scheme of delegation
Appendix B.5	Institutions
Appendix B.6	Approved countries for investments
Appendix B.7	Annual minimum revenue provision (MRP) policy statement

Sources and background papers:

CIPFA Prudential Code for Capital Finance

CIPFA Treasury Management in the Public Services: Code of Practice

Investment guidelines under section 15(1)(a) of the Local Government Act 2003

Audit Commission: 'Risk & Return: English Local Authorities and the Icelandic Banks

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Treasury Management Policy

B.8.1. The County Council's financial regulations require it to create and maintain a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury activities, as a cornerstone for effective treasury management.

Definition

B.8.2. Surrey County Council defines its treasury management activities as:
“The management of the organisation’s cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Risk appetite

B.8.3. The Council's appetite for risk in terms of its treasury management activities is low. A premium is placed on the security of capital in terms of investment and on the maintenance of financial stability in terms of the costs of borrowing.

Risk management

B.8.4. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

Value for money

B.8.5. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Borrowing policy

B.8.6. The Council greatly values revenue budget stability and, therefore, will aim to borrow the majority of its long term funding needs at long term fixed rates of interest. However, short-term rate loans may be utilised where the yield curve provides opportunity. The Council will also constantly evaluate debt restructuring opportunities within the portfolio.

B.8.7. The Council will set an affordable borrowing limit each year in compliance with the Local Government Act 2003, and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit.

Investment policy

B.8.8. The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds

are available for expenditure when needed. The generation of investment income to support the provision of local authority services is a further important objective.

- B.8.9. The Council will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.

Prudential indicators

Capital expenditure

B.2.1. Table B2.1 sets out actual and estimated capital expenditure and its funding for 2012/13 to 2018/19. This prudential indicator is a summary of the Council's annual capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Actual and estimates of capital expenditure are set out for the previous, current and future years.

Table B2.1: Actual and estimated capital expenditure 2012/13 - 2018/19

	2012/13 Actual £m	2013/14 Projected £m	2014/15 ← ----- £m	2015/16 Estimated ----- £m	2016/17 ----- £m	2017/18 ----- £m	2018/19 ----- £m	→
Capital expenditure	143	219	217	164	149	122	106	
Financed by:								
Government grants	107	105	82	90	91	77	74	
Capital receipts	1	0	0	0	0	0	0	
Revenue, reserves and third party contributions	7	4	8	9	9	12	12	
Net financing need for the year*	28	110	127	65	49	33	20	

*Capital expenditure to be met by borrowing

The Council's borrowing need (the capital financing requirement)

B.2.2. Table B2.2 sets out the Council's capital financing requirement (CFR). The CFR represents capital expenditure funded by external debt and internal borrowing and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. The CFR thus measures an authority's underlying need to borrow for a capital purpose. Any capital expenditure which has not been funded from locally determined resources will increase the CFR. The CFR will reduce by the minimum revenue provision (MRP).

B.2.3 The MRP is a statutory annual revenue charge which reduces the borrowing need in a similar way to paying principal off a household mortgage. The CFR includes any other long term liabilities, e.g., PFI schemes, finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes and they therefore do not form part of the Council's underlying need to borrow.

Table B2.2: Capital financing requirement (CFR) 2012/13 to 2018/19

	2012/13 Actual £m	2013/14 Projected £m	2014/15 ← ----- £m	2015/16 ----- £m	2016/17 Estimated £m	2017/18 ----- £m	2018/19 ----- £m
Opening CFR	541	560	659	770	808	831	841
Add new borrowing:							
MRP and other financing movements*	-9	-11	-16	-27	-26	-23	-24
Net Financing Need**	28	110	127	65	49	33	20
Closing CFR	560	659	770	808	831	841	837
Total CFR movement	19	99	111	38	23	10	-4

*Other financing movements include the addition to fixed assets on the balance sheet under PFI

The Council's gross borrowing requirement

B.2.4. Table B2.3 sets out the Council's gross debt compared to the CFR. Gross borrowing refers to an authority's total external borrowing. The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the proceeding year plus the estimates for the following two financial years. This allows some flexibility for early borrowing in advance of need, but ensures that borrowing is not undertaken for revenue purposes.

Table B2.3: Gross borrowing requirement 2012/13 to 2018/19

	2012/13 Actual £m	2013/14 Projected £m	2014/15 ← ----- £m	2015/16 ----- £m	2016/17 Estimated £m	2017/18 ----- £m	2018/19 ----- £m
Gross borrowing	314	246	301	334	346	354	354
CFR	560	659	770	808	831	841	837

The Council's operational boundary

B.2.5. Table B2.4 sets out the Council's operational boundary. The operational boundary is an indicator against which to monitor its external debt position. This indicator is based on the expected maximum external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short periods during the year. It should act as an indicator to ensure the authorised limit is not breached. The operational boundary for external debt is based on an authority's current commitments, service plans, proposals for capital expenditure and associated financing, cash flow and accords with the approved treasury management policy statement and practices. It reflects the Chief Finance Officer's estimate of the most likely, prudent but not worst case scenario. The operational boundary represents a key management tool for in-year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified.

The operational boundary has been set to ensure there is sufficient headroom to borrow up to the Authority's CFR if the cost of carry or interest rate environment are expected to change during the next 12 months to the extent that makes this an appropriate action.

Table B2.4: Operational boundary 2012/13 to 2018/19

	2012/13 Actual £m	2013/14 Projected £m	2014/15 ← ----- £m	2015/16 ----- £m	2016/17 Estimated £m	2017/18 ----- £m	2018/19 ----- £m	→
Borrowing	523	530	719	753	768	758	751	
Other long term liabilities	69	82	92	88	84	79	75	
Total	592	612	811	841	852	838	826	
Actual external debt	314	246	301	334	346	354	354	

The Council's authorised limit

B.2.6. Table B2.5 sets out the Council's authorised limit for external debt. This key prudential indicator represents a control on the maximum level of borrowing. It is a statutory limit determined under section 3(1) of the Local Government Act 2003 and represents a limit beyond which external debt is prohibited. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. The limit needs to be set or revised by the full Council. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised since the introduction of the Prudential Code. The limit separately identifies borrowing from other long term liabilities such as finance leases. The authorised limit is based on the operational boundary and incorporates additional headroom to allow for unusual cash movements.

Table B2.5: Authorised limit for external debt 2012/13 to 2018/19

	2012/13 Actual £m	2013/14 Projected £m	2014/15 ← ----- £m	2015/16 ----- £m	2016/17 Estimated £m	2017/18 ----- £m	2018/19 ----- £m
Borrowing	582	594	797	833	850	842	835
Other long term liabilities	69	82	92	88	84	79	75
Total	651	676	889	921	934	921	910
Actual external debt	314	246	301	334	346	354	354

Ratio of financing costs to net revenue stream

B.2.7. Table B2.6 sets out the Council's ratio of financing costs to net revenue stream. The ratio shows the estimated annual revenue costs of borrowing, less net interest receivable on investments, as a proportion of annual income from council taxpayers and central government (net revenue stream). The estimates of financing costs include current and future commitments based on the capital programme.

Table B2.6: Ratio of financing costs to net revenue stream

	2013/14 Projected	2014/15	2015/16	2016/17	2017/18	2018/19
		←	-----	Estimated	-----	→
Ratio of financing costs to net revenue stream	4.46%	4.63%	5.19%	5.50%	4.48%	4.85%

Incremental impact of capital investment decisions on Council Tax 2013/14 to 2017/18

B.2.8. Table B2.7 sets out the incremental impact of capital investment decisions on Council Tax. This indicator sets out the impact on council tax of the capital schemes introduced in the five-year capital programme recommended in this budget report and compares the costs with the Council's existing approved commitments and current plans. The forward assumptions are based on the budget, but will invariably include some estimates, such as the level of government support, which is not currently known for all future years.

Table B2.7: Estimated incremental impact of capital investment decisions on council tax 2014/15 to 2018/19

	2014/15	2015/16	2016/17	2017/18	2018/19
Band D Council Tax	£15.37	£28.23	£33.25	£35.05	£34.70

These prudential indicators show the full revenue costs of the proposed capital programme and do not reflect the impact of the current internal borrowing strategy which has the effect of reducing the actual finance costs as the external borrowing entered into is reduced.¹

The revenue implications of potential, yet to be identified, investment opportunities that meet the Council's long term capital strategy criteria, will be funded from the investment returns of such investments. If there is a delay in the realisation of sufficient returns then costs will be funded from the Council's Revolving Infrastructure & Investment Fund.

¹ The revenue budgets for interest paid, received and the minimum revenue provision do reflect the internal borrowing and reduced cash balances strategies.

Global economic outlook and the UK economy

The global economy

- B.3.1. The sovereign debt crisis has eased during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. The Eurozone (EZ) finally escaped from seven quarters of recession in Q2 of 2013 but growth is likely to remain weak and so will dampen UK growth. The ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) in Greece of 176%, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth, i.e., these debt ratios are continuing to deteriorate.
- B.3.2. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet Eurozone targets for fiscal correction. Many commentators still view a Greek exit from the Euro as inevitable and there are concerns that austerity measures in Cyprus could also result in an exit. The question remains as to how much damage an exit by one country would do and whether contagion would spread to other countries. However, the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks. It looks increasingly likely that Slovenia will be the next country to need a bailout.
- B.3.3. Sentiment in financial markets has improved considerably during 2013 as a result of a firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under Eurozone imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people of over 50%. The Italian political situation is also fraught with difficulties in maintaining a viable coalition to implement a Eurozone imposed austerity programme and undertake overdue reforms to government and the economy.

The USA

- B.3.4. The economy has managed to return to reasonable growth in Q2 2013 of 2.5% y/y and 2.8% in Q3, in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March 2013, and increases in taxation. The Federal Reserve has continued to provide huge stimulus to the economy through its \$85bn per month asset purchases programme of quantitative easing (QE). However, it is expected that this level of support will start to be tapered down early in 2014. It has also pledged

not to increase the central interest rate until unemployment falls to 6.5%; this is unlikely to happen until early 2015.

- B.3.5. Consumer, investor and business confidence levels have improved markedly in 2013. The housing market has turned a corner and house sales and increases in house prices have returned to healthy levels. Many house owners have, therefore, been helped to escape from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume healthy levels of lending. All this portends well for a reasonable growth rate looking forward.

China

- B.3.6. Concerns that Chinese growth could be heading downwards have been allayed by recent stronger statistics. There are still concerns around an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also increasing concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan

- B.3.7. The initial euphoria generated by “Abenomics”, the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and the introduction of other economic reforms, appears to have stalled. However, at long last, Japan has seen a return to reasonable growth and positive inflation during 2013 which augurs well for the hopes that Japan can escape from the bog of stagnation and deflation, and so help to support world growth. The fiscal challenges though are huge: the gross debt to GDP ratio is about 245% in 2013 while the government is currently running an annual fiscal deficit of around 50% of total government expenditure. Within two years, the central bank will end up purchasing about Y190 trillion (£1,200 billion) of government debt. In addition, the population is ageing due to a low birth rate and will fall from 128m to 100m by 2050.

The United Kingdom

- B.3.8. Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth strongly rebounded in 2013, Q1 (+0.3%), Q2 (+0.7%) and Q3 (+0.8%), to surpass all expectations as all three main sectors, services, manufacturing and construction contributed to this strong upturn. The Bank of England has therefore upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8% with 2015 unchanged at 2.3%. The November Report stated that:
- B.3.9 *In the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent up demand. But significant headwinds, both at home and abroad, remain and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise. That underpins the MPC's intention to maintain the*

exceptionally stimulative stance of monetary policy until there has been a substantial reduction in the degree of economic slack. The pace at which that slack is eroded, and the durability of the recovery, will depend on the extent to which productivity picks up alongside demand. Productivity growth has risen in recent quarters, although unemployment has fallen by slightly more than expected on the back of strong output growth.

- B.3.10. Growth is expected to be strong for the immediate future. One downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth.

Forward guidance

- B.3.11. The Bank of England issued forward guidance in August 2013 which said that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey/ILO, i.e., not the claimant count measure) has fallen to 7.0% or below. This would require the creation of about 750,000 jobs and was forecast to take three years in August, but revised to possibly Q4 2014 in November 2013. The UK unemployment rate currently stands at 2.5 million, i.e., 7.6 % on the LFS/ILO measure. The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels.
- B.3.12. This actually makes forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three-year plus horizon. The recession since 2007 was notable for how unemployment did not rise to the levels that would normally be expected in a major recession and the August Inflation Report noted that productivity had sunk to 2005 levels. There has, therefore, been a significant level of retention of labour, which will mean that a significant amount of GDP growth can be accommodated without a major reduction in unemployment.

Credit conditions

- B.3.13. While the Bank Rate has remained unchanged at 0.5% and QE has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS), aimed at encouraging banks to expand lending to small and medium size enterprises, has been extended. The FLS certainly seems to be having a positive effect in terms of encouraging house purchases although levels are still far below the pre-crisis level. The FLS is also due to be bolstered by the second phase of Help to Buy aimed at supporting the purchase of second hand properties, which is now due to start in earnest in January 2014. While there have been concerns that these schemes are creating a bubble in the housing market, the house price increases outside of London and the south east have been minimal. However, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.

Inflation

B.3.14. Inflation has fallen from a peak of 3.1% in June 2013 to 2.0% in December 2013.

AAA rating

B.3.15. The UK has lost its AAA rating from Fitch and Moody's but that has caused little market reaction.

Capita Asset Services forward view

B.3.16. Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets, i.e., equities or safer bonds.

B.3.17. There could well be volatility in gilt yields over the next year as financial markets await the long expected start of tapering of asset purchases by the Fed. The timing and degree of tapering could have a significant effect on both Treasury and gilt yields. Equally, at the time of writing, the political deadlock and infighting between Democrats and Republicans over the budget, and the raising of the debt limit, has only been kicked further down the road, rather than fully resolved. Solving these issues could have a significant effect on gilt yields during 2014.

B.3.18. The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities. The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last as it remains exposed to vulnerabilities in a number of key areas.

B.3.19. The interest rate forecasts in this strategy are based on an initial assumption that there will not be a major resurgence of the Eurozone debt crisis, or a break-up of the EZ, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where Eurozone institutions and governments eventually do what is necessary, but only when all else has been tried and failed. Under this assumed scenario, growth within the Eurozone will be tepid for the next couple of years and some Eurozone countries experiencing low or negative growth will, over that time period, see a significant increase in total government debt to GDP ratios.

B.3.20. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one or more countries. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a resurgence of the Eurozone debt crisis. While the ECB has adequate resources to manage a debt crisis in a small Eurozone country, if one or more of the large countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to Eurozone politicians.

B.3.21. Downside risks currently include:

- UK strong economic growth is currently very dependent on consumer spending and recovery in the housing market. This is unlikely to endure much beyond 2014 as most consumers are up to maximum on borrowing and wage inflation is less than CPI inflation, so disposable income is being eroded.
- A weak rebalancing of UK growth to exporting and business investment causing a major weakening of overall economic growth beyond 2014.
- Weak growth or recession in the UK's main trading partners, the EU and US, depressing economic recovery in the UK.
- Prolonged political disagreement over the US Federal Budget and raising of the debt ceiling.
- A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates, e.g., Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable; this will cause major difficulties in implementing austerity measures and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
- Problems in other Eurozone heavily indebted countries, e.g., Cyprus and Portugal, which could also generate safe haven flows into UK gilts, especially if it looks likely that one or more countries will need to leave the Eurozone.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Geopolitical risks, e.g., Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.

B.3.22. The potential for upside risks to UK gilt yields and PWLB rates include:

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe haven status on a sustainable improvement in financial stresses in the Eurozone.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term, an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

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Treasury management scheme of delegation

Full Council

B.4.1 Approval of annual strategy.

Audit & Governance Committee

B.4.2. Receiving and reviewing regular monitoring reports.

Chief Finance Officer

B.4.3. Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

- Raising borrowing or funding finance from the most appropriate of these sources:
 - Government's Public Works Loans Board
 - lenders' option borrowers' option (LOBO) loans
 - local bond issues
 - European Investment Bank
 - overdraft
 - banks and building societies
 - local authorities
 - lease finance providers
 - internal borrowing.
- Debt management:
 - managing the cost of debt;
 - delegate authority to treasury management staff to undertake borrowing and debt rescheduling activities.
- CIPFA Prudential Code for Capital Finance in Local Authorities:
 - ensuring that this requirement is not breached, taking into account current commitments, existing plans, and the proposals in the budget report.
- Investing:
 - setting more restrictive investment criteria in response to changing circumstances;
 - arranging investments using these instruments:
 - fixed term deposits with banks and building societies
 - money market funds
 - local authorities
 - Government's Debt Management Agency deposits
 - pooled funds: gilts and corporate funds;
 - compiling and updating the lending list, utilising the criteria for counterparties, in consultation with the treasury management consultants;
 - managing surplus funds and revenue from investments;
 - appointment and performance management of external cash managers (if considered necessary);
 - delegate authority to invest to designated treasury management staff.

- Loan rescheduling:
 - any debt rescheduling which will be done in consultation with the treasury management consultants.
- Policy documentation:
 - formulation and review of the treasury management strategy statement;
 - formulation and review of the treasury management practices (TMPs).
- Strategy implementation:
 - implementing the strategy, ensuring no breaches of regulations;
 - reporting to Cabinet any material divergence from the strategy making requests to Council to approve amendments to the strategy as required;
 - ensuring that treasury management activities are carried out in accordance with CIPFA Codes of Practice.

Institutions

B.5.1. The Council will use specific credit ratings to determine which institutions can be used for investments. For specified investments, an institution will require the highest short-term credit rating from at least one of the three main credit rating agencies. For non-specified investments, the criteria base will be increased to include the other main rating categories to ensure that any institutions used for lending in excess of 364 days are of the highest overall credit quality.

Banks and building societies

B.5.2. For banks and building societies, the following minimum requirements will permit only high quality institutions to be on the Council's lending list but will also allow a wide spread of institutions to choose from:

Rating	Fitch or equivalent from Moody's and Standard & Poor's
Short-term	F1
Long-term	A
Individual / financial strength	bb+/C-
Support	3

B.5.3. Equivalent ratings are used as not all institutions are rated by all three rating agencies. Where an institution is rated by more than one agency, the lowest ratings will be used to determine whether it qualifies for inclusion on the list. This practice is known as the Lowest Common Denominator approach.

Money market funds

B.5.4. The County Council currently uses five money market funds on a regular basis, with qualifying requiring a AAA rating from either Fitch, Moody's or Standard & Poor's.

Enhanced Cash / Bond Funds

B.5.5. The Council will consider using enhanced cash funds as part of its investments in 2013-14. Criteria for suitable funds is a fund credit quality (FCQ) rating of AAA and a fund volatility rating (FVR) of s1 (or equivalent) from one of the three main rating agencies (Fitch, Moody's or Standard & Poor's). The criteria would only allow the Council to use funds with the highest FCQ and those funds where performance has a low sensitivity to changing market conditions.

Other institution types

B.5.6. The following institutions are mentioned explicitly in the new guidance and associated legislation. Councils are not expected to lay down specific criteria for including these types of institution as they are either UK Government institutions or have a UK Government guarantee.

- UK Government including gilts and the Debt Management Office
- Local authorities as defined by the Local Government Act 2003
- Supranational institutions, e.g., the European Investment Bank

Specified investments

B.5.7. All such investments will be sterling denominated, with maturities up to maximum of one year, meeting the minimum 'high' rating criteria where applicable.

	Minimum 'High' credit criteria
DMA deposit facility	-
Term deposits: local authorities	-
Term deposits: part nationalised banks	Short-term F1, Support 1
Term deposits: UK banks and building societies	Short-term F1, Long-term A-, Viability bb+, Financial Strength C-, Support 3
Term deposits: overseas banks	Short-term F1, Long-term A-, Viability bb+, Financial Strength C-, Support 3 (AAA rated countries)
Money market funds	AAA
Enhanced Cash / Bond Funds	AAAf / s1 or equivalent

Effective counterparty limits

Type	Fitch				Moody's			S&P		Maximum Value	Maximum Term
	ST	LT	VIA*	Sup	ST	LT	FSR	ST	LT		
Bank/Building Society	F1	A-	bb+	3	P-1	A3	C	A1	A-	£20m	3 months
Bank/Building Society	F1+	AA-	a-	2	P-1	Aa3	B	A1+	AA-	£25m	1 year
Bank/Building Society	F1+	AA	a-	1	P-1	Aa2	B	A1+	AA	£35m	1 year
Money Market Funds	AAA				AAA			AAA		£20m	1 year
Enhanced Cash / Bond Funds	AAA / v1				Aaa-bf			AAAf / s1		£20m	1 year
Debt Management Office	-				-			-		Unlimited	1 year
Supranational	-				-			-		£10m	1 year
Local Authority	-				-			-		£20m	1 year

* Fitch Viability rating replaced the Individual Strength rating in December 2011

- i) Deposits are permitted with UK banks that do not comply with the Council's credit rating criteria subject to them being nationalised or part nationalised by the UK government.
- ii) The use of Money Market Funds is restricted to funds with three AAA ratings (from each of the agencies) up to a maximum of £100m (with a maximum of £20m per Money Market Fund).
- iii) £60m (per call account) is made available to invest in overnight high interest call accounts with RBS and Lloyds TSB. This will be maintained while they remain part nationalised.

B.5.8. Deposits with foreign banks are permitted, on the condition that they meet our minimum criteria, and that the country in which the bank is domiciled is AAA-rated with any of the three ratings agencies (Fitch, Moody's and Standard and Poor's).

- MMF = Money Market Fund
- DMADF = Debt Management Account Deposit Facility at the Bank of England
- ST = Short-Term
- LT = Long-Term
- Via = Viability rating
- Sup = Support rating
- FSR = Financial Strength Rating

F1 Indicates the strongest capacity for timely payment of financial commitments; an added "+" denotes any exceptionally strong credit feature.

P-1 Indicates superior credit quality and a very strong capacity for timely payment of short-term deposit obligations. No enhanced rating available.

A-1 Indicates a strong capacity to meet financial commitments; an added "+" denotes a capacity to meet financial commitments as extremely strong.

Illustrative counterparty list as at 1 January 2014

	Fitch Ratings				Moody's Ratings			S&P Ratings	
	S/T	L/T	Viab.	Su pp	S/T	L/T	Str.	S/T	L/T
UK		AA+				AA1			AAA
HSBC	F1+	AA-	A+	1	P1	AA3	C	A1+	AA-
Lloyds	F1	A	BBB+	1	P1	A2	C-	A1	A
Royal Bank of Scotland	F1	A	BBB	1	P2	A3	D+	A2	A-
Nationwide Building Society	F1	A	A	1	P1	A2	C	A1	A
Barclays	F1	A	A	1	P1	A2	C-	A1	A
Santander (UK)	F1	A	A	1	P1	A2	C-	A1	A
Australia		AAA				AAA			AAA
Australia & NZ Banking Group	F1+	AA-	AA-	1	P1	AA2	B-	A1+	AA-
Commonwealth Bank of Australia	F1+	AA-	AA-	1	P1	AA2	B-	A1+	AA-
Macquarie Bank	F1	A	A	3	P1	A2	C-	A1	A
National Australia Bank	F1+	AA-	AA-	1	P1	AA2	B-	A1+	AA-
Westpac Banking Corporation	F1+	AA-	AA-	1	P1	AA2	B-	A1+	AA-
Canada		AAA				AAA			AAA
Canadian Imperial Bank	F1+	AA-	AA-	1	P1	AA2	B-	A1	A+
Bank of Montreal	F1+	AA-	AA-	1	P1	AA2	B-	A1	A+
Bank of Nova Scotia	F1+	AA-	AA-	1	P1	AA1	B	A1	A+
Royal Bank of Canada	F1+	AA	AA	1	P1	AA3	C+	A1+	AA-
Toronto-Dominion Bank	F1+	AA-	AA-	1	P1	AA1	B	A1+	AA-
Finland		AAA				AAA			AAA
Nordea Bank	F1+	AA-	AA-	1	P1	AA3	C	A1+	AA-
Germany		AAA				AAA		A+	AAA
DZ Bank	F1+	A+		1	P1	A1	C-	A1+	AA-
Deutsche Bank	F1+	A+	A	1	P1	A2	C-	A1	A+
KfW	F1+	AAA		1	P1	AAA		A1+	AAA
Landwirtschaftliche Rentenbank	F1+	AAA		1	P1	AAA		A1+	AAA
Norway		AAA				AAA			AAA
DnB NOR Bank	F1	A+	A+	1	P1	A1	C-	A1	A+
Singapore		AAA				AAA			AAA
Development Bank of Singapore	F1+	AA-	AA-	1	P1	AA1	B	A1+	AA-
Oversea Chinese Banking Corp	F1+	AA-	AA-	1	P1	AA1	B	A1+	AA-
United Overseas Bank	F1+	AA-	AA-	1	P1	AA1	B	A1+	AA-
Sweden		AAA				AAA			AAA
Skandinaviska Enskilda Banken	F1	A+	A+	1	P1	A1	C-	A1	A+
Svenska Handelsbanken	F1+	AA-	AA-	1	P1	AA3	C	A1+	AA-
Swedbank AB	F1	A+	A+	1	P1	A1	C-	A1	A+
Switzerland		AAA				AAA			AAA
UBS AG	F1	A	A-	1	P1	A2	C-	A1	A

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Approved countries for investments

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

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Minimum revenue provision (MRP) policy statement

- B.7.1. The Secretary of State under section 21(1A) of the Local Government Act 2003 issued guidance on the calculation of MRP in February 2008 with 2008/09 being the first year of operation. The Council has assessed its method of MRP and is satisfied that the guidelines for its annual amount of MRP set out within this policy statement will result in its making the prudent provision that is required by the guidance.
- B.7.2. Where capital expenditure was incurred before 1 April 2008, MRP will continue to be charged at the rate of 4% of the outstanding capital financing requirement, in accordance with the guidance. For capital expenditure incurred on or after 1 April 2008 and funded through borrowing, the Council will calculate MRP using the asset life method, as summarised in Table B7.1 below. MRP will be based on the estimated life of the assets purchased from unsupported borrowing.

Table B7.1 Estimated economic lives of assets

Asset class	Estimated economic life
Land and heritage assets	50 years
Buildings	40 years (unless valuer indicates otherwise)
Vehicles, equipment & plant	10-15 years
IT Equipment (Hardware)	3-10 years
Infrastructure:	
- bridge strengthening	40 years
- lighting	20 years
- structural maintenance	12 years
- minor works	7 years
Intangible Assets (such as computer software)	5 years
Economic regeneration	1% or 0% MRP charged.

- B.7.3. In accordance with provisions in the guidance, MRP will be first charged in the year following the date that an asset becomes operational.
- B.7.4. MRP will be made at 1% for properties held that are not currently needed for service operational purposes, but may be in future or are being held to facilitate future economic growth or re-generation.
- B.7.5. In the case of long-term debtors arising from loans made to third parties, or other types of capital expenditure made by the Council which will be repaid under separate arrangements (such as long term investments), there will be no minimum revenue provision made. The Council will make a MRP on investments in service delivery companies based on a 100-year life.

B.7.6. The Council reserves the right to determine alternative MRP approaches in particular cases in the interests of making prudent provision where this is material, taking into account local circumstances, including specific project timetables and revenue earning profiles.

SURREY COUNTY COUNCIL

CABINET

DATE: 4 FEBRUARY 2014

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER AND DEPUTY DIRECTOR FOR BUSINESS SERVICES

SUBJECT: BUDGET MONITORING REPORT FOR DECEMBER 2013



SUMMARY OF ISSUE:

This report presents the council's financial position at the end of period 9 – December of the 2013/14 financial year, with particular focus on the year end revenue and capital budgets forecasts and the achievement of efficiency targets.

Please note that Annex 1 to this report will be circulated separately prior to the Cabinet meeting.

RECOMMENDATIONS:

The final recommendations are to follow with Annex 1.

REASON FOR RECOMMENDATIONS:

To comply with the agreed strategy of providing a monthly budget monitoring report to Cabinet for approval and action as necessary.

DETAILS:

1. The Council's 2013/14 financial year commenced on 1 April 2013. This is the seventh budget monitoring report of 2013/14. The budget monitoring reports for this financial year have a greater focus on material and significant issues, especially the tracking of the efficiency and reduction targets within the Medium Term Financial Plan. The reports also have a greater emphasis on proposed actions to be taken to resolve any issues.
2. The Council has implemented a risk based approach to budget monitoring across all directorates and services. The risk based approach is to ensure we focus resources on monitoring those higher risk budgets due to their value, volatility or reputational impact.
3. There is a set of criteria to evaluate all budgets into high, medium and low risk. The criteria cover:
 - the size of a particular budget within the overall Council's budget hierarchy (the range is under £2m to over £10m);
 - budget complexity relates to the type of activities and data being monitored (the criterion is about the percentage of the budget spent on staffing or fixed contracts - the greater the percentage the lower the complexity);

- volatility is the relative rate at which either actual spend or projected spend move up and down (volatility risk is considered high if either the current year's projected variance exceeds the previous year's outturn variance, or the projected variance has been greater than 10% on four or more occasions during this year)
 - political sensitivity is about understanding how politically important the budget is and whether it has an impact on the Council's reputation locally or nationally (the greater the sensitivity the higher the risk).
4. High risk areas report monthly, whereas low risk services areas report on an exception basis. This will be if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower.
 5. Annex 1 to this report sets out the Council's revenue budget forecast year end outturn as at the end of December 2013. The forecast is based upon current year to date income and expenditure as well as projections using information available to the end of the month.
 6. The report provides explanations for significant variations from the budget, with a focus on staffing and efficiency targets. As a guide, a forecast year end variance of greater than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so any variance over 2.5% may also be material.
 7. Also, Annex 1 to this report updates Cabinet on the Council's capital budget.
 8. Appendix 1 provides details of the directorate efficiencies and revenue and capital budget movements. Annex 2 reports the updated balances sheet as at 31 December 2013, accounts receivable position, earmarked usable reserves and summarised treasury position

Consultation:

9. All Cabinet Members will have consulted their relevant Strategic Director on the financial positions of their portfolios.

Risk management and implications:

10. Risk implications are stated throughout the report and each Strategic Director has updated their strategic and or service Risk Registers accordingly. In addition, the Leadership risk register continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council.

Financial and value for money implications

11. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus. The Council continues to have a strong focus on its key objective of providing excellent value for money.

Section 151 Officer commentary

12. The Section 151 Officer confirms that the financial information presented in this report is consistent with the council's general accounting ledger and that

forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks..

Legal implications – Monitoring Officer

13. There are no legal issues and risks.

Equalities and Diversity

14. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary.

Climate change/carbon emissions implications

15. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
16. Any impacts on climate change and carbon emissions to achieve the Council's aim will be considered by the relevant service affected as they implement any actions agreed.

WHAT HAPPENS NEXT:

The relevant adjustments from the recommendations will be made to the Council's accounts.

Contact Officer:

Sheila Little, Chief Finance Officer and Deputy Director for Business Services
020 8541 7012

Consulted:

Cabinet / Corporate Leadership Team

Annexes:

Annex 1 – Revenue budget, staffing costs, efficiencies and capital programme summary.

Appendix 1 – Directorate financial information (revenue and efficiencies) and revenue and capital budget movements.

Annex 2 – Balance sheet, accounts receivable position, earmarked usable reserves and summarised treasury position

Sources/background papers:

None

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Budget monitoring period 9 2013/14 (December 2013)

Summary recommendations

Cabinet is asked to note the following.

1. Forecast revenue budget for 2013/14 is to underspend (£0.9m) on services, adding the unused £13m risk contingency brings this to £13.9m overall underspend (paragraph 1).
2. Forecast ongoing efficiencies and service reductions achieved by year end is £60.3m (paragraph 74).
3. Forecast capital budget position for 2013/14 is -£22.3m on services and +£7.0m overall (paragraphs 79 to 84).
4. Management actions to mitigate overspends appear throughout this report.
5. Quarter three balance sheet, reserves, debt and treasury report (paragraphs 85-93)
6. debt written off during quarter three totals £583,828 (paragraph 92)

Revenue summary

The Council set its budget for the 2013/14 financial year in the context of the Government's continuing austerity programme, with reducing public spending and rising demand for services. In setting a balanced 2013/14 budget, the Council developed plans for efficiencies and service reductions totalling £68m and approved the use of £11m earmarked reserves and £12m general balances. In developing its five year Medium Term Financial Plan (MTFP) for 2013-18, the Council approved plans to achieve efficiencies and service reductions totalling £167m, following achievement of £225m efficiencies from 2009 to 2012. Cabinet carried out a review of the MTFP after the first quarter of 2013/14. The review identified additional savings services could realistically deliver for 2014-18 of £56.0m (£19.5m in 2014/15).

The Local Government Peer Review of March 2013 recognised the council's longer term view and multi-year approach to financial management. As part of this approach, Cabinet approved carry forward of £7.9m underspend from 2012/13 to fund projects and commitments in 2013/14.

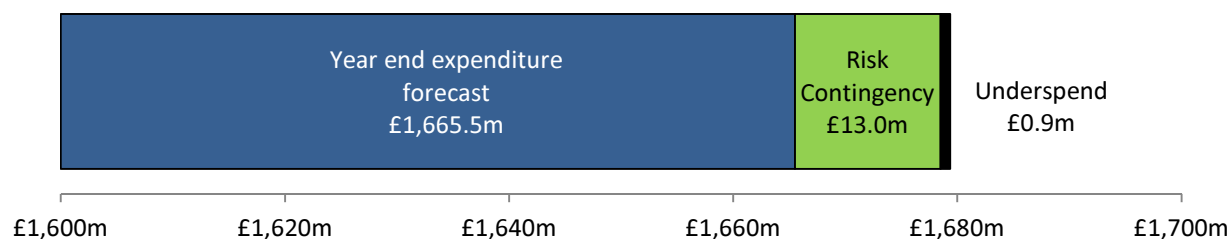
The financial strategy has a number of long term drivers to ensure sound governance, managing the Council's finances and compliance with best practice.

- Keep any additional call on the council taxpayer to a minimum through continuously driving the efficiency agenda.
- Develop a funding strategy to reduce the Council's reliance on council tax and government grant income. The Council is heavily dependent on these sources of funding, which are under threat of erosion.
- Balance the Council's 2014/15 budget by maintaining a prudent level of general balances (£19.9m in 2014/15) and applying reserves as appropriate (£13.0m of the unused budget risk contingency from 2013/14 plus £12.9m of other reserves).
- Continue to maximise our investment in Surrey

Keeping the call on the council tax payer to a minimum

At the end of December 2013, services forecast an underspend of £0.9m year end position (balanced at the end of November). In addition, the £13m risk contingency is not expected to be used and will increase reserves and balances. The council will continue to seek further savings this year in line with the corporate strategy of using our resources responsibly to plan for future years of financial uncertainty.

Figure 1: Year end forecast revenue position



The small underspend forecast position on services is a net result of: Adult Social Care (ASC) slippage implementing its innovative Family, Friends & Community Support strategy, offset by draw down of contingent funding (+£5.8), Children's Services' volume pressures offset by School & Learning (+£0.4m); plus flood repairs, waste management pressure and support for local bus routes (+£2.5m); offset by underspends within Business Services (-£4.6m), Customer & Communities (-£0.7m), Chief Executive's Office (-£0.5m) and Central Income & Expenditure (-£3.7m).

Continuously driving the efficiency agenda

A key objective of MTFP 2013-18 is to increase the council's overall financial resilience, including reducing reliance on government grants in the long term. MTFP 2013-18 includes savings and reductions totalling £68.3m in 2013/14 (£167m for 2013-18). At the end of December 2013, services forecast to achieve £60.3m efficiencies by year end. This under-achievement is due to slippage in ASC's innovative Family, Friends and Community Support (FF&C) strategy.

The total savings from efficiencies includes £10.1m ASC savings re-categorised as one-off measures. These savings, budgeted for 2013/14, will need to be made in 2014/15.

Capital summary

Maximising our investment in Surrey

A key element of Surrey County Council's corporate vision is to create public value by improving outcomes for Surrey's residents. This vision is at the heart of the capital programme and the MTFP 2013-18 set a £699m five year capital programme. Following cabinet approved of re-profiling the 2012/13 carry forward budgets and virements, the revised 2013/14 capital budget is £193.4m.

At the end of December 2013, services forecast overall capital spending against budget will be -£22.3m underspent by year end (-£2.7m at the end of November). This is mainly due to delays in acquiring land for waste schemes (-£5.9m); from archaeological finds at Guildford Fire Station (-£3.0m); replacement of boiler specifications (-£2.0m), deliveries for the fire vehicle and equipment replacement programme (-£1.6m); safe cycle bid (-£1.5m), rephasing some short stay schools (-£1.2m); the school basic need programme (-£5.4m), and obtaining planning permission to improve a travellers' site (-£1.1m). There are other smaller underspends in the capital programme within Adult Social Care (-£0.2m), Children Schools and Families (-£0.2m), Customer & Communities (-£0.5m), Environment & Infrastructure (+£0.6m) and Business Services (-£1.5m).

In addition, the council is investing £29.3m in long term capital investment assets.

Reserves & balances summary

Prudent level of general balances

As explained in report on the budget and medium term financial plan 2014-19 also on this agenda the Council has considered prudent a minimum level of available general balances of between 2.0% to 2.5% of the sum of council tax plus settlement funding, i.e. between £16m to £20m. The Council brought forward £19.9m balances at 1 April 2013 and expects to carry the same amount forward on 31 March 2014.

The Council's balance sheet shows a £16m increase in net liabilities largely due to a fall in long-term assets as 24 schools converted to academy status and have moved off the balance sheet.

Revenue budget

1. The updated revenue budget for the 2013/14 financial year, including schools, is supported by £23.0m of earmarked and general reserves, plus £7.9m revenue carried forward from 2012/13 to fund committed 2013/14 expenditure. The current projection for services' net revenue budget is -£0.9m underspent. This excludes the £13m risk contingency in the 2013/14 budget. Overall the year end revenue budget forecast is -£13.9m underspend. (-£13.0m at the end of November).
2. The year to date budget variance at the end of December is -£19.5m underspend. This is predominately due to:
 - Dedicated Schools Grant – nursery provision underspends (-£3.2m),
 - the income ahead of budget for business rate and government grants and reduced capital financing costs(-£7.9m),
 - delayed maintenance work for both Highways and Property (-£3.3m and -£2.3m),
 - brought forward saving plans for Business Services and better contracts combined with rent and rates rebates (-£2.8m),
 - timing of expenditure and income on third party grants, member allocations and cultural service income and trading standards income (-£1.9m),
 - scheduling of Business Services projects (-£1.6m)
 - Revolving Investment & Infrastructure Fund (-£0.6m), offset by
 - government grants for schools budgets (+£1.7m) and timing of Whole System funding and cost of transition clients (+£1.9m).
3. Schools funding is determined by an agreed formula under statute and expenditure decisions are the responsibility of each school's governing body.
4. Table 1 shows the year to date and forecast year end net revenue position for services and the Council overall. Net revenue position for services is gross expenditure less income from specific grants plus fees, charges and reimbursements.

Table 1: 2013/14 Revenue budget - net positions by directorate

Nov's forecast variance		YTD budget	YTD actual	YTD variance	Full year (revised) budget	Jan – Mar remaining forecast	Full year forecast	Full year variance
£m	Directorate	£m	£m	£m	£m	£m	£m	£m
5.2	Adult Social Care	252.1	254.0	1.9	336.3	88.0	342.1	5.8
1.2	Children, Schools & Families	133.9	129.7	-4.2	181.0	51.7	181.4	0.4
0.0	Schools (gross exp £503.0m)	0.1	1.8	1.7	0.1	-1.7	0.1	0.0
-0.4	Customer & Communities	45.0	43.2	-1.9	60.0	16.1	59.3	-0.7
1.1	Environment & Infrastructure	94.0	92.9	-1.1	131.6	41.2	134.1	2.5
-3.2	Business Services	61.4	54.7	-6.7	83.2	23.9	78.6	-4.6
-0.3	Chief Executive's Office	12.8	12.2	-0.6	16.4	3.7	15.9	-0.5
-3.6	Central Income & Expenditure	-204.6	-210.5	-5.9	-210.4	-3.6	-214.1	-3.7
0.0	Service net budget	394.9	378.0	-16.8	598.2	219.2	597.3	-0.9
0.0	Local taxation	-428.3	-430.3	-2.0	-599.3	-169.0	-599.3	0.0
0.0	Revolving Infrastructure & Investment Fund		-0.6	-0.6		0.6		0.0
-13.0	Risk contingency			0.0	13.0	0.0	0.0	-13.0
-13.0	Overall net budget	-33.4	-52.9	-19.5	11.9	50.9	-2.0	-13.9

Note: All numbers have been rounded - which might cause a casting error

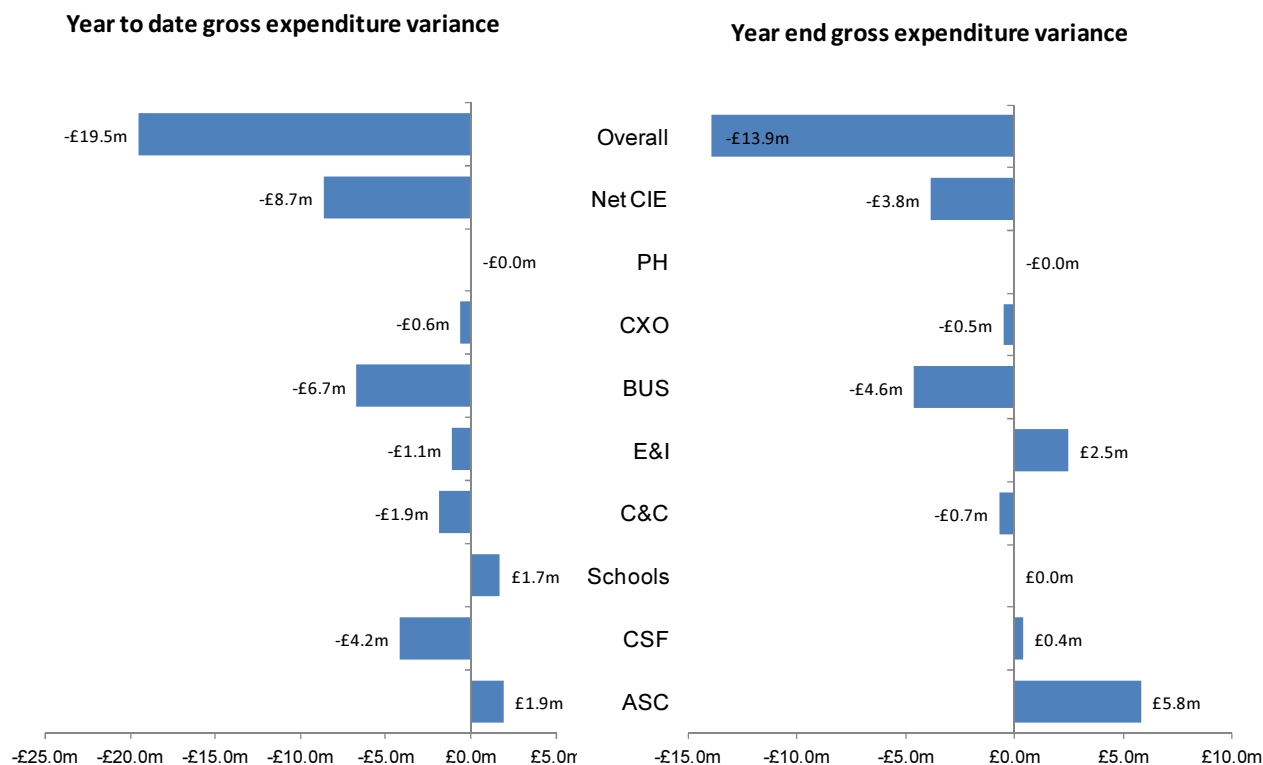
5. Both the year to date and forecast revenue budget positions are shown by directorate in the graphs below. Table App 3 in the appendix to this annex shows the overall income and expenditure for the year to date and year end forecast positions.
6. The small forecast year end underspend on services is a result of: Adult Social Care slippage implementing its innovative FF&C strategy (+£5.8m), Children's Services' volume pressures offset by Schools & Learning (+£0.4m); plus flood repairs, waste management pressure and support for local bus routes (+£2.5m); offset by underspends in Business Services (-£4.6m) and Central Income & Expenditure (-£3.7m).
7. Table 2 below summarises the main movements in forecast year end variances over the last month. The Directorate commentaries provide further information on the forecasts.

Table 2: 2013/14 Revenue budget year end variance monthly movement by directorate

Directorate	Nov YE Variance £m	Movement £m	Dec YE Variance £m
Adult Social Care	5.2	0.6	5.8
Children, Schools & Families	1.2	-0.8	0.4
Schools	0.0	0.0	0.0
Customer & Communities	-0.4	-0.3	-0.7
Environment & Infrastructure	1.1	1.4	2.5
Business Services	-3.2	-1.4	-4.6
Chief Executive's Office	-0.3	-0.2	-0.5
Central Income & Expenditure	-3.6	-0.1	-3.7
Service net budget	0.0	-0.9	-0.9
Summarised movements:		Movement £m	Directorate
Increased demand pressure		0.6	ASC
Tight financial management		-0.8	CSF
Community Improvement Fund		-0.3	C&C
Additional cost associated with recent flooding		1.4	E&I
2014/15 efficiencies achieved early		-1.4	BUS
Local elections saving		-0.2	CXO
Protected salaries estimate		-0.1	CIE
Overall movement		-0.9	

8. Figure 2 shows services' gross expenditure variances for year to date and forecast year end positions.

Figure 2: Year to date and forecast year end expenditure variance



9. Below, each directorate summarises its year to date and forecast year end income and expenditure position and service and policy financial information. These explain the variances, their impact and services' actions to mitigate adverse variances. The appendix gives the updated budget with explanations of budget movements.

Adult Social Care

Table 3: Summary of the revenue position for the directorate

Adult Social Care	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Jan – Mar Forecast £m	Full Year Projection £m	Dec Full Year Variance £m
Summary by subjective							
Income	-50.4	-60.1	-9.8	-69.1	-14.7	-74.8	-5.7
Expenditure	302.5	314.2	11.7	405.4	102.7	416.9	11.5
Net position	252.1	254.0	1.9	336.3	88.0	342.1	5.8
Summary by service							
Income	-50.4	-60.1	-9.8	-69.1	-14.7	-74.8	-5.7
Older People	122.0	131.7	9.7	164.7	39.7	171.4	6.7
Physical Disabilities	35.6	37.4	1.8	47.4	12.0	49.4	2.0
Learning Disabilities	94.2	97.1	2.9	125.6	34.9	132.0	6.4
Mental Health	6.8	7.2	0.4	9.2	2.5	9.7	0.5
Other Expenditure	43.9	40.8	-3.1	58.5	13.6	54.4	-4.1
Total by service	252.1	254.0	1.9	336.3	88.0	342.1	5.8

Note: All numbers have been rounded - which might cause a casting error

10. The December projected outturn for Adult Social Care is +£5.8m (1.73%) overspend. This represents an increase of £0.6m from last month. The year to date position is showing an overspend of £1.9m, although year to date expenditure is currently understated due to timing issues associated with the drawdown of Whole Systems funding, costs for new Transition clients anticipated in the last quarter but not incorporated in the year to date position and other major elements of income weighted towards the first half of the year.
11. A projected overspend was highlighted as a risk during the 2013/14 budget planning process and needs to be set in context of ASC's very challenging savings target of £45.9m. The Directorate has made good progress in many of the savings actions and judges that £27.9m of savings have either been achieved or will be achieved without needing further management action. While there is considerable work ongoing to generate savings, the Directorate is unlikely to be able to bring the budget completely back in line by year end.
12. The most significant element of the Directorate's savings plans is the social capital agenda, now formally re-launched as Family, Friends and Community Support (FFC). It is a new and innovative strategy designed to provide more personalised community support options to individuals requiring care, while at the same time reducing direct costs to the Council. ASC is implementing the new strategy and it has been a key driver in the recent Rapid Improvement Events (RIEs) on the social care and financial assessment processes.
13. The FFC savings target for 2013/14 is £15.5m. Although the Directorate continues to prioritise work on implementation of the key policy changes required to deliver the benefits expected by FFC, these actions are anticipated to now mainly impact on next year's budget rather than achieve significant levels of savings this year. As a result, only £1.0m of ongoing savings will be achieved, meaning slippage of £14.5m is currently projected against the original target. The slippage in the FFC programme reflects the amount of cultural and systems change and community development required to implement the strategy in full.
14. ASC is looking at all possible opportunities to cover the slippage on FF&C and smaller shortfalls on some other savings plans. At present, ASC has identified two main counter-measures:
- i. draw down £7.5m of unused 2011/12 whole system funding, approved by Cabinet in September and actioned in October, and
 - ii. £1.7m draw down of previous years' winter pressures funding approved by Cabinet in October and actioned in November.
15. Although these measures are helping to improve this year's budget position they do not prevent a pressure arising for next year's budget as they need to be replaced by new ongoing savings next year. The latest budget planning indicates that when combined with this year's projected overspend, other non-recurring one-off savings used this year, additional demand pressures forecast next year and a review of savings plans, ASC needs to identify additional savings of £19m. Work will be carried out with the Chief Executive and Chief Finance Officer to consider options available to gain assurance that the service can deliver the budget.
16. The current year end projection relies on the Directorate implementing £3.5m of management action savings plans in the remainder of the financial year. Table 4 summarises the management actions included in the December projections.
17. The key driver of the underlying pressures the service faces is individually commissioned care services (also known as "spot" care). The gross spend to date on spot care, excluding Transition, has on average been £21.6m per month for April to December. That compares with £21.3m in the last quarter of 2012/13, indicating that while ASC is largely containing new in year demand pressures, expenditure has not yet decreased as planned by delivery of the FFC savings programme. Assuming all savings occur as currently forecast or are replaced by other means, then the Directorate can afford to spend only £20.9m per month in the remainder of the financial year. Therefore, it needs to reduce expenditure on

individually commissioned care services by 3% in the last quarter. That is half of the 6% reduction projected last month. The forecast reduction has been scaled back following a review of care spending conducted as planned at the end of quarter three, which factored in the growth in service volumes witnessed this year in order to formulate a more realistic assessment of the potential for reducing expenditure in the remainder of the year.

Table 4: Summary of Adult Social Care forecast

	£m	£m
ASC MTFP efficiency target		(45.9)
Additional demand pressure above those anticipated in 2013-18 MTFP		<u>(0.5)</u>
Revised efficiency target		(46.4)
Total savings achieved (or not needing further management action) to date		(27.9)
Savings forecast in remainder of the year through use of FF&C	(1.0)	
Other savings forecast in the remainder of the year and included as Management actions	<u>(2.5)</u>	
Total savings forecast in remainder of the year		<u>(3.5)</u>
Total forecast savings before draw downs		(31.4)
Whole systems funding 2011/12 draw down		(7.5)
Proposed winter pressure funding 2011/12 draw down		<u>(1.7)</u>
Total forecast savings		<u>(40.6)</u>
Under / (over) performance against MTFP target		5.8

Children, Schools & Families

Table 5: Summary of the revenue position for the directorate

Children, Schools & Families	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Jan - Mar Forecast £m	Full Year Projection £m	Dec Full Year Variance £m
Summary by subjective							
Income	-109.4	-109.1	0.3	-150.2	-42.0	-151.1	-0.9
Expenditure	243.3	238.8	-4.5	331.2	93.7	332.5	1.3
Net position	133.9	129.7	-4.2	181.0	51.7	181.4	0.4
Summary by Service:							
Income	-109.4	-109.1	0.3	-150.2	-42.0	-151.1	-0.9
Strategic Services	4.8	4.3	-0.5	5.7	1.0	5.3	-0.4
Children's Services	66.5	68.6	2.1	89.0	23.8	92.4	3.4
Schools and Learning	154.4	147.7	-6.7	211.5	61.9	209.6	-1.9
Services for Young People	17.6	18.2	0.6	25.0	7.0	25.2	0.2
Total by service	133.9	129.7	-4.2	181.0	51.7	181.4	0.4

18. The forecast outturn for the Children Schools and Families directorate (CSF) at December 2013 is an overspend of +£0.4m. This is a reduction of -£0.8m compared to the position reported at November 2013 and represents 0.2% of the county funded CSF budget. A continuation of tight financial management for the remainder of the financial year may bring the overspend down further.
19. The main reasons for the overspend continue to be pressures in Children's Services and increasing demand for transport in relation to children with special education needs (SEN). This is partly offset by an improved trading position for Commercial Services and underspends elsewhere within Schools and Learning.

20. The year to date underspend of -£4.2m is mainly due to DSG underspend on nursery provision (-£3.2m), staffing across the directorate (-£1.2m) and other underspends in Schools and Learning (-£0.2m). These are partly offset by non-staffing overspends in Children's Services (+£2.1m).

Children's Services

21. In Children's Services the projected overspend is +£3.4m although this is partly offset by additional income of -£0.4m. This has changed little compared to the end of November position. The main reasons for this overspend are a combination of rising demand, increased complexity of need and some increases in prices.
22. Increasing demand has led to overspends in the following areas.
- Higher numbers of agency placements earlier in the year have given rise to an overspend of £0.75m. Numbers have now returned to the level seen in April although the position remains volatile – for example, remand placements have relative low volumes but for the first time this year there are currently three remand placements required at a cost of £4,000 per week until the end of the financial year.
 - There continue to be pressures on fostering allowances and in the cost of adoption allowances (+£0.5m). The number of foster placements is currently 33 higher than the average of 474 budgeted for. In addition the number of Special Guardianship Orders has increased; an additional 65 SGOs will be made this year compared to 45 in 2012/13.
 - The budgets for leaving care and asylum seekers are expected to overspend by +£0.5m as the number of care leavers and asylum seekers with no recourse to public funds continues at a similar level to that experienced in 2012/13 when a similar overspend occurred.
 - Area care services forecast a +£0.5m overspend. This is mainly due to an increase in the instances and cost of court proceedings (there are currently 200 cases compared to 169 for the whole of 2012/13) and increasing costs for supervises contact and SGO's compared to 2012/13.
23. The budgets for children with disabilities are overspending by +£1.8m due to a combination of rising demand, greater complexity of need and the service being unable to achieve the planned savings in these circumstances. Of the overspend, +£1.5m relates to the budget reduction for the MTFP efficiency in this service area which has not been achieved. However, alternative underspends elsewhere across the directorate have offset the impact of this overspend. In addition the service are seeing more complex and costly cases and rising demand with an extra 40 cases (5%) since April 2013.
24. There continue to be difficulties recruiting permanent social workers and a resulting reliance on more expensive agency staff. A +£0.6m overspend is anticipated. This is an ongoing problem and CSF has plans to improve recruitment and retention of social workers through the career progression framework and the recruitment programme in the North East Area to grow our own skilled workforce. The results of these initiatives will take time to be realised.
25. Offsetting these overspends are net underspends of -£1.4m across Children's Services. These are planned to continue in order to help alleviate the cost pressures.

Schools & Learning

26. Schools & Learning forecast a -£1.9m underspend on council funded services.
27. The main pressure on the Schools and Learning budget is a +£2.1m overspend on transport, mainly in relation to SEN. The school transport service already faced a budget pressure of £0.7m, reported as an overspend in the 2012/13 outturn report. In addition to this, pupil numbers and costs have continued to rise, particularly around SEN. The total number of pupils transported reached 2,587 in November, 76 higher than at the same point last year and leading to additional costs of +£0.6m.

28. Offsetting the transport overspend is an underspend on centrally held budgets of -£2.2m. This is mainly against the budget for demographics and inflation. Given its £7m savings requirement, CSF prudently decided to hold this budget centrally to cover pressures arising from demand led budgets where the impact of funding changes would not become clear until the start of the new academic year.
29. In addition the current number and cost of out county placements has been reviewed. This covers both pre and post 16 including the county's new responsibilities for learners with learning difficulties and disabilities (LLDD). The review suggests that, although uncertainties remain, the Council's £1.5m contribution will not be required in full and an underspend of -£0.5m is likely.
30. Commercial Services projects a higher than budgeted contribution to corporate overheads of -£1.0m. This projection takes into account the reduced contribution due to the loss of cleaning and catering contracts which is more than offset by improved contract prices and contracted income.
31. Although not included in the Council's reported position services funded by Dedicated Schools Grant (DSG) are forecast to underspend by -£3.8m. The main reason being less demand for two, three and four year old nursery provision than the grant funding level which underpins the budget. There are other small underspends on DSG services, though overall these are partly offset by increasing demand for support to children with SEN, particularly paediatric therapy services (£0.8m).

Services for Young People and Strategic Services

32. Services for Young People forecast a small +£0.2m overspend. Strategic Services anticipates an underspend of -£0.4m mainly due to recognition that resources set aside for one off service initiatives are now unlikely to be required this financial year.

Schools (delegated budget)

Table 6: Summary of the revenue position for the delegated schools budget

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Jan - Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-396.5	-396.4	0.1	-503.2	-106.8	-503.2	0.0
Expenditure	396.6	398.2	1.6	503.3	105.1	503.3	0.0
Net position	0.1	1.8	1.7	0.1	-1.7	0.1	0.0

33. The forecast is unchanged since the beginning of the year. The budget has been updated for the recent transfers of Surrey schools to academy status (-£2.9m) There also were volume related grant changes of +£2.9m. The schools delegated budget is reviewed each month.

Customer & Communities

Table 7: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Jan - Mar Forecast £m	Full Year Projection £m	Dec Full Year Variance £m
Income	-18.1	-19.0	-0.9	-24.2	-5.8	-24.8	-0.6
Expenditure	63.1	62.2	-0.9	84.1	21.9	84.1	-0.1
Net position	45.0	43.2	-1.9	60.0	16.1	59.3	-0.7
Summary by service							
Cultural Services	8.1	7.7	-0.4	10.7	2.9	10.6	-0.1
Fire & Rescue	26.9	26.7	-0.2	35.6	8.9	35.6	0.0
Customer Services	3.0	2.9	-0.1	4.0	1.0	3.9	-0.1
Trading Standards	1.6	1.5	-0.1	2.2	0.7	2.2	0.0
Community Partner & Safety	2.9	2.1	-0.8	4.2	1.8	3.9	-0.3
C&C Directorate Supp	1.7	1.4	-0.3	2.2	0.5	1.9	-0.3
County Coroner ort	0.8	0.8	0.0	1.1	0.4	1.2	0.1
Total by service	45.0	43.2	-1.9	60.0	16.1	59.3	-0.7

34. The year to date underspend is -£1.9m, partly due to the timing of expenditure (-£0.8m) on third party grants and member allocations within Community Partnership and Safety. The remainder is due to managed savings within Fire to cover the cost of extending the contingency crewing contract plus the timing of Cultural Services and Trading Standards income already earned, along with the year to date impact of the full year underspend.
35. The directorate currently projects a -£0.7m underspend (-£0.3m at the end of November). This is within Directorate Support (-£0.3m) due to cost sharing and holding posts for the early achievement of the 2014/15 MTFP efficiency and an expected underspend on the Community Improvement Fund (-£0.2m) due to waiting for grant conditions to be met before funds are released. A further underspend is expected from the continued increase in income generated by Registration (-£0.2m) due in part to the three yearly cycle of venue licensing income. Legislative changes are creating a +£0.1m pressure for the Coroner's service. The full year effect is expected to be in the region of £0.2m from 2014/15 onwards. Member allocations are expected to underspend (-£0.1m) however the Leader had asked members to note that any funds not delivered to the recipients by the end of the financial year will become unavailable.
36. There will be a carry forward request to enable payments to be made within the new financial year on the Community Improvement Fund, currently predicted as £0.2m.

Environment & Infrastructure

Table 8: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Jan - Mar Forecast £m	Full Year Projection £m	Dec Full Year Variance £m
Income	-14.0	-14.0	0.0	-18.7	-6.30	-20.0	-1.3
Expenditure	108.0	106.9	-1.1	150.3	47.2	154.1	3.8
Net position	94.0	92.9	-1.1	131.6	41.2	134.1	2.5
Summary by service							
Environment	42.0	44.4	2.4	61.0	17.3	61.7	0.7
Highways	32.0	29.2	-2.8	44.3	17.3	46.5	2.2
Economy, Transport & Planning	19.8	19.1	-0.7	26.1	6.6	25.7	-0.4
Other Directorate Costs	0.2	0.2	0.0	0.2	0.0	0.2	0.0
Total by service	94.0	92.9	-1.1	131.6	41.2	134.1	2.5

Note: All numbers have been rounded - which might cause a casting error

37. The year to date position for Environment & Infrastructure (E&I) is a -£1.1m underspend. This primarily relates to highway maintenance works including local schemes, road maintenance (where some payments have been delayed) and also to economic development projects funded through New Homes Bonus grant, which is not now expected to be fully utilised this financial year.
38. The forecast outturn for E&I is an overspend of +£2.5m, an increase in overspend of £1.4m from last month. The most significant variance, and the reason for the movement this month, is the additional cost associated with recent flooding. Initial expenditure relates to immediate response and making safe, damage assessments to structures (including bridges and embankments), emergency generators to power water pumps, and the expected cost of repairing roads and potholes. Longer term costs will include drainage works and permanent repairs to damaged roads and structures, some of which will be capital works. Although further work is required to assess likely costs, the total cost has initially been estimated at £4.5m. The revenue impact in the current financial year could be £2.1m.
39. Other significant variations include:
- waste management expects to overspend by + £0.8m primarily due to the need for external specialist advice required to successfully complete the contract variation;
 - local bus support expects to overspend by + £0.5m as a result of difficulty achieving planned contract savings this year and also a number of instances where bus routes are no longer commercially viable and need financial support from the Council;
 - economic development projects funded through New Homes Bonus grant are expected to underspend by - £0.6m.
 - additional employee costs of + £0.2m are expected to be largely offset by additional income and recharges; and
 - the balance is comprised of a number of variations including additional parking income and planning fees.

Business Services

Table 9: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Jan - Mar Forecast £m	Full Year Projection £m	Dec Full Year Variance £m
Income	-11.1	-12.4	-1.3	-14.9	-3.5	-15.9	-1.0
Expenditure	72.5	67.1	-5.4	98.1	27.4	94.5	-3.6
Net	61.4	54.7	-6.7	83.2	23.9	78.6	-4.6
Summary by service							
Property	23.7	19.9	-3.8	32.4	9.8	29.7	-2.7
Information Management & Technology	17.2	16.2	-1.0	23.3	7.1	23.3	0.0
Human Resources & OD	6.2	5.8	-0.4	8.3	2.4	8.2	-0.1
Finance	6.5	6.2	-0.3	8.8	2.1	8.3	-0.5
Shared Services	3.2	2.7	-0.5	4.2	1.2	3.9	-0.3
Procurement & Commissioning	2.5	2.5	0.0	3.3	0.8	3.3	0.0
Business Improvement	2.1	1.4	-0.7	2.9	0.5	1.9	-1.0
Total by service	61.4	54.7	-6.7	83.2	23.9	78.6	-4.6

Note: All numbers have been rounded - which might cause a casting error

40. Business Services estimates a revenue underspend of -£4.6m. Business Services has challenging revenue savings targets for this year and next. The service will deliver this year's efficiency savings and aims to bring forward some of next year's. It is also achieving one-off revenue savings. The estimated revenue underspend has increased by -£1.3m compared to last month. The savings targeted in the maintenance budget, as a result of more informed maintenance planning regimes, have been delivered earlier than originally planned, increasing efficiencies by £0.5m. The rest of the directorate underspend has been achieved in other areas of Property and HR mainly through delivering efficiencies early.
41. The year to date underspend is -£6.7m. The largest variance is -£3.8m in Property which is mainly as a result of timing of maintenance work (-£1.9m). The full year maintenance underspend is likely to be -£1m, -£0.8m of this is due to efficiencies from the new property management system. The estimated cost of remedial work due to the recent flooding is £0.1m, this will be delivered within existing budgets. The other year to date variances in Property are reflected in the full year underspend of -£2.7m. These are a result of forecast underspends on utilities (-£0.6m), rents (-£0.7m), and rates (-£0.2m).
42. The Making a Difference programme is on track to deliver savings of £6.6m each year from the office portfolio and has supported staff to work more flexibly with the benefits of new technology and a change in the way we work. The programme started in 2010 and includes implementing Electronic Data & Record Management (EDRM) across the council. EDRM solutions have been implemented for social care activity and will be implemented for the rest of the organisation by IMT alongside a Lotus Notes upgrade, resulting in a Making a Difference saving of -£1.0m.
43. IMT's £1m year to date underspend mainly relates to a -£0.6m underspend on the Modern Worker project. Increased activity is expected in the final quarter, particularly on the Citrix and Active Directory projects, and the estimated full year forecast variance is zero.
44. HR and Organisational Development year end forecast is an underspend of -£0.1m, a variance of -£0.3m compared to last month. This is mainly due to delivering staffing efficiencies early.

45. There are other variances on Finance (-£0.4m) and Shared Services (-£0.3m), which are delivering 2014/15 efficiency savings early.

Chief Executive's Office

Table 10: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Jan - Mar Forecast £m	Full Year Projection £m	Dec Full Year Variance £m
Income	-18.7	-16.0	2.7	-27.8	-8.7	-24.7	3.1
Expenditure	31.5	28.2	-3.3	44.2	12.4	40.6	-3.6
Net	12.8	12.2	-0.6	16.4	3.7	15.9	-0.5
Summary by service							
Strategic Leadership	0.4	0.3	-0.1	0.5	0.2	0.5	0.0
Legacy	0.4	0.4	0.0	0.5	0.1	0.5	0.0
Emergency Management	0.4	0.4	0.0	0.5	0.1	0.5	0.0
Communications	1.5	1.4	-0.1	2.0	0.5	1.9	-0.1
Legal & Democratic Services	7.6	7.4	-0.2	9.7	2.1	9.5	-0.2
Policy & Performance	2.5	2.3	-0.2	3.2	0.7	3.0	-0.2
Public Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total by service	12.8	12.2	-0.6	16.4	3.7	15.9	-0.5
Public Health - income	-17.8	-15.0	2.8	-26.5	-8.4	-23.4	3.1
Public Health - expenditure	17.8	15.0	-2.8	26.5	8.4	23.4	-3.1
Public Health - net expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0

46. The Chief Executive's Office (CXO) is currently projecting a -£0.5m underspend against a total revenue budget of £16.4m. The projected underspend had increased from last month's position of -£0.3m mainly due to increased staff savings and lower projected legal pressures. The underspend is predominantly due to the one-off savings (-£0.2m) against the local elections budget following receipt of final invoices from district and borough councils. The remaining underspend is mainly due to staff vacancies across the directorate, which are offset by pressures within Legal due to the cost and volume of child protection cases.
47. The directorate budget had increased by £0.2m from last month following a transfer from Adult Social Care to Policy & Performance to fund the Health & Wellbeing contracts.
48. CXO has taken on the council's new responsibility for Public Health (PH) this year. Some uncertainties remain in this first year of Public Health budgets.
49. In determining the Public Health grant allocation to SCC, the Department of Health (DH) misallocated £3.3m of the sexual health funds, which instead were transferred to the CCGs. The DH requested that this error was resolved locally and to date efforts have been made to undertake this. However, given that the majority of the year has passed without any progress, it is prudent now to plan on the assumption that the money will not be received. Therefore the budget is now being monitored against the lower cash limit, and every effort will be made, by avoiding further commitments, to contain spend within that. Inevitably, that will in turn limit the service's ability to take forward developments designed to meet the Government's performance targets.
50. Initially, the Police and Crime Commissioner (PCC) allocated £0.5m funding to PH. However the PCC's priorities have changed and it has confirmed PH will not receive this funding in 2013/14 (+£0.5m). As part of the forward budget process, PH will review this

service and decide how it will continue in the future. In the current year PH will offset this reduction in funding against the staffing underspend explained below.

51. The other ongoing budget issue under investigation is the cost of prescribing drugs related to the Public Health Agreements. It has come to light nationally that local authorities may be recharged for such costs by the NHS Business Services Authority and this amount had not been included in the council's baseline allocation. Initial estimates show Surrey's liability could be in the region of £1.9m. As this is a country wide issue the Director of Public Health (DPH) is linking with other DPHs to progress this matter nationally with DH.
52. Due to the fact that a number of staff did not transfer to the council from NHS Surrey as part of the changes to the NHS from 1 April 2013, PH has had vacancies throughout its team, including many at a senior level. Recruitment to all vacancies has now been completed and all staff will be in post by January.
53. Public Health is continuing to ensure a strong service is delivered across Surrey. Delivery is happening through previous NHS contracts which are being novated to Surrey and also through tenders for new contractors. The full range of Public Health services are now being delivered across sexual health, substance misuse, school nursing, obesity, physical activity, smoking and health checks.
54. PH is carefully reviewing its expenditure plans to ensure that these fit within their budget, which has been reduced this month to account for the increasing possibility that the £3.3m of funding misallocated to the CCGs will not be received.

Central Income & Expenditure

Table 11: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Jan - Mar Forecast £m	Full Year Projection £m	Dec Full Year Variance £m
Income	-234.7	-238.2	-3.5	-253.2	-15.3	-253.5	-0.3
Expenditure	30.1	27.7	-2.4	42.8	11.7	39.4	-3.4
Net position	-204.6	-210.5	-5.9	-210.4	-3.6	-214.1	-3.7
Local taxation	-428.3	-430.3	-2.0	-599.3	-169.0	-599.3	0.0
Risk contingency			0.0	13.0	0.0		-13.0
Net position	-632.9	-640.8	-7.9	-796.7	-172.6	-813.4	-16.7

55. The year to date variance of -£7.9m is caused by below budget costs for capital financing and redundancy & compensation. In addition, income from retained business rates and government grants is £4.7m above budget. This is due to timing of receipts and is expected to be in line with the budget at the year end.
56. Capital financing costs are -£0.8m underspent due to the Council not borrowing to fund its capital programme so far this year. The Minimum Revenue Provision (MRP) is money set aside to repay debt and is calculated on the audited balance sheet at 31 March 2013. Following the unqualified audit of the statement of accounts in September, this budget is -£0.5m underspent, and will be at the year end.
57. The Council's year to date redundancy and compensation budget is underspent by -£0.2m. The number and timing of redundancies is not easy to forecast in advance, although more voluntary redundancies are expected in the remainder the year. The cost of auto-enrolment of staff into the pension schemes is less than originally budgeted, currently by -£0.75m, this will result in a year-end underspend of £1m.
58. The medium term financial plan included a business rates safety net top slice return of £2.4m. The Council will not now receive this grant due to national call on the safety net (this

will also be a pressure in 2014/15). The Education Support Grant has also been reduced by £1m, due to schools gaining academy status. However, these reductions are partially offset in 2013/14 by additional grant income not included in the MTFP, including Local Authority Central Spend Efficiency Grant (£1.4m), Adoption Reform (£1.5m), Council Tax Transition Grant (£0.3m), and HM Courts Service (£0.1m).

59. Interest receivable is projected to over-recover by around -£0.4m due to higher cash balances held at the beginning of the year as a result of the up-front payment of a number of Government grants.
60. As described above: the MRP charge will underspend this year by -£0.5m and the cost of auto-enrolment of staff into the pension schemes is projected to be -£1m underspent.
61. In setting the budget, the Council assumed it would use its cash balances to fund capital expenditure in place of borrowing externally. However, it made a budgetary provision against undertaking any external borrowing. The Council has been able to maintain its internal borrowing strategy throughout 2013/14 and the possibility of requiring this provision is now very small. Therefore the budget is forecast to underspend by -£0.9m. In addition, there is a further -£0.9m of unspent New Homes Bonus in the interest payable budget.
62. The redundancy and compensation budget is currently underspending, year to date, as explained above. The number and timing of redundancies is not easy to forecast in advance, although more voluntary redundancies are expected in the remainder of the year and so expenditure is expected to remain on budget at this time.

Revolving Infrastructure & Investment Fund

Table 12: Summary position

Summary	YTD Actual £m	Full Year Forecast £m
Income	-1.6	-2.2
Expenditure	1.0	1.4
Net Revenue Position	-0.6	-0.8

63. The Revolving Infrastructure & Investment Fund was established in the 2013-18 MTFP in order to provide the revenue costs of funding initiatives that will deliver savings and enhance income in the longer term. Net income, after the deduction of funding costs, is being delivered this financial year by the Joint Venture project to deliver regeneration in Woking town centre (Bandstand Square) and from property acquisitions that have been made for future service delivery.
64. Capital expenditure to date includes Ranger House, Egham High Street and Parkside House. The remainder of the forecast capital spend includes an estimate of loans to be made during the rest of the year to the Woking Bandstand Joint Venture company and the purchase of Bridgehead House. The acquisition of Bridgehead House was approved by Cabinet on 26 November and completed, following some delays by the vendor, on 9 January 2014.
65. Funding costs are being charged to the Revolving Infrastructure & Investment Fund to reflect the opportunity cost of using internal capital resources. As further borrowing has not yet been required, the projects noted above will deliver gross income of £2.1m for the year.

Staffing costs

66. The Council employs three categories of staff.
- Contracted staff are employed on a permanent or fixed term basis and paid through the council's payroll. These staff are contracted to work full time, or part time.
 - Bank staff are contracted to the council and paid through the payroll but have no guaranteed hours.
 - Agency staff are employed through an agency with which the council has a contract.
67. Bank and agency staff enable managers to manage short term variations in demand for services or vacancies for contracted staff. This is particularly the case in social care.
68. A sensible degree of flexibility in the staffing budget is good, as it allows the council to keep a portion of establishment costs variable. The current level is approximately 92% of costs are due to contracted staff.
69. The council sets its staffing budget based upon the estimated labour required to deliver its services. This is expressed as budgeted full time equivalent staff (FTEs) and converted to a monetary amount for the budget. This budget includes spending on all three categories of staff and is the key control in managing staffing expenditure.
70. The council's total full year budget for staffing is £313.0m based on 8,025 budgeted FTEs. The year to date budget for the end of December 2013 is £233.2m and the expenditure incurred is £229.3m. At the end of December 2013, the council employed 7,347 FTE contracted staff.
71. Table 13 shows the staffing expenditure and FTEs for the period to December against budget, analysed among the three staff categories for each directorate. The table includes staff costs and FTEs that are recharged to other public services for example: other councils, NHS Trusts, outsourced to South East of England Councils or capital funded (super fast broadband). The funding for the recharges is within other income.

Table 13: Staffing costs and FTEs to end of November 2013

	Staffing budget to		Staffing spend by category				Dec 2013 occupied	
	Dec 2013 £m	Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m	Budget FTE	contracted FTE
Adult Social Care	53.9	47.3	2.7	1.5	51.5	-2.4	2,187	1,870
Children Schools & Families	78.5	70.8	3.5	3.0	77.4	-1.2	2,690	2,466
Customer and Communities	42.9	38.5	0.7	3.5	42.7	-0.2	1,507	1,437
Environment & Infrastructure	17.3	16.4	0.7	0.3	17.4	0.1	524	511
Business Services and Central Income & Expenditure	31.6	29.0	2.1	0.1	31.2	-0.4	892	826
Chief Executive's Office	9.0	8.7	0.2	0.2	9.1	0.1	225	237
Total	233.2	210.7	10.0	8.6	229.3	-3.9	8,025	7,347

Note: All numbers have been rounded - which might cause a casting error

72. The most material variance is a -£2.4m underspend in ASC due to recruitment delays, mainly in reablement and front line teams. However, such staffing savings are counterproductive as they reduce the directorate's ability to implement key strategic savings plans such as FF&C and in most cases are outweighed by additional spend on care ASC might otherwise have avoided.
73. Table 14 shows there are 472 "live" vacancies, for which active recruitment is currently taking place, with 206 of these in social care. The remaining vacancies are either filled by agency and bank staff on a short term basis or not being actively recruited to at present.

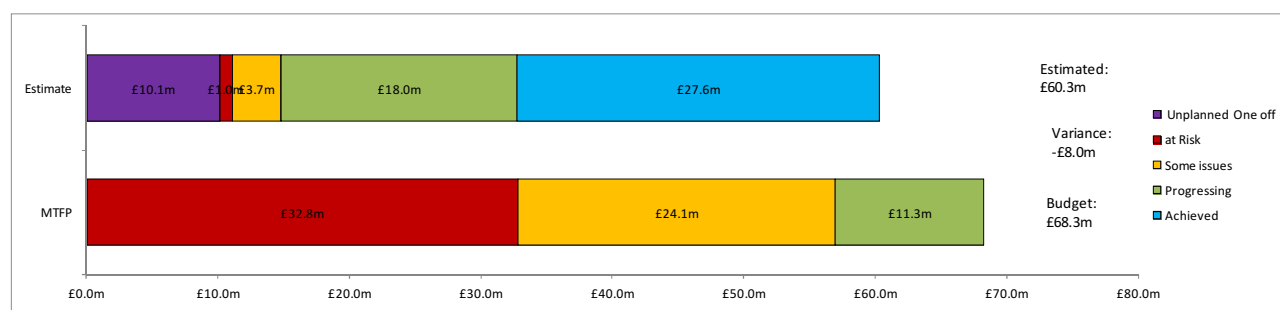
Table 14: full time equivalents in post and vacancies

	<u>Dec FTE</u>
Budget	8,025
Occupied contracted FTE	7,347
“Live” vacancies (i.e. actively recruiting)	472
Vacancies not occupied by contracted FTEs	206

Efficiencies

74. The MTFP incorporates £68.3m of expenditure efficiencies. Overall, the Council forecasts achieving £60.3m by year end, an under achievement of -£8.0m. This is an increase from the -£7.3m forecast at the end of November.
75. The appendix to this annex includes each directorate's efficiencies and a brief commentary on progress. Directorates have evaluated efficiencies on the following risk rating basis:
- RED – significant or high risk of saving not being achieved, as there are barriers preventing the necessary actions to achieve the saving taking place.
 - AMBER - a risk of saving not being achieved as there are potential barriers preventing the necessary actions to achieve the saving taking place
 - GREEN – Plans in place to take the actions to achieve the saving
 - BLUE – the action has been taken to achieve the saving.

Figure 2: 2013/14 ragged overall efficiencies



76. The -£0.7m increase in under achievements on efficiencies is from ASC, largely due to slippage in the innovative FF&C strategy as outlined above in the directorate's revenue budget commentary.
77. Under achievements in CSF (-£1.8m) and E&I (-£0.4m) remain as reported for November. CSF is experiencing delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages. This means the planned saving in that area of £1.5m is unlikely to be achieved in 2013/14. Given the pressure on the transport budget, it is also unlikely that the planned efficiency of £0.3m will be achieved. E&I forecasts -£0.4m underachievement on the bus service contract savings. The appendix to this annex includes each directorate's efficiencies as at the end of December 2013.

Capital

78. By planning significant capital investment as part of MTFP 2013-18, the council demonstrated its firm long term commitment to stimulating economic recovery in Surrey.
79. Table 15 shows current forecast for the service capital programme is a underspend of -£22.3m (-£2.7m at the end of November) due predominately to delays:
- acquiring land for waste schemes (-£5.9m);
 - school basic need (-£5.4m);
 - archaeological finds at Guildford Fire Station (-£3.0m);
 - schools changes to replacement boiler specification (-£2.0m);
 - deliveries of fire vehicle and equipment replacement programme (-£1.6m);
 - safe cycle bid delayed due to the weather - grant extended until May 2014 (-£1.5m);
 - rephasing refurbishments some short stay schools (-£1.2m); and
 - obtaining planning permission to improve a travellers' site (-£1.1m).
80. Other smaller directorate project underspends add -£1.5m. These are offset by: higher IT equipment spending (+£0.9m) funded from the Equipment Replacement Reserve..
81. The underspend relates to project duration rather than spending savings. Therefore the overall capital programme will spend the same and funding is unaltered.

Table 15: 2013/14 Capital expenditure position

2013/14 Monitoring	Revised Full Year Budget £m	Apr -Dec actual £m	Jan - Mar projection £m	Full year forecast £m	Full year variance £m
Adult Social Care	2.0	1.2	0.6	1.8	-0.2
Children, Schools & Families	8.0	7.9	-0.2	7.7	-0.2
Customer & Communities	4.8	2.1	0.6	2.7	-2.1
Environment & Infrastructure	69.2	45.4	22.9	68.3	-0.9
School Basic Need	54.3	33.8	15.1	48.9	-5.4
Business Services	74.8	46.1	15.2	61.3	-13.5
Chief Executive Office	11.5	6.3	5.2	11.5	0
Service programme	224.6	142.9	59.4	202.2	-22.3
Long term investments	0	27.1	2.2	29.3	29.3
Overall programme	224.6	170.0	61.6	231.5	7.0

82. The Council initially approved the 2013/14 capital expenditure budget at £187.3m. Cabinet subsequently reprofiled the capital budget for 2013/14 by -£2.5m, which reduced it to £184.8m. Up to 30 November 2013 the capital budget was updated for: new approved schemes; re-profiling requests and new grant funded schemes (+£2.7m); drawing down capital grants for Walton Bridge (£0.6m); wellbeing centres (£0.1m); purchasing Woking Magistrates Court (£0.9m); and external funding from sources such as schools' parent teacher associations of £2.8m.
83. In December, the Council updated the capital budget for: further funding of £0.4m from parent teacher associations, purchasing Quadrant court (£21.3m); and reprofiling highway maintenance (£11.0m). The revised capital budget for 2013/14 is £224.6m.
84. Table App 4 in the appendix to this annex summarises the budget changes.

Balance sheet

85. The Council's balance sheet as at 31 December 2013 shows an increase in net liabilities of £16m. This is due to a decrease in the value of the Council's long-term assets. Despite the capital expenditure incurred to date, 24 school assets have been removed from the balance sheet due to them converting to academy status (amounting to approximately £100m). In addition there is a decrease in long term liabilities due to the repayment of loans from the PWLB, which is offset by a corresponding increase in cash & cash equivalents and short term investments.
86. Table App 6 shows details of the balance sheet at 31 December 2013.

Reserves

87. The Council's earmarked reserves had reduced by £8.1m in the period up to 31 December 2013. This was mainly due to drawing £18.9m from the Budget Equalisation Reserve as planned in the MTFP. In addition, £5m was approved to be drawn down from the Severe Weather Reserve in July. This is partly offset by appropriations to the Economic Downturn Reserve and the Revolving Infrastructure & Investment Fund and capital receipts received in year.
88. Table App 7 shows details of the Council's earmarked reserves as at 31 December 2013.

Debt

89. During the third quarter of 2013/14 the Accounts Payable team raised invoices totalling £45.2m (in total £128.8m).
90. The Council's total debt outstanding at 31 December 2013 is £26.2m, comprising £16.9m care related debt and £9.3m non-care related debt. Table App 8 shows details. The average number of debtor days for the period 1 April to 30 September 2013 was 26 days.
91. Of the £26.2m total debt outstanding, £10.6m is overdue. Table App 9 shows details. Systems, restructuring and overall economic factors may have played a part in this and more specifically during the last quarter of 2012/13 the Council identified new income that was previously uncharged. This generated high value retrospective bills that clients have been reluctant to pay. The Council is using a Rapid Improvement Event to address this.
92. Between 1 April and 31 December 2013 the Chief Finance Officer, under delegated authority, has written off 357 debts with a total value of £583,828. Of these £493,586 is care related and £90,261 is non care related debt.

Treasury summary

93. The treasury management position as at 31 December against a number of prudential and performance indicators is shown in the Appendix. The Council repaid £68m of long term borrowing on 30 September 2013 which, when combined with the policy of internal borrowing, leaves it well within the borrowing limits for the financial year. The debt profile of the remaining borrowing is weighted towards the very long term, with only 4% maturing within the next 10 years. The weighted investment return for the balances held for treasury purposes for the year to date is 0.43% above the benchmark, average 7 day LIBID of 0.36% based upon average balances for 2013/14 of £276m.

Appendix to Annex

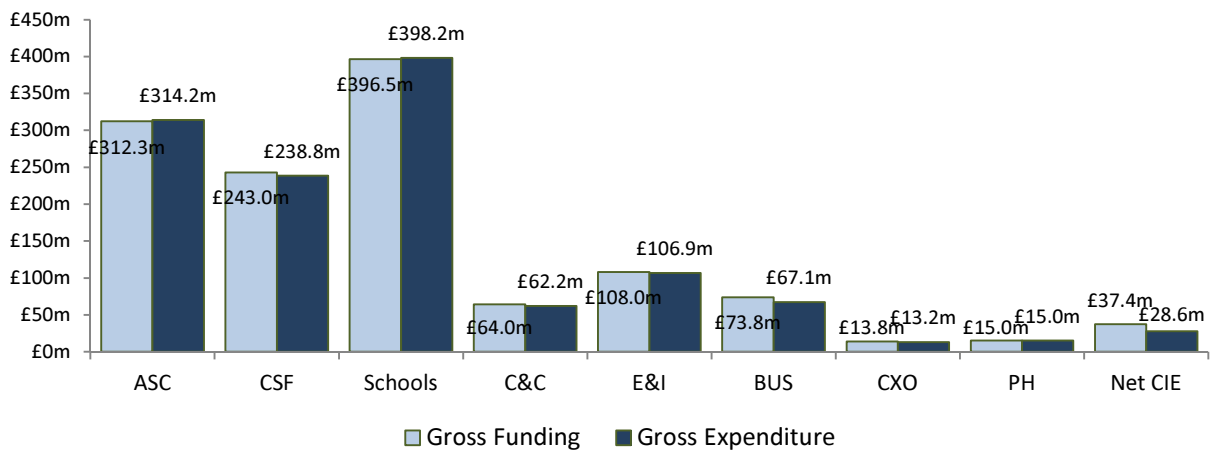
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Corporate performance scorecard – finance

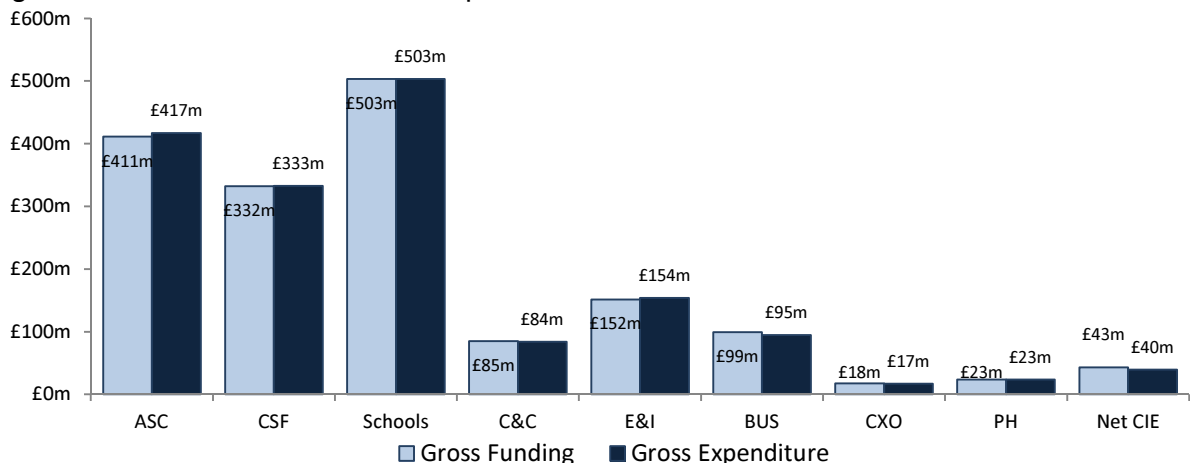
- App. 1. Figure 3 shows the gross funding and expenditure for the council for the year to date (as included in the quarterly corporate performance scorecard). Gross funding for a service is its receivable income plus its budgeted share of funding from the council's overall resources. The difference between gross funding and gross expenditure is the net budgetary variance. The amounts are by directorate and relate to the December month end position. Net CIE includes Central Income & Expenditure, local taxation and the Revolving Infrastructure & Investment Fund.
- App. 2. The corporate performance scorecard also includes the year end forecast revenue position shown above in Figure 1.

Figure 3: Year to date revenue position



- App. 3. Figure 4 shows services forecast a balanced year end position (balanced at the end of November). This excludes use of the 2013/14 budget's £13m risk contingency and -£0.8m net income on the Revolving Infrastructure & Investment Fund. Including the £13m risk contingency makes the overall forecast -£13.9m underspend.

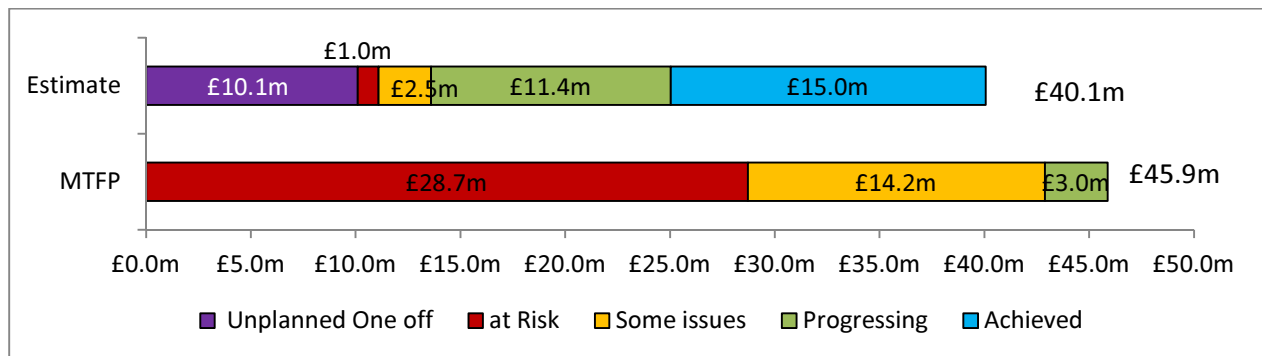
Figure 4: Year end forecast revenue position



Efficiencies & service reductions

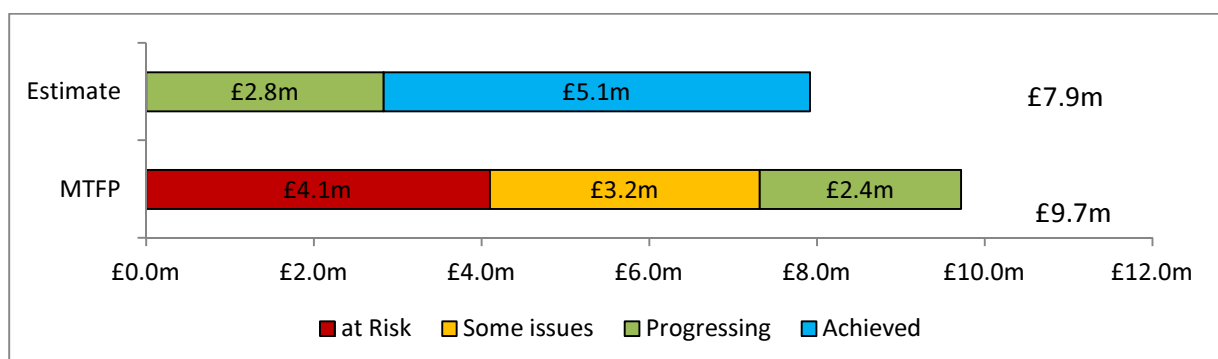
- App. 4. The graphs below track progress against directorates' MTFP 2013-18 ragged expenditure efficiencies & service reductions.
- App. 5. All the graphs use the same legend:
 Red – At risk, Amber – Some issues, Green – Progressing and Blue – Achieved.
 Each graph is based on the appropriate scale and so they are not directly comparable one against another.

Adult Social Care



- App. 6. The Directorate has already achieved savings of £15m this year, including £5.5m of savings to constrain inflation for individually commissioned care services. A further £13.9m is on target to be achieved, although there is an element of risk for £2.1m of these savings. The most significant element of ASC's savings plans in 2013/14 is the Family, Friends & Community (FFC) support strategy, which originally had a £15.5m savings target. Given the scale of the challenge and that this is the first year of these ambitious plans, it was flagged as a significant risk during the budget planning process and although considerable work is ongoing to fully embed this new approach, this will mainly impact on next year's budget. The December position indicates that the approach is not yet reducing spend but £1m of savings are anticipated to be achieved in the remainder of the year. The projected FFC slippage combined with minor slippage against other savings plans is being partially offset by £9.7m of unplanned one-off savings, which will need to be replaced by new savings plans in 2014/15. The main one-off savings measures are draw downs of £7.5m of unused Whole Systems 2011/12 funds and £1.7m of previous years' Winter Pressures funding. The Whole Systems funding was set aside by the Directorate as a contingency for this year's budget and the draw down has now been actioned following approval by Cabinet. The Winter Pressures money was carried forward to offset anticipated increased demand over the winter period.

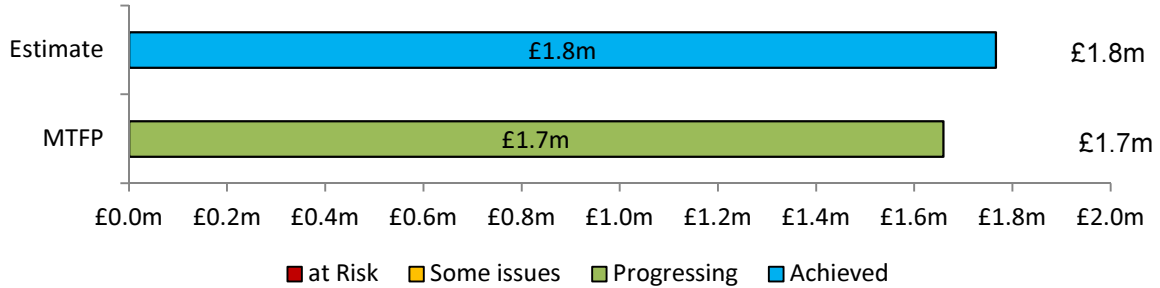
Children, Schools & Families



- App. 7. The forecast budget position for CSF means it is unlikely to achieve two of the planned efficiencies. Delays in achieving the efficiencies planned in services for

children with disabilities together with increasing demand for care packages, as described above, mean that the planned saving of £1.5m is unlikely to be fully achieved in 2013/14. Also, given the pressure on the transport budget the planned efficiency of £0.3m will not be achieved.

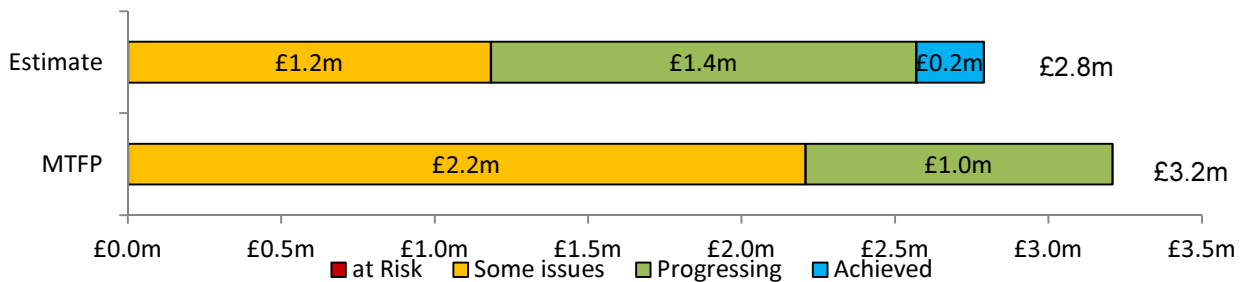
Customer & Communities



8

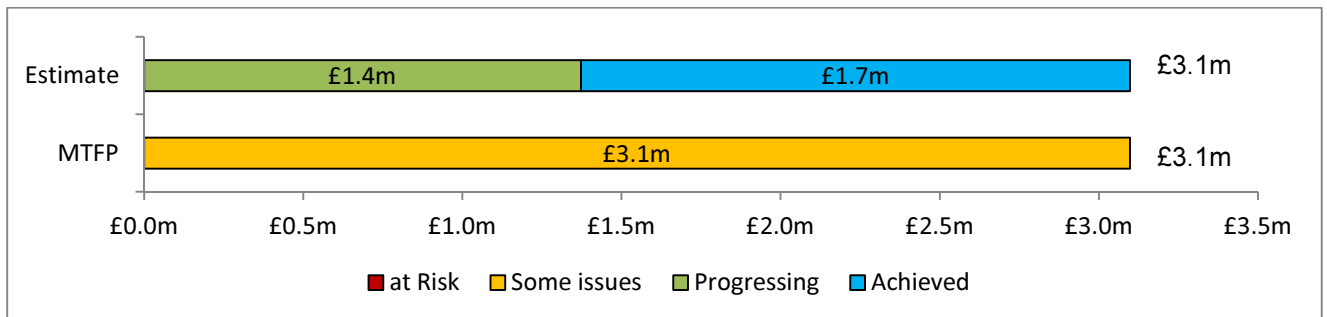
App. 8. The efficiencies summary shows an over-achievement of +£0.1m against the 2013/14 target of £1.7m. This is due to the early achievement of the 2014/15 Directorate Support staff saving. Actions to achieve the 2013/14 efficiencies have already been completed.

Environment & Infrastructure



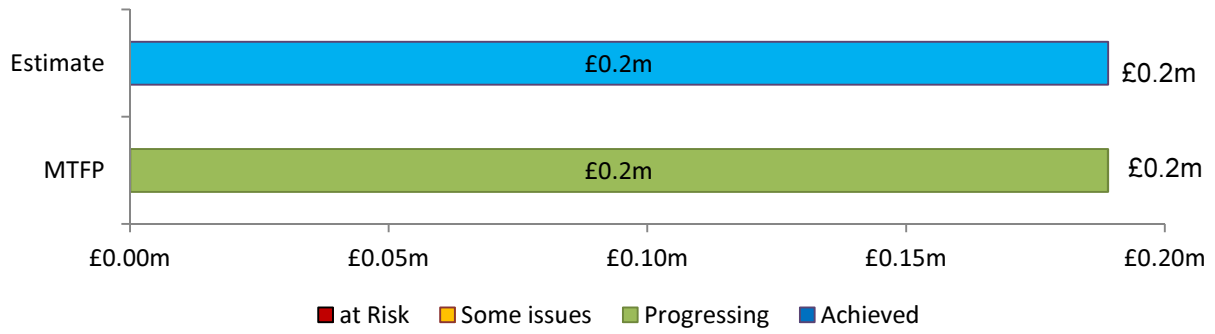
App. 9. The directorate currently expects to deliver all efficiency savings, except bus service contract savings (£0.4m). A number of risks remain and in some cases detailed plans are still in development. Some savings, including one off savings from parking income, have already been achieved.

Business Services



App. 10. The efficiencies identified in the MTFP are on track to be realised, all savings have been reviewed and plans are in place to achieve them and the risk of achievement has been appropriately adjusted.

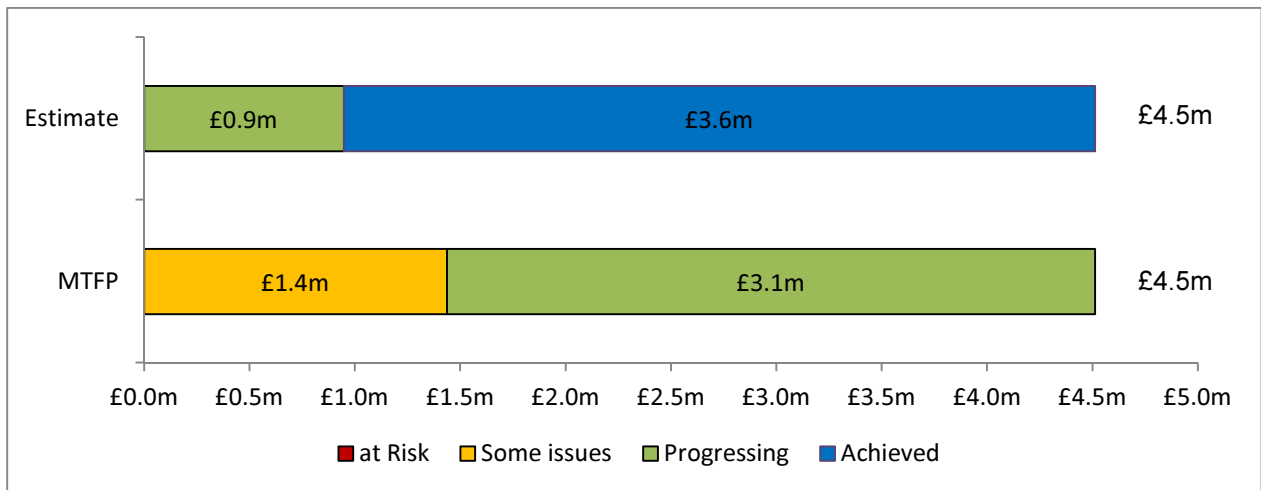
Chief Executive's Office



App. 11. The planned 2013/14 efficiencies have been achieved. The Directorate is currently holding vacancies within Policy & Performance in preparation for achieving efficiency savings for 2014/15 and will review these during the year to establish the on-going effect.

8

Central Income & Expenditure



App. 12. The efficiencies identified in MTFP 2013-18 from changes to the Council's treasury management strategy have been achieved. Those in relation to redundancy are on track to be realised.

Updated budget - revenue

App. 13. The Council's 2013/14 revenue expenditure budget was initially approved at £1,685.3m. Subsequently Cabinet approved the use of reserves built up in 2012/13 to augment this. Adding virement changes in May to November increased the expenditure budget at the end of November to £1,691.4m. In December, there was a transfer back to the Department for Education for academy status conversions (£1.9m) and a number of virements reprofiled the income & expenditure budgets, decreasing the overall expenditure budget by £1.6m. Table App 1 summarises these changes.

Table App 1: Movement of 2013/14 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves	General balances £m	Total £m	Number of Virements
Original MTFP	-1,662.3	1,685.2	-11.0	-11.9	0.0	
Q1 changes	-2.3	11.1	-8.8		0.0	72
Q2 changes	7.7	-2.7	-5		0.0	114
October & November changes	-5.2	-2.2	7.4			76
Previous changes	-1,662.1	1,691.4	-17.4	-11.9	0.0	262
<u>December changes</u>						
Academy conversion Dec 13 - budget and grant reduction Local reform and Community Voices Grant	1.9	-1.9			0.0	1
Transfer of income and expenditure	-0.2	0.2			0.0	1
December changes	-0.1	0.1			0.0	12
December changes	1.6	-1.6	0.0	0.0	0.0	14
Updated budget - Dec 2013	-1,660.5	1,689.8	-17.4	-11.9	0.0	276

App. 14. When Council agreed the MTFP in February 2013, some government departments had not determined the final amount for some grants. Services therefore estimated their likely grant. The general principle agreed by Cabinet was that any changes in the final amounts, whether higher or lower, would be represented in the service's income and expenditure budget. For example, there were a number of changes in September for the notification of schools transferring to Academy status.

App. 15. In controlling the budget during the year, budget managers occasionally need to transfer, or vire, budgets from one area to another. In most cases these are administrative or technical in nature, or of a value that is approved by the Chief Finance Officer.

App. 16. Virements above £250,000 require the approval of the relevant Cabinet Member. There was one virements above £250,000 in December:

- a) transfer of £1.9m back to the Department for Education for academy status conversions for November;

App. 17. Table App 2 shows the updated revenue budget that includes the changes in government grants and virements since the beginning of the year.

Table App 2: 2013/14 updated revenue budget – December 2013

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-69.1	405.4	336.2
Children, Schools & Families	-150.2	331.2	181.1
Schools	-503.2	503.3	0.1
Customers and Communities	-24.2	84.1	60.0
Environment & Infrastructure	-18.7	150.3	131.6
Business Services	-14.9	98.1	83.2
Chief Executive's Office	-27.8	44.2	16.4
Central Income & Expenditure	-852.5	42.8	-809.7
Service total	-1,660.5	1,659.4	-1.1
Risk Contingency		13.0	13.0
Total	-1,660.5	1,672.4	11.9

Note: All numbers have been rounded - which might cause a casting error

App. 18. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2013/14 Revenue budget forecast position as at end of December 2013

	YTD Budget £m	Year to date Actual £m	YTD Variance £m	Full Year Budget £m	Remaining Forecast Spend £m	Outturn Forecast £m	Forecast Variance £m
<u>Income:</u>							
Local taxation	-428.3	-430.3	-2.0	-599.3	-169.0	-599.3	0.0
Government grants	-743.2	-723.3	19.9	-909.7	-186.6	-909.9	-0.2
Other income	-109.6	-143.6	-34.0	-151.5	-14.7	-158.3	-6.8
Income	-1,281.1	-1,297.2	-16.1	-1,660.5	-370.3	-1,667.5	-7.0
<u>Expenditure:</u>							
Staffing	233.2	229.3	-3.9	312.5	77.5	306.8	-5.7
Service provision	617.9	616.7	-1.2	856.6	238.8	855.5	-1.1
Non schools sub-total	851.1	846.0	-5.1	1,169.1	316.2	1,162.3	-6.9
Schools expenditure	396.6	398.2	1.6	503.3	105.1	503.3	0.0
Total expenditure	1247.7	1244.0	-3.5	1,672.4	421.3	1,665.6	-6.9
Movement in balances	-33.4	-52.9	-19.5	11.9	50.9	-1.9	-13.9

App. 19. Note: All numbers have been rounded - which might cause a casting error

Updated budget - capital

App. 20. The Council initially approved the 2013/14 capital expenditure budget at £187.3m. Subsequently, Cabinet amended the budget by approving reprofiling and carry forwards (-£32.6m in total, -£2.5m for 2013/14) from 2012/13. This decreased 2013/14's capital budget to £184.8m.

App. 21. New virements and reprofiling in May to November added £7.8m to the capital budget. There are changes to the capital budget totalling £32.7m, increasing the capital budget to £224.6m. There were three changes over £0.25m: £0.4m external funding for schools (i.e. parent teacher associations), purchasing Quadrant Court (£21.3m) and reprofiling highway maintenance (£11.0m).

App. 22. Table App 4 summarises these changes.

Table App 4: Movement of 2013/14 capital expenditure budget

2013/14 Monitoring	MTFP Budget £m	C/fwd and reprofiled budget £m	Budget virement £m	Revised full year budget £m
Adult Social Care	1.3	0.4	0.3	2.0
Children, Schools & Families	2.8	1.6	3.6	8.0
Customer & Communities	2.0	3.1	-0.3	4.8
Environment & Infrastructure	50.1	15.3	3.8	69.2
Business Services	50.4	0.6	23.8	74.8
Schools Basic Need	69.2	-14.9	0.1	54.3
Chief Executive's Office	11.5	0.0	0.0	11.5
Total overall	187.4	6.1	31.3	224.6

Note: All numbers have been rounded - which might cause a casting error

Balance sheet

Table App 5: Balance sheet

As at 31.03.2012	As at 31.03.2013		As at 31.12.2013
£m	£m		£m
1,257.8	1,280.0	Property, Plant & Equipment	1,234.3
0.7	0.7	Heritage Assets	0.7
		Investment Property	27.3
7.1	5.9	Intangible Assets	4.1
0.2	0.2	Long Term Investments	0.2
0.5	8.8	Long Term Debtors	9.8
1,266.3	1,295.6	LONG TERM ASSETS	1,276.4
		Short Term:	
100.0	104.1	Investments	128.6
0.1	0.1	Intangible Assets	0.1
4.6	15.3	Assets Held for Sale	15.3
1.4	1.3	Inventories	0.8
100.8	141.5	Short Term Debtors	143.3
109.8	114.1	Cash & Cash Equivalents	21.6
316.7	376.4	CURRENT ASSETS	309.7
		Short Term:	
-15.1	-82.1	Borrowing	-26.1
-195.0	-234.3	Creditors	-221.3
-2.6	-3.3	Provisions	-2.1
-0.2	-0.2	Revenue Grants Receipts in Advance	-0.2
-1.2	-0.6	Capital Grants Receipts in Advance	-0.6
-214.1	-320.5	CURRENT LIABILITIES	-250.3
		Provisions	-7.2
-7.9	-7.2	Long Term Borrowing	-238.1
-306.2	-238.1	Other Long Term Liabilities	-1,145.1
-984.5	-1,145.4	LONG TERM LIABILITIES	-1,390.4
-1298.6	-1,390.7		
70.3	-39.2	NET ASSETS / (-) LIABILITIES	-54.6
		Usable Reserves	-333.2
-269.1	-288.4	Unusable Reserves	387.8
198.9	327.6		
-70.2	39.2		54.6

Earmarked reserves

Table App 6: Earmarked reserves

	Actual Opening Balance	Actual balance at	Forecast	Forecast
	01-Apr-13	31-Dec-13	31-Mar-14	01-Apr-14
	£m	£m	£m	£m
<u>Earmarked revenue reserves</u>				
Investment Renewals Reserve	13.3	13.0	10.6	10.6
Equipment Replacement Reserve	3.1	3.3	2.8	1.0
Vehicle Replacement Reserve	5.1	5.5	5.2	5.2
Waste Site Contingency Reserve	0.3	0.3	0.3	0.0
Budget Equalisation Reserve	6.1	8.9	23.5	3.4
Financial Investment Reserve	1.6	1.6	1.6	1.6
Street lighting PFI Reserve	5.8	6.2	6.2	6.2
Insurance Reserve	7.4	8.5	8.2	8.2
Severe Weather Reserve	5.0	0.0	0.0	0.0
Eco Park Sinking Fund	8.0	11.6	11.6	11.6
Revolving Infrastructure & Investment Fund	19.5	19.5	20.3	20.3
Child Protection Reserve	3.6	3.1	2.2	2.2
Interest Rate Reserve	3.2	4.7	4.7	1.0
Economic Downturn Reserve	4.4	6.0	6.0	6.0
General Capital Reserve	7.6	7.6	4.6	4.6
Total earmarked revenue reserves	94.0	99.8	107.8	81.9

Debt

App. 23. During the third quarter of 2013/14 the Accounts Payable team raised invoices totalling £45.2m, making a total of £128.8m for the year to date.

App. 24. Table App 7 shows the age profile of the Council's care, and non-care related debt.

Table App 7: Further information on debts

Account group	<1 Month £m	2-12 Months £m	1-2 Years £m	>2 years £m	Total £m	Overdue debt £m
Care debt - unsecured	3.8	2.2	1.4	3.0	10.4	6.6
Care debt - secured	0.2	2.2	1.5	2.7	6.5	
Total Care	4.0	4.4	2.9	5.7	16.9	6.6
General debt	5.1	3.0	0.4	0.5	9.0	3.9
Property	0.2	0.1	0.0	0.0	0.3	0.1
Total non-care debt	5.3	3.1	0.4	0.5	9.3	4.0
Total debt	9.4	7.5	3.3	6.2	26.2	10.6

App. 25. The amount still outstanding of these invoices was £26.2m of gross debt at 31 December 2013. The gross debt is adjusted to take into account those balances not immediately due (i.e. less than 30 days old), or collectable (i.e. secured on property). This produces the figures for net debt, which is shown in Table App 8.

Table App 8 –Overdue debt summary as at 31 December 2013

	2013/14 Q3 £m	2012/13 Q3 £m	2012/13 Q4 £m	2011/12 Q4 £m	2010/11 Q4 £m	2009/10 Q4 £m
Care related debt	6.6	6.1	7.6	6.1	6.8	6.1
Non care related debt	4.0	3.1	3.8	3.0	3.9	3.6
Total	10.6	9.2	11.4	9.1	10.7	9.7

App. 26. The increase in care debt outstanding was a concern and is being addressed by a Rapid Improvement Event (RIE). Systems, restructuring and overall economic factors may have played a part in this, and more specifically during the last quarter of the 2012/13 financial year the SWIFT reconciliation process identified new income for the Council that was previously uncharged. From a debt recovery perspective clients were reluctant to pay high value retrospective bills resulting in an increase in the value of outstanding debt.

App. 27. Non care debt that is within the two and six months old category has risen sharply over the last three months. This is due to the Clinical Commissioning Groups (CCGs) that were formed on 1 April this year and it is currently taking longer to reach agreement with the new management. Senior officers from the council are working closely with their colleagues in the CCGs to resolve these issues.

App. 28. The Council's debt policy includes a target of 30 days to collect non-care debt. The average number of debtor days for the period 1 April to 31 December 2013 was 26 days.

App. 29. The Chief Finance Officer has delegated authority to write off irrecoverable debts in line with financial regulations. This quarter (Q3 2013/14), 133 such debts have been written off with a total value of £142,562, of which £30,772 is care related and £11,791 is non care related debt. Together with the first quarter, 357 such debts have been written off with a total value of £583,828, of which £493,568 is care related and £90,261 is non care related debt.

Treasury management

Borrowing

App. 30. The Council borrows money to finance the amount of our capital spending that exceeds receipts from grants, third party contributions, capital receipts and reserves. The Council must also demonstrate that the costs of borrowing are affordable, prudent and sustainable under the Prudential Code.

Table App 9 – Long term borrowing as at 31 December 2013

	£m
Debt outstanding as at 1 April 2013	305.2
Loans raised	0.0
Loans repaid	67.9
Current balance as at 31 December 2013	237.2
Borrowing requirement for the year	N/a

App. 31. Due to low interest rates earned on cash balances held until spent (referred to as the “cost of carry”), there has been no borrowing to meet the Capital Financing Requirement (CFR) during the 2013/14 financial year. Any unsupported capital expenditure has been met from cash reserves.

App. 32. The Council is able to undertake temporary borrowing for cash flow purposes. The Council also manages cash on behalf of Surrey Police Authority (£18m as at 31 December 2013) which is classed as temporary borrowing.

Authorised limit / operational boundary

App. 33. The following prudential indicators control the overall level of borrowing:

App. 34. The **authorised limit** represents the limit beyond which borrowing is prohibited. The limit reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing needed with headroom for unexpected cash flow. This is a statutory limit determined under section 3(1) of the Local Government Act 2003.

App. 35. The **operational boundary** is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an indicator to ensure the authorised limit is not breached.

Table App 10: Borrowing against the authorised limit and operational boundary

	Authorised limit £m	Operational boundary £m
Gross Borrowing	310	310
Limit / Boundary	662	602
Headroom	352	292

Capital Financing Requirement

App. 36. The Capital Financing Requirement (CFR) represents the Council’s underlying need to borrow for a capital purpose. The Council must ensure that, in any one year, net external borrowing does not, except in the short-term exceed the estimated CFR for the next three years. The Council’s position against the estimated CFR, as reported to the County Council in March 2013 is shown below. The current borrowing position shows a net position of £151.5m more in borrowing than we hold in short term deposits. This is due to low cash balances held at the end of December, with no precept collection during that month.

	CFR £m		Net borrowing £m
2013/14	2014/15	2015/16	
560	659	770	151.4

Maturity profile

App. 37. The Council has reduced its exposure to large fixed rate loans falling due for refinancing in any one year by setting gross limits for its maturity structure of borrowing in accordance with the Prudential Code, as shown in the table below:

	Upper limit	Lower limit	Actual
Repayable in 2013/14 (1 year)	50%	0%	0%
Repayable from 2014/15 (1 - 2 years)	50%	0%	0%
Repayable from 2015/16 to 2017/18 (2 - 5 years)	75%	0%	4%
Repayable from 2018/19 to 2022/23 (5 - 10 years)	75%	0%	0%
Repayable from 2023/24 to 2027/28 (10 - 15 years)			
Repayable from 2028/29 to 2037/38 (15 - 25 years)	75%	0%	3%
Repayable from 2038/39 onwards (25 - 50 years)	100%	25%	93%

Early debt repayment and rescheduling

App. 38. There has been no early repayment or rescheduling in 2013/14.

Investments

App. 39. The Council had an average daily level of investments of £307.1m throughout 2012/13, with a projection of £276m expected for 2013/14. The balance of funds managed on behalf of schools within this figure stood at £44m at 31 December 2013.

App. 40. Cash is invested on the money markets through one of the Council's four brokers, or directly with counterparties through the use of call accounts, money market funds or direct deal facilities. A breakdown of activity during the year to 31 December 2013 is given below:

Timed deposits	Number	Average value £m
Deals using a broker	74	5.9
Direct deal facilities	5	8.5
Deals with DMO	70	30.3
Instant access		Limits £m
- Active call accounts	2	120.0
- Active money market funds	5	100.0

App. 41. The weighted average return on all investments received to the end of the third quarter in 2013/14 is 0.43%. This compares favourably to the average 7-day London Interbank Bid rate (LIBID) of 0.36% for the equivalent period. The comparison is shown in the following table:

	Average 7-day LIBID	Weighted return on investments
Quarter 1	0.36%	0.41%
Quarter 2	0.36%	0.41%
Quarter 3	0.35%	0.48%
2013/14 total	0.36%	0.43%
2012/13 total	0.39%	0.55%

Iceland

App. 42. The key local issue of concern in relation to the treasury strategy is the Council's £20m deposits with two failed Icelandic banks, Glitnir and Landsbanki. Of this £20m, the Council's exposure was £18.5m with the balance attributable to Surrey Police Authority. The Audit & Governance Committee receives regular reports on the prospects for recovery of the deposits that are at risk and the efforts being

made by the Local Government Association (LGA) and its legal advisors in this regard.

App. 43. On 28 October, the Supreme Court of Iceland upheld the District Court judgment in favour of local authority depositors, deciding by a 6-1 majority that local authorities' claims are deposits that qualify in full for priority in the bank administrations. These decisions are now final with no further right of appeal.

App. 44. The current position is that 55% of Landsbanki and over 84% of Glitnir deposits have been repaid, with high expected recovery rates for both banks. The balance owed on each deposit is shown in the table below.

Counterparty	Period	Principal £000	Rate	Principal repaid £000	Principal outstanding £000
Glitnir	364	5,000	6.25%	4,192	808
Glitnir	366	5,000	6.20%	4,193	807
Landsbanki	732	10,000	5.90%	5,520	4,480

SURREY COUNTY COUNCIL**CABINET****DATE: 4 FEBRUARY 2014****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: DAVID MCNULTY, CHIEF EXECUTIVE****SUBJECT: PUBLIC SERVICE TRANSFORMATION****SUMMARY OF ISSUE:**

Partners in Surrey have a shared ambition to transform services and outcomes for Surrey residents. The vision is that by working together more effectively across the public sector, partners will shift services away from an emphasis on high cost responses towards prevention and earlier intervention. The intention is for services to deliver better value for money and improved outcomes for Surrey residents.

This ambition has been strongly endorsed by central Government. Surrey is one of only nine areas in the country to be included in the Public Service Transformation Network which is providing active support to the work underway.

On 22 October 2013 Cabinet agreed five outline business cases as part of the public service transformation programme, and asked officers to continue developing business cases for further consideration at the February 2014 Cabinet meeting. This report provides a progress update. Due to the markedly different nature of each strand the businesses cases are at different stages of development, however each represents significant progress towards the ambition agreed with partners and endorsed by Cabinet.

The work to date has identified additional resource requirements for limited specialist support to the public service transformation programme over the coming two years. This investment will enable further development and implementation of the proposals and the delivery of improved outcomes and savings.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. agrees the next steps for each of the public service transformation strands as outlined within this report and Annex 1 and asks for the final partnership endorsed business cases for each of the individual projects, to be brought back to Cabinet as they are ready;
2. agrees the broad approach and methodology taken for the cost benefit analyses and the business cases based on this methodology;
3. notes that £10m of efficiencies relating to Surrey County Council services' element of the public service transformation programme is included in the council's Medium Term Financial Plan(2014-19) from 2015/16 onwards and that progress towards delivery of these efficiencies will be monitored using the

same mechanism agreed for all MTFP(2014-19) efficiencies;

4. agrees to authorise the Health and Wellbeing Board, and the Cabinet Member for Public Health and Health and Wellbeing Board as co-chairman, to sign-off the 'draft' Surrey Better Care Fund plan for submission to NHS England;
5. agrees Surrey County Council commits an 'invest to save' funding of £300,000 for additional resources as outlined in paragraph 29, covering the period to March 2016;
6. asks the Chief Executive to work with partners to bring forward proposals for effective and appropriate governance arrangements.

REASON FOR RECOMMENDATIONS:

Partners in Surrey believe that working together more effectively will enable services to be transformed so as to give better value to Surrey residents.

The council is working closely with partners to develop its plans for public service transformation in Surrey, which forms a key part of its overall strategy to improve services and outcomes as well as delivery of its medium term financial strategy. The annexes represent significant progress towards the ambitions of the county council and its partners, providing a strong basis for further development of both the business cases and implementation plans.

DETAILS:

Background

1. The initial report to Cabinet on 23 July 2013 set out the background and approach to the council's public service transformation programme, working with key Surrey partners. The report asked officers to develop outline business cases for each of the strands for consideration at Cabinet in October 2013.
2. On 22 October 2013 Cabinet agreed five outline business cases as part of the programme, and asked officers to continue developing business cases for consideration at the 4 February 2014 Cabinet meeting, alongside the council's Medium Term Financial Plan(2014-19).
3. With support from the Public Service Transformation Network, the programme is adopting a sound methodology based on the experience of the four original community budget pilots in developing business cases and implementation plans in complex partnership environments. The outline business cases represented the first step in this process and formed a critical milestone, confirming that in each case there is sufficient scope for transformation, partner commitment to taking forward the work, and agreement across partners that there is potential for both savings and improved outcomes for residents.
4. The scope of the programme is wide and can only be delivered through collaborative working in a complex partnership environment. As is to be expected in a programme of this kind, both the nature of the strands and the progress level varies, and this is reflected in the documents for consideration. In each case significant progress has been made towards the ambition

agreed previously with partners and endorsed by Cabinet. Three documents are attached as Annex 1 to this report, with a summary of the contents set out in the next section:

- a. **Emergency Services Collaboration**
- b. **Extending the Family Support Programme**
- c. **Skills for the Future**

5. An overview of the work to date on the other three strands, **Health and Social Care Integration** (incorporating the **Dementia Friendly Surrey** strand), **Better Use of Public Sector Assets** and **Transforming Justice**, is provided in the section below.
6. The methodology used to develop the business cases has been endorsed by the Public Services Transformation Network. Partners in Surrey are confident it provides a sound approach. The approach, however, is an iterative process which is refined with each application of new data to the methodology. Work is ongoing with partners to access relevant local data and refine the business cases. At this stage, the financial figures in the business cases are largely illustrative and will be ratified as more robust data is applied.
7. The scale of ambition of the entire programme is high. Recognising the complexity of partnership engagement, delivery through to the point of benefits realisation is likely to take time in order to support rather than destabilise collaboration. In this context, ensuring that the scope of the work is sound and partnership commitment solid is a key step.
8. The programme is on track, and subject to Cabinet agreement, expected savings of £10m per annum from 2015/16 onwards have been included in the council's Medium Term Financial Plan(2014-19). This is an early indicative amount, reflecting the likely scale of potential financial benefits to the county council. Progress towards delivery of this benefit will be monitored using the same mechanism agreed for all benefits in the MTFP(2014-19).
9. Delivering savings from the public service transformation programme will not be straightforward, as the benefits of prevention and earlier intervention will accrue differently across partners. Investment agreements need to define fully both the levels of investment each partner will make, and the levels of financial benefits that will be delivered to each partner. The investment agreements will include both local partners and Government departments. Developing the detailed cost benefit analyses across the strands will be critical to understanding the investments and likely benefits across partners, before the investment agreements can be developed. There is no prescribed process for negotiating investment agreements with Central Government, which adds to the complexity of ensuring savings are shared with or returned to local partners.
10. Ongoing support from the Public Service Transformation Network will be required to support further development of the strands prior to negotiations locally and with Government.

Developments in the Programme

11. For the **Emergency Services Collaboration** strand, the scope of the work has been widened significantly with Sussex Police and East Sussex and West

Sussex Fire and Rescue Services agreeing to work in partnership with Surrey emergency services to transform services across both Surrey and Sussex. Collectively, these services cover an area of 2140 square miles and service 2.7 million residents.

12. The six joint emergency services Chiefs have agreed an ambitious programme of transformation, outlined in Annex 1, using a phased approach that takes account of existing change programmes. Within the five areas of transformation are shorter term projects which will commence from March 2014. These will deliver immediate benefits in terms of integrated responses, better outcomes for residents and start the cultural change process required to deliver the longer term vision. Work will continue to develop detailed business cases, using bespoke cost benefit analysis methodology being developed for this stand with the support of the Public Service Transformation Network.
13. In January 2014, Surrey Police were successful in securing £190,000 from the Home Office's Police Innovation Fund. The funding will support the introduction of the Multi-Agency Information Transfer (MAIT) system in the spring to link existing command and control systems across emergency services. This is a crucial foundation for enabling greater collaboration.
14. For the **Family Support Programme**, work has begun on developing a new delivery model. Following multi-agency meetings over the summer and autumn last year support was given to three key service design principles: multi-agency leadership, integrated systems and practice, and a whole family approach. An underpinning principle of the redesign is the creation of integrated and systematic networking arrangements rather than structural integration, which can be more quickly and easily achieved than a structural change that could easily be delayed by legal and financial complexities.
15. A preliminary cost benefit analysis has been prepared using the Public Service Transformation Network methodology. This preliminary exercise has been able to demonstrate that there is great potential to realise improved community outcomes and significant fiscal benefits (savings) through an integrated preventative approach to working with an increased number of families and households. Across all the identified outcomes for which data was available, the preliminary cost benefit analysis indicates a total potential fiscal benefit (cashable and non-cashable) over five years of between £15m and £25m, across partner agencies. For the purposes of this preliminary analysis a wide range of assumptions were used, and where local data was not available proxy data from national research or data from other community budget pilots was used. The cost of delivery is still to be confirmed.
16. Further work on the cost benefit analysis will be required to agree data assumptions across partners and increase levels of local data, to determine levels of cashability, and to determine how shared fiscal benefits are distributed across partner agencies. Work will also be required to calculate the costs of delivering any new service arrangements and contrast these with current costs. For the time being it is assumed that the costs of delivering the new integrated arrangements may be managed within existing costs and/or using invest to save (which would be the subject of a separate bid and repayment over time).

17. Work on the **Skills for the Future** strand has included ongoing engagement with young people, employers, schools and colleges to shape the programme alongside work to begin to define the fiscal, social and economic benefits through the cost benefit analysis. The proposed new delivery model includes three key components: high quality, integrated information, advice and guidance (IAG) for young people; local blended, flexible education pathways from Year 10 to Year 14, incorporating academic, professional and technical learning alongside core literacy, numeracy, computing and employability skills to better align with the needs of employers; local targeted support for young people aged 19 to 24, aligning the work of the Youth Support Service and Job Centre Plus to provide pathways to employment by addressing needs and developing confidence, self esteem and employability skills.
18. Strongly endorsed by the Surrey Employment and Skills Board, the new model aims to raise the employability skills of young people, supporting economic growth by providing skills to the workforce, promoting employment opportunities for young people and transforming the role of public services in working with young people and employers. The proposal is to pilot the changes in south west Surrey during 2014/15 and 2015/16, scaling up Surrey-wide from September 2016.
19. Estimated cashable savings to the public sector as a whole from Skills for the Future will reach £16m per annum at the end of 10 years. If full implementation begins in September 2016, in year net savings should start to accrue from 2018/19 i.e benefits exceed costs. The largest impact will be in a reduction of young people claiming benefits, contributing approximately £11m annually in cashable savings. The remaining cashable savings will come as a result of increased tax revenue from increased earnings and the impact **Skills for the Future** will have on the number of young people not in employment, education or training (NEET). The project will also bring estimated non-cashable economic benefits worth £2m to the economy as well as significant social benefits.
20. To achieve these savings will require public sector investment rising to approximately £10m per annum and £280,000 of one off initial development costs. About one third of the annual expenditure is to cover the costs of training for the substantially increased numbers of apprentices which will continue to be met by nationally funded programmes. A final business case which has been signed up to by all partners, will be brought to Cabinet, with recommendations.
21. The work on **Health and Social Care Integration** is progressing well. A new part of planning for the implementation is the Better Care Fund in 2015/16, with a transitional year in 2014/15. Previously named the Integration Transformation Fund, the aim of the Better Care Fund is to improve outcomes for vulnerable people through better integrated care and support, and a significant expansion of care in community settings.
22. Worth £3.8bn nationally in 2015/16, the Fund is not new money but an amalgamation of some existing funding streams alongside an expectation that Clinical Commissioning Groups (CCGs) will invest in community-based support, moving both activity and finance away from bed-based services in the acute sector and protect adult social care services. Surrey's share of the national figure is expected to be confirmed in the Final Local Government Financial Settlement as £71.4m, including both capital and revenue, with

some top slicing to Adult Social Care for Care Bill implementation and existing capital support, and district and borough councils for the Disabled Facilities Grant. There is also an expectation that previous support for carers' breaks and re-ablement will continue.

23. In guidance published on 20 December 2013, the LGA and NHS England set out six national conditions for the Fund:
- plans must be jointly agreed
 - protection for social care services (not spending)
 - seven day services to support discharge and prevent unnecessary admissions
 - better data-sharing between health and social care
 - a joint approach to assessments and care planning
 - agreement on the consequential impact of changes in the acute sector.
24. The Council has agreed with the CCGs that the required local plans will be drawn up on the basis that adult social care will gain £25m of benefit in 2015/16. Consequently, it is reasonable for the Council to set its budget plans accordingly for 2015/16, with reasonable prospects of that adjustment being built into the base: that depends on Government confirmation through future settlements that the BCF will be ongoing, as appears to be the intention, and future joint planning then continuing to generate the same scale of benefit to social care.
25. The LGA and NHS England's guidance on the Better Care Fund sets out the expectation that the plan will be agreed between the county council and Surrey's Clinical Commissioning Groups and will be signed off by the Health and Wellbeing Board. Planning is well underway with multi-agency workshops held in November and December in each of the local CCG areas. The draft, composite Surrey-wide plan must be submitted to NHS England by 14 February 2014, with the final version submitted as part of the overall NHS planning round by 4 April 2014. The draft plan is due to be agreed by the Health and Wellbeing Board on 6 February 2014. Cabinet will have the opportunity to consider the final version of the plan before it goes to the Health and Wellbeing Board for sign-off.
26. A key component of the **Health and Social Care Integration** strand is the work on **Dementia Friendly Surrey**. The proposed initiative, which will focus on North West Surrey, aims to build on the achievements of the existing Dementia Friendly Surrey programme. The initiative will target people at the early stages of dementia, who live alone, and are known to adult social care. The aim is to work with local communities to establish innovative and sustainable ways of using community assets to meet the needs of people living with dementia as well as their carers and consequently reduce the demand for statutory, high-cost services, particularly in the acute sector. Work has included ongoing engagement with the main public sector organisations in North West Surrey, including Ashford and St Peter's Hospital, North West Surrey CCG, and the four borough councils in the area. Work continues to

develop a cost benefit analysis and equalities impact assessment for the proposals.

27. The **Better Use of Public Sector Assets** strand will build on the leading role that the council is taking in the national Government Property Unit pilot addressing how councils and local partners can work more effectively with Government Departments and national agencies such as JCP and the courts service to maximise the opportunity for rationalisation and integration across property portfolios. Two projects are underway as part of this pilot in Spelthorne and Woking. Assets will also act as an enabler to the other strands in the programme, in particular where new models of delivery involve the integration and co-location of services, to reduce the collective property footprint and secure receipts and operational savings. Further work to identify the full range of opportunities across national and local partners is ongoing.
28. The work on the sixth strand, **Transforming Justice**, has now been sequenced to begin in the spring. The intention is to begin the detailed discussions with a focus on more integrated working and case coordination to reduce offending and reoffending, reducing costs to the police and criminal justice system.

Invest to save funding

29. The process of developing the business cases for each of the strands has identified areas where the council and partners require additional specialist capabilities in order to support the further development and implementation of the ambitious changes required. The three critical areas of support are communication and engagement, business analysis and evaluation and change management. Cabinet are asked to agree an 'invest to save' funding of £300,000 from Surrey County Council for these additional resources, covering the period to March 2016.
30. A resource has already been identified to develop and deliver a programme of communications and engagement for the programme, including internal OD as well as external consultation and engagement. This will support the programme through to full implementation at a cost of £100,000. Subject to securing invest to save funding, further resources will be secured to provide analysis of new delivery models, evaluate pilots, track benefits, manage interdependencies and support investment agreements, up to a cost of £100,000.
31. Partners have also identified the need for specialist support to manage the significant workforce development and cultural change that will be required to deliver this ambitious transformation programme across multiple organisations. Change of this nature takes time, and will require substantial organisational commitment and investment across all partners. Invest to save funding of up to £100,000 from the council will be used to kick start the process and set in place a framework for delivery.

Transformation Challenge Award funding

32. In October, the Government announced that Surrey County Council and East Sussex County Council had been successful in securing £750,000 from the Department for Communities and Local Government's Transformation Challenge Award. The joint bid secured support for both the development of

shared back office services across the two councils along with support to develop and implement the emergency services collaboration work.

33. The two councils are currently developing options for further extending and accelerating joint working across shared services, with a detailed plan to be agreed in the spring. The Transformation Challenge Award will be used to support this development in line with the bid.
34. The Award has also been allocated to resource a fulltime programme manager to support the emergency services collaboration through to implementation.

Governance

35. Due to the number of partners involved, the governance arrangements that support the programme are complex and dispersed, based largely around individual organisations rather than across the overarching programme. As proposals are developed and move towards implementation, there is a growing need to ensure that effective governance is in place that it is accountable, transparent and able to support robust decision-making.
36. Cabinet are invited to ask the Chief Executive to work with partner organisation to bring forward proposals for robust and appropriate governance arrangements for the public service transformation programme, including a process for strategic chief officer oversight.

CONSULTATION:

37. The proposals have been developed through a range of ongoing discussions and events involving Members and officers from across the council and partners, including through a Public Service Summit held on 9 January 2014. The Summit included more than 60 attendees and as well as providing an opportunity to hear about progress on each of the strands, demonstrated the level of commitment to this ambitious programme across multiple partners. As part of the Summit all county council Members were invited to a market place, which provided an opportunity to speak to those leading the strands and to network with partners.
38. Partner involvement has included Surrey District and Borough Councils, Surrey Clinical Commissioning Groups, Surrey Police, Sussex Police, the Police and Crime Commissioners for both Surrey and Sussex, Surrey and Sussex Probation Trust, South East Coast Ambulance Service, East Sussex Fire and Rescue Service and West Sussex Fire and Rescue Service.
39. Partners are also consulting and engaging through their own governance arrangements in order to ensure appropriate support for the proposals. Given the wide range of partners involved, this is crucial to ensuring the programme remains on track with the support of all those involved. Subject to Cabinet approval, further work to develop robust governance arrangements across the public service transformation programme will enable effective linkages to be made on consultation and engagement.
40. The Chief Executive provided a briefing to Cabinet and all Members in August, setting out the ambition and scope of the overall programme, and a further update in November. Cabinet Members have each taken responsibility

for strands which form part of their individual portfolios, recognising that there may be some overlap of responsibilities given the transformative nature of the proposals and the partnership approach. Appropriate arrangements will be made for Members to input to policy development and for scrutiny as the programme progresses.

RISK MANAGEMENT AND IMPLICATIONS:

41. At the overall programme level, a risk register is in place and the appropriate mitigating actions are being taken. As is to be expected for a programme of this size, scale and complexity, there are a number of risks. These relate in particular to capacity for delivery, the complexity of the programme, the timescales and speed of development and implementation, and the level of partnership engagement and commitment required.
42. Risks related to individual strands including potential risks associated with implementation and realisation of benefits have been set out within the individual outline business cases, and continue to be assessed and managed.
43. The programme overall is dependent on central government support in two key areas. Firstly, in a number of areas changes in national policy will be required to successfully deliver the programme. Secondly, central government support will be required to realise the benefits and ensure that some of the financial benefits of transformation accrue to local areas through investment agreements. Support from the Public Service Transformation Network will be required to negotiate with central Government on both of these critical areas.

Financial and Value for Money Implications

44. Public service transformation is intended to reduce public expenditure in an area by shifting the balance of resources away from reactive and acute services to early help and preventative services. The case for transformation is based on the potential for significant improvements in the effectiveness of local services, increased value for money and improved outcomes for residents.
45. The attached documents represent a significant step forward in the level of detailed financial analysis and modelling. However, figures are largely illustrative at this stage and further work will be required to determine where the potential benefits will accrue across partners and to develop investment and risk-sharing agreements both across local partners and with central Government.

Section 151 Officer Commentary

46. The approach and methodology being used to develop the business cases is supported and the progress towards illustrative costs and benefits welcomed. As an iterative process it is essential to refine the business cases further to substantiate the financial figures included in each business case and the MTFP (2014-19). In particular development of an investment agreement for each business case is a vital stage in this process.

47. As part of the approach it is crucial that draft service implementation plans will be developed which underpin the final business cases and that partners endorse the business cases and investment agreements.
48. Progress towards delivery of the net benefit to the County Council is reflected in the MTFP (2014-19) of £10m; this will be monitored using the same mechanism as will apply to other MTFP efficiencies during 2014/15.

Legal Implications – Monitoring Officer

49. At this early stage, there are no legal implications arising directly from this report. Potential legal implications are likely to emerge as part of the service design process during the further development of business cases, and will be addressed as part of the development of implementation plans. There will be a need to look at whether any consultation exercises will be relevant as the strands are developed and for these to be taken into account in any future decision making.

Equalities and Diversity

50. In making decisions about public service transformation, the Cabinet must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to:
- “eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.”
51. Equality Impact Assessments have been completed as part of the development of the business cases and will be an ongoing process to inform decision-making as the business cases and subsequent implementation plans develop further. At this stage the programme is expected to have a positive impact on groups with protected characteristics, notably for young people and people with special education needs and disabilities.

Other Implications:

52. The potential implications for the council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out under the following headings. Public service transformation will improve outcomes for residents, including the most vulnerable such as children, and adults with dementia. The detailed implications will be assessed as part of the further development of business cases.

Corporate Parenting/Looked After Children:

53. A number of the proposals could have a positive impact on looked after children including the Family Support Programme, Skills for the Future and Transforming Justice.

Safeguarding responsibilities for vulnerable children and adults

54. A number of the proposals could have a positive impact on safeguarding responsibilities, through enhanced partnership working and whole systems approaches, including the Family Support Programme and Health and Social Care Integration.

Public Health

55. A number of the proposals could have a positive impact on public health including the Family Support Programme, Skills for the Future, Dementia Friendly Surrey, Health and Social Care Integration and Transforming Justice.

WHAT HAPPENS NEXT:

- The refinement and completion of business cases underpinned by service implementation plans for each strand with partners, supported by the Public Service Transformation Network.
- Progress toward the delivery of the net benefits will be monitored using the same mechanism as will apply to other MTFP efficiencies during 2014/15.
- Further discussions with partners and central Government to develop and secure investment agreements based upon the business cases.

Contact Officer:

Mary Burguieres, Policy and Strategic Partnership Lead Manager, 020 8541 9613

Consulted:

Leader and Deputy Leader

Cabinet

Surrey County Council Members

Council Leadership Team

Surrey Leaders

Surrey Chief Executives

Chief Finance Officer

Relevant Heads of Service

Senior managers and staff within Directorates

Police and Crime Commissioner/Chief Constable/Surrey Police

Police and Crime Commissioner/Chief Constable/Sussex Police

Surrey and Sussex Probation Trust

South East Coast Ambulance Service

Surrey Clinical Commissioning Groups

East Sussex Fire and Rescue Service

West Sussex Fire and Rescue Service

East Sussex County Council

West Sussex County Council

Public Service Transformation Network, Department for Communities and Local Government

Annexes:

Annex 1:

- a. Emergency Services Collaboration

- b. Extending the Family Support Programme
- c. Skills for the Future

Sources/background papers:

Reports to Cabinet on Public Service Transformation, 22 October and 23 July 2013.

Strand title	Emergency Service Collaboration
Sponsor(s)	Lynne Owens - Chief Constable Surrey Police
SCC Lead	Ian Thomson – Surrey Fire and Rescue Service
Programme team members	Linda Wood – Programme Manager John Griffiths & David Wells – South East Coast Ambulance Service NHS Foundation Trust (SECAmb) Gavin Stephens, Darren Mcinnes & Chris Colley – Surrey Police (SurPol) Ian Thomson & Karen Pointer – Surrey Fire & Rescue Service (SFRS) Ian Good – Surrey County Council (SCC) Wayne Jones – Sussex Police (SusPol) Liz Ridley – East Sussex Fire and Rescue Service (ESFRS) Adrian Murphy – West Sussex Fire and Rescue Service (WSFRS)
Version number and date	Final version 1.0 15 January 2014

1. Aims and objectives

Introduction

The landscape of public services is shifting rapidly. Fiscal pressure and demographic variances are changing the pattern of demand and the 'old' models for delivering public services are no longer sufficient or sustainable. Recent reports have illustrated that there is a case for transformational change across the three emergency services at the local level, working closer together, reducing overlap and offering an improved service to the public. Collectively the services cover an area of approximately 2140 square miles and serve 2.7 million residents.

Recognising this, Surrey and Sussex Blue Light Chief Officers have agreed that they will work in partnership to transform the way the emergency services collaborate, using a phased approach that takes account of existing change programmes.

Each of the six services currently have significant change programmes underway. The Blue Light programme will not preclude or hinder this progress, but will seek to identify opportunities to reinforce - and build on - work streams already in train. This will allow the services to engage at different stages, dependant on the case being made for change and local interdependencies. As public services seek to better manage and reduce demand by developing more integrated responses to tackle the changing patterns of demand, the programme is starting to engage a wider range of partners (particularly those working in areas around troubled families, social care and mental health).

This is an ambitious programme of transformational change, which is still in the formative stages, focussing on aligning strategies and satisfying individual governance arrangements. Also, during this stage, shorter term projects are being progressed to start the cultural change process required to deliver the longer term vision.

This programme update builds upon the summary outline business case dated 9 October 2013 and considered by the SCC Cabinet on the 22 October 2013.

2. Case for change

Reports by Ellwood, T (2013) and Knight, K (2013) have identified that there is a case for change across the three emergency services, working closer together, reducing overlap and offering an improved service to the public. The emergency services currently operate effectively, but largely independently of each other. There is scope to transform the way the organisations work through greater collaboration in a number of areas. This does not indicate dissatisfaction with current outcomes, rather a recognition that there is much more that could be achieved through collaboration rather than separation.

The broader landscape within which emergency services operate is also changing and there are a number of issues – global, national and local which further strengthen the case for change¹.

The summary outline business case dated 9 October 2013 outlined the following options for consideration:

- Joint control and dispatch function across Surrey and Sussex Blue Light Services
 - Joint operational response and joint tasking for certain incident types
 - Joint Surrey Civil Contingencies Unit
 - Joint operational support functions
 - Joint prevention programme.
- a) **Current arrangements for control and dispatch:** There are currently 13 emergency control centres across the six emergency service organisations; all have separate technical systems and processes in place for managing emergency (999) and non-emergency (111 ambulance and 101 police) telephone contact. There is currently a manual / verbal ad hoc process for transferring information between the services. This creates a delay (average 4 minutes per data exchange) and does not facilitate a 'common operating picture' of the incident or joint understanding of risk.
- b) **Current arrangements for operational response:** Each Blue Light service responds to incidents in isolation of each other as systems are not joined up. For the incidents that require an operational response from more than one emergency service at the same time there are significant overlaps and duplication of effort. Although a small percentage of the overall demand for some services these incidents often occur during periods of peak activity and can have a high societal impact. The ICT elements of the contact, control and dispatch stream will allow us to progress and coordinate this type of work from the point of report. Examples include:
- Identification of persistent callers across the emergency services is difficult because of the different technology used and details recorded. This can tie up resources unnecessarily and does not address the needs of the persistent caller or other callers who may need an emergency service response. One specific caller contacted the emergency services over 2000 times in a six month period, with an estimated collective cost of more than £50k.
 - The demand on fire and rescue services is reducing significantly whilst it is increasing for ambulance services. The irreducible spare capacity within fire and rescue services could be utilised to support SECamb in meeting this demand and providing patient care to support the existing community first responder scheme.
- c) **Current arrangements for Civil Contingencies:** County Council, Borough and District Councils, the emergency services and other category 1 responders all maintain separate arrangements for discharging their duties under the Civil Contingencies Act 2005. Surrey and Sussex Police are currently progressing Lead Force arrangements which, once further progressed, may provide the opportunity for wider transformational change.
- d) **Current arrangements for operational support:** The emergency services all have requirements for the provision of support functions for their operational activity. There is currently little coordination of these functions between services and they are disparately located. The shared geography offers an opportunity to rationalise and remove duplication between these teams, thereby reducing costs and improving operations.
- e) **Current arrangements for prevention activity:** Community safety (prevention) activities and operational support functions are largely delivered independently by the Blue Light services, resulting in duplication of cost and effort. However, specific scoping of the opportunities in this area has yet to be completed due to capacity and time constraint issues.

3. Proposed new delivery models

The increased ambition of the programme and the inclusion of Sussex Blue Light services has slowed the pace as the team has sought to ensure wider partner agreement to the proposals. Progress has been made in developing proposals for delivery models in a number of the areas of work.

Joint contact, control and dispatch function:

- a) In the short term there is a plan to link existing command and control systems electronically to speed up information transfer and develop an improved 'common operating picture'. This will utilise the Multi-Agency Information Transfer (MAIT) system that has been piloted in Wales, reducing the average data transfer time to approximately 16 seconds.
- b) In the longer term there is a desire to develop a joint contact, control and dispatch function that incorporates co-located accommodation, with integrated ICT systems and multi-skilled police / fire operators for call handling and dispatch (with separate SECAmb operators working on the same ICT platform). This could be delivered within 5-7 years and will take account of existing change programmes.

There is the potential to include other agencies in this venture, such as health and social care partners, as well as complementary capabilities, such as coordination of CCTV functions.

Joint operational response:

- c) The organisations will move to establish systems to identify and manage the impact of persistent callers at point of contact between services and develop a longer term integrated solution in line with current ICT contract timelines.
- d) There is a rapidly evolving plan to implement a first responding scheme by Surrey Fire and Rescue Service across the county, where appropriately trained staff are able to support SECAmb and the public by providing potentially lifesaving early medical care. This will then be further enhanced by the provision of Emergency Care Support Worker (ECSW) qualified staff on fire engines in the longer term to improve the medical response at Fire Service incidents.

Joint Civil Contingencies Unit:

- e) The work to date has focussed on the Surrey position and will now move to the mapping of opportunities for collaborative working between LRFs and to continue with the longer term progress aligned with the Police LRF arrangements.

Joint operational support functions:

- f) The programme team is identifying resources to undertake work with partners to produce a paper scoping the costs for each function and time scales where opportunities exist. Where these arise, and with Chief Officer agreement, projects will be scoped to deliver operational support functions on a collaborative basis. Opportunities being explored further include:
 - Collaborative fleet and equipment management, including consumables such as bunkered fuel
 - Stores and supplies functions
 - Estates and facilities management
 - Joint learning and development (including Driver training)
 - Occupational Health and/or Health & Safety teams.

Joint prevention programme

- g) Develop a broader approach to collaboration on preventative (community safety) activity to include other PSTN strands, in particular those that involve the wider health services (including mental health), social care and the voluntary sector.

Other proposed new delivery models will be developed as the programme develops.

4. Changes required

All of these changes will require a certain level of organisational and cultural change to make them successful and this is reflected in the revised pace of the programme. Changes may include the need for partnering agreements, Memoranda of Understanding and other arrangements for joint governance. ICT and data compatibility and sharing have created issues for the programme; the development of national standards in these areas would allow suppliers to create products that support collaboration between public sector organisations.

Project delivery teams will be established for each area of work and the changes required will be considered as each proposal is developed.

5. Financial case / Cost Benefit Analysis (CBA)

From the work to date, it is apparent that there are issues in matching the data across the services involved in this work. Data analysis and finance workshops are being held to overcome these issues, supported by staff supplied through the PSTN. The differing levels of engagement as the programme has been extended has limited progress with the provision of data to enable service costs to be obtained for some services in some areas but the programme team is exploring options to resolve the issues and hope, in the short term, to be able to analyse data across the services more effectively and build the business cases. Any more detailed CBA will include societal benefits such as lives saved, harm / damage mitigated and improvements to service provision. It will also identify some areas where cashable savings are likely, such as joint operational support arrangements and joint use of premises. Initial work does indicate the broad scale of savings that may be generated by this work. The PSTN has provided resources to assist with this.

Joint contact, control and dispatch function: Current annual spend on emergency contact centres across the six services is estimated at £45m but it should be noted that the baseline will be reduced as a number of partners are already changing their contact, control and dispatch centre arrangements. These will deliver savings but the projects should be linked to avoid double counting of benefits and where possible to take advantage of economies of scale, joint working and purpose-built sites. The potential savings, if a 10% saving was achieved, would equate to approximately £4.5m calculated from the early baseline figures. This figure does not represent the totality or ambition of savings and will be explored further when the business case is developed. The full implementation of MAIT could release thousands of hours of operator time across the six Services contact centres. However, it is recognised that financial savings may not be realised whilst the contact centres remain separate.

Joint operational response: One persistent caller identified through a case study resulted in total costs of over £50k. Work is underway to develop a more detailed CBA, this will include societal benefits such as lives saved, harm / damage mitigated and improvements to service provision. It will also identify some areas where cashable savings are likely, such as joint operational support arrangements and joint use of premises.

Joint operational support functions; Joint prevention programme: As noted above, the programme team are identifying resource to undertake work with partners to produce a paper scoping the costs for each function and time scales where opportunities exist.

6. Implementation plan

The programme plan is still being developed as the projects are scoped, however early indications suggest the following timescales are achievable for the work streams:

- a) By April 2014, formulate a bid to support the Blue Light collaboration work for the DCLG Fire Transformation funding, in conjunction with Police Innovation fund.
- b) By April 2014, agree a broader approach to joint preventative activity with other PSTN strands.
- c) By June 2014, scope the opportunities and potential benefits of collaborative working on operational support functions.
- d) By September 2014, update SCC and the PSTN on progress with the programme, including CBA development.
- e) By October 2014, implement short term deliverables, such as MAIT, a First Responder scheme and management of persistent callers and evaluate their impact on service delivery.
- f) By March 2015, have completed more detailed scoping of longer term aspects, such as collocated Blue Light working including joint emergency contact, dispatch and control function from fewer sites and the integration of ICT contracts to address persistent caller issues.

ⁱ **Global strategic trends** - National evidence indicates that incident types may become more complex, particularly in relation to major climatic or security events, which require a more integrated emergency response. **National imperative** - Emergency services have been asked to consider how they could best collaborate with key strategic partners, with the Chancellor stating in the last spending round that the government intends to drive greater integration of local emergency services. **Population change** - Demographic change is predicted to result in an ageing and growing population locally, which will place additional and more complex demands upon the emergency services. There is therefore an opportunity to develop a collaborative approach to these issues. **Demand trends for services** - Demand for services is changing and each organisation aims to plan not just around demand, but also risk. Greater collaboration has the potential to enable a combined view to be taken of risks and demand profiles to provide the most appropriate Service. **Ease of contact** - Improved ease of contact with the Police through 101 appears to be generating new business. Following the introduction of 101, demand increased steadily for 12 to 18 months before levelling off at the higher level and no drop was seen elsewhere. SECAmb has experienced a consistent increase in demand for 999 services with the introduction of the NHS 111 Service. With greater public uptake of new technology and use of social media, the way 999 and non-emergency calls are processed and responded to across agencies will need to adjust. This will increase the reliance on integrated ICT. **Performance** - Performance for answering non-emergency calls is less resilient than emergency because 999 lines take priority, with staff taken from non-emergency calls to ensure 999 lines are sufficiently staffed.

Outline Business Case Template

Strand title	Surrey Family Support Programme
Sponsor(s)	Nick Wilson, Strategic Director for Children, Schools & Families
Lead	Sean Rafferty, Head of Family Services
Project team members	
Version number and date	Draft 5 – 10.01.14

1. Aims and objectives

At any one time there may be as many as 4,000 to 7,000 families or households with multiple and complex needs living in Surrey. These families and households will often be in receipt of targeted support and other interventions from across a wide range of Surrey public agencies and the services they commission.

These families and households typically suffer from a range of socially determined inequalities. These will include inequalities in early childhood development and education, employment and working conditions, housing and neighbourhood conditions, standards of living and more generally the ability to participate easily in the many benefits of living in such an advantageous place as Surrey. These families can also feature more than others in the local criminal justice system through being both the perpetrators of crime and or anti-social behaviour and or as the victims of crime and or anti-social behaviour.

Where Surrey public service providers offer targeted support to these families too late and or ineffectively these families can require long term expensive support and may find themselves in high cost acute services which might have been preventable.

Many individual vulnerable service users in Surrey receive good and better public services. However there is rarely a systematic response to families and households who present with multiple and or complex needs with the exception of some acute response services where statutory frameworks on offender management and adult and child protection come into place.

The aim of the Family Support Programme is to shift the balance of resources targeted at these families away from high cost acute services in favour of earlier action and fixing problems once. This will be achieved through changing the way Surrey Public Services work together with those families who present with a range of needs across a number of Surrey public sector agencies.

The proposal draws on evidence from the Surrey Family Support Programme and recommends that this existing multi-agency programme be adapted and expanded to support a much larger number of families and or households.

The objectives of this Transforming Public Services proposal is to:

- Positively turn around the lives of up to 7,000 families/households who present with complex and multiple needs through an integrated multi-agency approach to commissioning and delivering services
- achieve significant productivity savings across the participating Surrey agencies

- achieve cashable savings that will contribute to local public agency efficiency requirements

2. Case for change

Recent years have seen a significant rise in individuals and whole families who present with multiple and complex needs that require a response or proactive intervention from Surrey public agencies, for example the significant increase in families supported through statutory children's care services. The Surrey Joint Strategic Needs Analysis identifies a range of family issues for priority action such as:

- Families living in poverty and on the edge of poverty
- Families living with parental mental ill-health and or learning disabilities
- Families living with substance misuse
- Families living with domestic violence and abuse
- Families involved in crime and or anti-social behaviour
- Families with young carers
- Gypsy, Roma, Traveller families

The Surrey public services that work with families, households and individuals presenting complex and multiple issues will include:

- Police
- CCGs, GPs and their commissioned community health service providers
- Borough and District Council community safety and housing services
- Registered social landlords
- Schools and FE colleges
- Early years service providers
- Probation services
- HM Prisons service
- Courts
- Job Centre Plus and DWP commissioned employment support programmes
- Publicly funded voluntary, community and faith organisation services
- County Council Children's & Safeguarding Service
- County Council Schools & Learning Services
- County Council Youth Support Services
- County Council and CCG commissioned adults and children's mental health and learning disability services
- County Council commissioned substance misuse services
- County Council Public Health commissioned services

These numerous public sector structures and delivery arrangements are complex with organisational boundaries that do not always lend themselves to simple and or coterminous partnership working. This complexity, made more difficult through the frequent reorganisation of public service structures by central government, has led to some difficulties in developing and agreeing shared early intervention and targeted services across Surrey agencies. Existing responses to families and households who present with multiple and complex needs can result in:

- Poor outcomes for families and family members with high levels of failure demand where because family problems are not responded to effectively by agencies the first time around they become repeat problems that can sometimes escalate to acute services;
- High costs through duplicated referral arrangements with multiple and overlapping assessments, plans and interventions from different services and organisations, sometimes at the wrong time and wrong place;
- Complexity and confusion for families and staff with disjointed referral and support

pathways and service thresholds;

- Families falling through gaps where service thresholds act as a barrier to earlier intervention and problem solving for all family members;
- High cost reactive spend when problems become acute, as opposed to more cost effective earlier interventions;
- Poor tracking of systemic costs and outcomes because many agencies are involved with the same families, and;
- Little incentive for some agencies to invest in earlier interventions as the benefits are often realised by other agencies

The ever increasing social care demand crisis in Surrey is a sign not only of changing demographics but a sign that current services and partnerships are not giving an effective response to many individuals who present with complicated needs and even less so for families. This comes at a high cost for Surrey agencies at a time when public service budgets are rapidly shrinking and when priorities for spend will need to be changed.

The case for change may also be considered as part of the Prevention Priority being developed as part of the county’s multi-agency Health and Wellbeing Strategy which seeks to develop a preventative approach to improve the following outcomes:

- Reduced gap in life expectancy between the poorest and wealthiest residents
- Less people smoking
- More people being physically active
- More people with a healthy weight
- Reducing hospital admissions due to drinking alcohol
- Reduced winter deaths

Those families and households who present Surrey public agencies with multiple and complex needs are most likely to be those families to present with poor health and range of poor health behaviours and who also have poor educational achievement, poor employment prospects and a low income and live in poor housing. Developing an integrated preventative approach that targets these families is a key part of the overall Prevention Strategy.

3. Proposed new delivery models

As part of the local response to the national Troubled Families Programme , Surrey public agencies have come together to develop the Surrey Family Support Programme. This multi-agency service model for working with families who present with multiple needs including adult unemployment, poor school attendance, crime and anti-social behaviour is made up of these key elements:

- Borough and District Councils are responsible for coordinating local agencies and their staff in working with families who meet the Troubled Families criteria;
- Each family joining the Programme has a single assessment and plan;
- Each family joining the programme is given a period of intensive practical support in the home by a dedicated Family Coordinator for a period of 12 weeks (average);
- All the agencies and practitioners working with a family agree to come together and work as a Team Around the Family for up to 12 months;
- One of the practitioners working with each family takes the role of Lead Professional to coordinate the multi-agency working with the family;
- Contact and communication arrangements across the practitioners working with each family are supported through a social media application, Patchwork;
- Clinical governance and quality assurance arrangements are provided by countywide agencies

This model of delivery has been in place in six boroughs and districts since March 2013 and countywide from October 2013 with resources in place to meet the local Troubled Families' target of turning around 1050 families by May 2015. The evidence to date is that this new way of multi-agency working is proving to be successful in responding more effectively to families who present with needs and problems requiring a response from a number of practitioners and or agencies.

Since April 2012 the programme has supported over 200 families with an intensive support package from their local Family Support Team supported by a multi-agency Team Around the Family (TAF). The DCLG's Director General for the national Troubled Families Programme has described Surrey's performance as 'tremendous.'

The new delivery model for this Transforming Public Services proposal is to take the Family Support Programme approach and scale it up to work with 4,000 to 7,000 families over the five years 2014 to 2020. This scaling up of families will extend the Family Support Programme to cover families that currently do not meet the Government's Troubled Families eligibility criteria. As part of developing the business case we will review which other families with multiple needs will be added to the Programme. The presenting issues that will be considered for the business case will include:

Presenting issues	Public Agency Stakeholders
Domestic violence and abuse	Police, Probation, MoJ, Home Office, Borough and District Councils, CCGs, Acute Trusts, SCC Community Safety, SCC, Children's Social Care, SCC Adults Social Care, SCC Public Health
Persistent anti-social behaviour and crime	Police, Probation, MoJ, Home Office, Borough and District Councils, CCGs, Acute Trusts, RSLs, schools, SCC Community Safety, SCC Youth Services, SCC Adults Social Care
Offenders, ex-prisoners	Police, Probation, MoJ, Home Office, Borough and District Councils, CCGs, Acute Trusts, RSLs, schools, SCC Community Safety, SCC Youth Services, SCC Adults Social Care, SCC Public Health
Substance misuse	Police, Probation, MoJ, Home Office, Borough and District Councils, CCGs, Acute Trusts, S&B Mental Health Trust, SCC Community Safety, SCC, Children's Social Care, SCC Adults Social Care
Families with pre-school children with complex , multiple needs	Borough and District Councils, CCGs, Acute Trusts, Job Centre Plus, schools, SCC Community Safety, SCC Early Years, SCC Adults Social Care, SCC Public Health
Children in alternative education	Borough and District Councils, CCGs, Job Centre Plus, schools, SCC Schools & Learning, SCC Public Health
Complex, multiple needs and low income and or high debt	All agencies
Mental Health and or learning disabilities	S&B Mental Health Trust, Police, Probation, MoJ, Home Office, Borough and District Councils, CCGs, Acute Trusts, Job Centre Plus, SCC Community Safety, SCC, Children's Social Care, SCC Adults Social Care, SCC Youth Services, SCC Public Health
Where parents or children are in care	Borough and District Councils, CCGs, schools, SCC Early Years, SCC Children's Social Care, SCC Adults Social Care, SCC Public Health
Multiple unemployment	Job Centre Plus, Borough and District Councils, FE Colleges,

	RSLs, SCC Youth Services, SCC Adults Social Care
Frequent A&E visitors	Acute Trusts, CCGs, SCC Public Health, SCC Children’s Social Care, SCC Adults Social Care
Homeless families	Borough and District Councils, RSLs, CCGs, Acute Trusts, Job Centre Plus, schools, SCC Early Years, SCC Adults Social Care, SCC Public Health
Teenage Parents	Borough and District Councils, CCGs, schools, Job Centre Plus, SCC Early Years, SCC Public Health

Key to developing this business case is achieving a better understanding of how many families present with complex and multiple issues and the combination of needs these families present.

Scaling up the Family Support Programme to work with a much higher number of families and with greater importance placed on improving productivity across agencies will require changes to the model of delivery. These changes will be worked through in detail as part of developing the Cost Benefit Analysis for the Transforming Public Services proposal.

Following multi-agency meetings over the Summer and Autumn last year support was given to the following key service design principles of the new delivery model:

1. Multi-agency leadership

- The joint commissioning of the new delivery services by the participating commissioning agencies
- Aligning and or integrating current and new services alongside the new services
- Authoritative and systematic local leadership of multi-agency services

2. Integrated Systems and Practice

- Integrated multi-agency assessment arrangements
- Integrated Team Around the Family working arrangements at the local level
- A lead agency and lead professional for each family
- A single and sequenced multi-agency plan for each family
- Common, simpler and lower cost working practices
- Multi-agency IMT systems for identifying and tracking families and family outcomes
- Multi-agency IMT that connects practitioners and integrates case working
- Joint commissioning of local aligned and allied intervention services
- Multi-agency performance framework with clear families’ outcomes framework
- Overarching clinical governance and QA arrangements
- A workforce development programme

3. A Whole Family Approach

- All agencies working with the whole family
- Families involved in co-producing their assessment and solutions
- Each family given a period of practical home based support
- Interventions adapted to family complexity and need, i.e. intensive, medium and lite
- Work, training and or education (or other meaningful activities) a key outcome for every family

Beginning the redesign

An underpinning principle of any redesign of local services is that we are planning to create integrated and systematic networking arrangements and not structural integration. The reason for this being that the move towards integration through community budgets and systematic joint working can be more quickly and easily achieved than a structural change that could easily get

stymied by legal and financial complexities.

The service redesign is informed by the Cost Benefits Analysis and should seek to align services and staff around families with multiple and complex needs .It is proposed that local agencies begin the move towards an authoritative and systematic approach to integrated working with families and households who present with multiple and complex needs through the following three service design work streams:

Team Around the Family and Intensive Support

This design workstream will look at the current Family Support Programme Team Around the Family arrangements and look to see how the arrangements for governance, multi-agency working, aligned services, etc, can be made more efficient and effective. Insight and support can be drawn from the current multi-agency Team Around Family arrangements.

As part of the current Team Around the Family arrangements families are given a period of 12 weeks (on average) intensive support in the home. The nature and duration of this intensive support will be reviewed as part of this service design.

Very Complicated Families

There is a cohort of very complicated families that will grow as part of the scaling up. Typically these families have a combination of mental ill-health, substance misuse and domestic violence. Current multi-agency arrangements with these families are not sufficiently systematic to prevent a significant number of them falling into high cost acute services. A more specialist TAF arrangement could be more effective and efficient. This workstream will operate as a 'Discovery' project at this stage .

- Who are these families?
- How do the issues across individual family members create greater complexity?
- Are their needs known/hidden?
- What is their impact on communities?
- To what extent are problems inter-generational?
- What is their impact on agencies/resources?

Multi-agency Interventions

Scaling up the FSP to include more families with a wider range of problems creates a situation where we need to determine a new set of multi-agency interventions .There is potentially a long list of interventions that may be developed but the key ones for now will be:

- Reducing repeat incidences of Domestic Violence
- Homelessness prevention
- Reducing Mental Health in-patient and outpatient activity
- Work readiness and employment (turning high cost families into tax payers)
- Preventing children entering into formal interventions
- Reducing A&E admissions
- Substance misuse recovery
- Reducing exclusions and other high cost education interventions

These interventions also help describe the nature of the integrated arrangements necessary to effect better financial and family outcomes.

4. Changes required

The current Family Support Programme and its implementation provide a good insight into the changes that will be required to achieve greater productivity in a scaled up programme. All Surrey agencies will need to undergo significant change to develop and deliver on the new model of delivery. Changes will include:

Leadership Culture Change – A key success criteria for the new delivery model is integrated working

where the closer the integration is the better the family outcomes are and the greater the productivity benefits. Whilst there are many examples of good integrated working arrangements across Surrey, moving to this model of working will require a significant and closer degree of partnership working where agencies and services will cede some of their control over resources and services to a very different style of shared leadership and accountability.

Workforce change – those staff who work with families and especially those that will make up the Teams Around the Families will need to change their current working practices. Shared risk management with other practitioners and finding mutual and collaborative solutions with families will be a critical part of this. Developing a much more systematic approach to team working and working with families will be necessary too.

Organisational Change – the new model of working will require a considerable degree of change to organisations through new working arrangements and procedures and through some organisations stopping doing things to reduce duplication and some organisation performing functions on behalf of others.

Family and Community Change – Families upon leaving the Programme will need to be much less reliant on local public services and look to getting better support from within their communities – a change in community social capacity, including VCSF support, will be needed for some families to avoid re-entering the support systems. Greater self-reliance will also be needed of many families.

Financial change – Moving to a community budget approach where agencies budget and invest together will require a shift in current budgeting and planning arrangements and require that all agencies have a greater understanding of whole place budget and investment implications. The financial dependencies across Surrey public agencies will be clearer and closer. The development of the cost benefits analysis has illustrated the need for Surrey agencies to develop a more sophisticated understanding of business costs and activities.

Courage and Pace of change – It is often the case that partnership working in Surrey can be complex and slow. To realise the opportunities presented through Transforming Public Services in good time to improve community outcomes and public service costs requires a faster pace of change.

Government change – Government has a clear role to play in the development and delivery of a new scaled up Family Support Programme. Requests to Government to help this proposal to succeed will include:

- Support on integrating and simplifying current statutory assessment and planning arrangements
- Giving much greater control to Surrey agencies over the commissioning and oversight of local skills and employment programmes
- When the Troubled Families Programme is extended beyond 2015, Surrey should be able to claim any payment by results for families worked with in 2014-2015 who meet the new eligibility criteria
- Encourage and or incentivise RSL participation
- Pump prime the local development through invest to save
- NHS England to commission into the programme, e.g. specialist mental health services commissioning

5. Financial case

In preparing this outline business case it is possible to draw upon the published business cases from three of the government community budget areas who have also included a families with multiple

and complex needs project in their local programmes. These three areas are Essex, West Cheshire and Chester and Greater Manchester authorities. The businesses cases for these areas set out the following financial case summaries:

Essex

“ The total investment [required is] £17.9M resulting in a revised operating costs of£23.4M and net ..operational benefits of £34.6M. Long term steady state net cashable savings are estimated to be c.£7.8M per annum.”. The business case estimates £58M of cashable savings over a 7 year period.

West Cheshire and Chester

“...a whole system, cross sector, coordinated approach can significantly reduce demand on a range of public services. Overall the model has the potential to release a net fiscal benefit of £2.087M over five years [for 525 families] and that improved outcomes will provide reinvestment opportunities for public services.”

Greater Manchester Authorities

“Current estimates suggest that the costs of intervention of the New Delivery Model with the total cohort of families [8090] is £138M with benefits of £224M. It is estimated that £110M of the £224M represents cashable savings.”

The Surrey Cost Benefit Analysis

A preliminary Cost Benefit Analysis has been prepared using the Transforming Public Services Network methodology. This preliminary cost benefit analysis has considered the efficiencies that could be achieved through an integrated preventative approach. This preventative service cost benefit analysis may be summarised as follows:

Table 1: COST BENEFITS SUMMARY FOR 1,000 FAMILIES PER ANNUM

Headline Outcomes Measure	Benefits included and or excluded from the headline benefit	Range of fiscal benefit over 5 years (aggregated impact of benefits where known)	Average cashability (average across benefit measures included in the headline outcome measure)
Employment (inc NEETs)	Inc. JSA, ESA, Council Tax, NEETS (age 18-24) (excl. IB, JSA (LP), DLA, Work Programme NEETS 16-17)	£5.02M – £8.84M	98%
Health and Adults social care	Inc. Mental Health – inpatient and outpatient, CAMHS, anxiety/depression; Smoking, Type 2 diabetes, hypertension. (excl. A&E attendance)	£1.24M – £1.87M	50%
Crime and anti-social behaviour (inc Domestic Violence and Abuse)	Inc. Youth offending, Adult anti-social behaviour, Domestic Violence police call-outs (Excl. Repeat adult offenses, crime against individuals and households, domestic violence arrests, community sentences	£8.67M- £15.18M	60%

	and custodial sentences)		
Housing	Inc. Family homelessness, rent arrears and evictions, housing related anti-social behaviour, young people’s homelessness. (excl. Sustaining tenancies)	£4.08M – £6.53M	60%
Substance misuse	Inc. Young people and adults drugs and alcohol treatments	£3.45M – £5.75M	51%
Schools and pupil behaviour	Inc. Unauthorised absence, alternative support, exclusions and PRUs, adolescent behaviour (excl. Special Schools)	£14.35M – £21.43M	60%
Children’s social care	Inc. Children in Need, parenting programmes (excl. Looked after children)	£2.55M – £3.76M	60%
Total		£39.37M to £63.36mil	

Annual value of fiscal benefits at year 5: £15.37M to £24.73M

Comments on the Cost Benefits Analysis

For the purposes of this preliminary cost benefit analysis a wide range of assumptions were built into the costings such as an assumption to work with 1,000 families in each year, or 4,500 families over five years. estimates on likely engagement and success rates, a lag time for setting up the new service arrangements and developing the capacity to achieve full benefits, etc. Where local data was not available proxy data from national research and or data from other community budget pilots, e.g. Essex, was used.

It should be noted that all Surrey agencies struggled to provide a set of robust data against the preventative measures. In particular agencies struggled to provide unit costs against key transactional activities in the time given over to collecting and collating the data. This is not unique to Surrey since the Community Budget pilots each spent a long time in developing their analyses and had to rely on a wide range of national data sources as opposed to locally derived data. The summary cost-benefit analysis table above does not contain data for all outcome measures identified by partners. The final cost benefit analysis will seek to quantify the fiscal benefits for 43 outcomes. However, we currently only have enough data to provide fiscal benefits for 29 outcomes and therefore the total overall fiscal benefit is likely to increase as more data becomes available.

An optimism bias was applied to all data with -40% applied to all bottom of the range benefits . Top of the range benefits applied a range of assumptions based on the Transforming Public Services Network technical guidance and advice from the Network’s Finance Adviser.

Data from the current cohort of families in the Family Support Programme was used for most of the population assumptions that relied on Surrey data. It should be noted that an expanded programme would touch on a broader range of families and that for future iterations of the this cost benefits analysis data will need to be drawn from a wider set of family data sources where available.

A key issue for developing the cost benefits analysis is developing a clearer understanding of the impact of the fiscal benefits on current spending plans and projected demand on services. In this iteration of the analysis it is not known for all of the individual fiscal benefits as to whether the benefits are:

- a) Cashable, i.e. that the fiscal benefit may be used for an added financial saving against current financial plans and or reinvested in service to achieve other benefits and or contribute to planned budget reductions, or;
- b) Cost avoidance, i.e. that the derived benefit avoids future planned costs, e.g. absorbing a planned increase in service demand
- c) Realisable, i.e. for some measures the fiscal benefit may only be realised above a specific scale. E.g. if a new intervention reduces police call-outs, it can only be a realisable benefit if call-outs are reduced to a scale that permits the increased productivity to be diverted elsewhere or made cashable through reducing staff numbers..

For the purposes of this iteration of the cost benefits analysis cashability has been assumed at 100% or 0% where known and at 60% where unknown. This assumption is in line with the Essex CBA and agreed through the Transforming Public Services Network.

The cost benefit analysis has been shared with technical advisors from the Transforming Public Services Network who have commented that the analysis includes 'a lot of good content....backed up with evidence.' The challenges regarding making population assumptions and estimating cashable savings have been faced by all the community budget pilots.

Next steps to developing the cost benefit analysis

This preliminary cost benefits exercise, using a range of Surrey community data, has been able to demonstrate that there is great potential to realise improved community outcomes and significant fiscal benefits through an integrated preventative approach to working with those families and households. It also demonstrates that a sophisticated understanding of finances and financial management will be necessary to put in place the community budget arrangements to effectively realise the full benefits.

Next steps on developing the preventative service cost benefits analysis will include:

- Developing with partners a better set of population assumptions and local unit costs
- Using a multi-agency 'expert challenge' group to work through issues over understanding benefits cashability
- Developing fiscal benefits across all the relevant service outcomes
- Determining how shared fiscal benefits are distributed across partner agencies

A further stage of developing the overall cost benefits analysis will be to calculate the costs of delivering any new service arrangements and contrast these with current costs. For the time being it is assumed that the costs of delivering the new integrated arrangements may be managed within existing costs and or invest to save.

A key test analysis will be testing out the case as part of implementation and delivery. A key part of any delivery arrangement will require the careful capture and realisation of benefits.

The cost benefits analysis methodology devised by the Transforming Public Services Network, in addition to proving a method to calculate fiscal benefits, also provides a methodology to calculate the economic and social benefits of any preventative programme. The social and economic benefits that may be derived from this work will be developed at a later iteration of the analysis.

6. Implementation plan		
Step	Date	Risks
Agree scope of new service	By April 2014	We need to be able to scope the scale quickly in order to develop the business case
Develop Cost Benefit Analysis	February to June 2014	Agencies will struggle to provide the activity and financial data necessary for a detailed business case. Agencies may not give the production of this work priority to meet the timescales. The final the business case will need to be based on best available data.
Run Co-design workstream	February to July 2014	The timescales will be challenging to work through and agree across agencies the new service model. Significant agency participation is required.
Agree implementation plans	June 2014	The timescales will be challenging to work through and agree across agencies the new service model. Significant agency participation is required.
Begin implementation	From April 2014	Many cost benefits may only be realised once the new delivery model is in place . A complex and or slow implementation might delay benefits realisation. The new delivery model will require radical change to organisations, staff and families. Careful risk management will be necessary at implementation.

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Outline Business Case

Strand title	Skills for the Future (14-25)
Sponsor(s)	Garath Symonds, Assistant Director for Young People
Lead	Frank Offer, Head of Commissioning for Young People
Project team members	Marcus Robinson, Kevin Lloyd, Emily Kavanagh, Anthony Durno, Rachel Ford, Beverley Johnston
Version number and date	2.2 10/01/13
1. Aims and objectives	
<p>Our proposition is to ensure that every young person educated in Surrey has the employability skills needed for their future. We want young people to have the confidence and ability to meet their potential, secure employment and grow the Surrey economy. This will yield tangible financial and social benefits for Surrey.</p> <p>This will be achieved through investment in young people’s employability skills and transforming professional and technical, education and training pathways for young people in Surrey aged 14 to 25 years. We want to strengthen the county’s position as a leading economic region and to grow the Surrey economy at a faster rate than comparable global regions. We will deliver a more efficient skills system, improving the match between skills required by business with those of young people aged 14 to 25, set out in a ‘Surrey Employability Curriculum’. We will provide pathways for young people into sustainable rewarding employment, whilst ensuring Surrey businesses benefit from a pool of young talent with the skills employers demand.</p> <p>Key objectives of the new model are:</p> <ul style="list-style-type: none"> ○ ‘Surrey Employability Mindset’ - Young people able to make informed choices by integrating, reforming and localising information, advice and guidance (IAG) from age 13 to 25. ○ ‘Surrey Skills Pathways for Employability’ - An all ability education pathway from Year 10 to Year 20 focused on an employability curriculum. ○ ‘Surrey Young Adult Employment Support’ - Secure employment for young people through working with employers and integrated support for unemployed young people, providing pathways to develop adaptive employability skills for the 21st century job market. 	

2. Case for change

- Education should inspire young people. New personalised pathways should raise the aspirations and potential of individual young people.
- Young people are struggling to find employment as they leave education without the skills employers demand. Employers report dissatisfaction with the readiness of school and college leavers in key employability skills and in literacy, numeracy and computing. The attitudes, behaviour and emotional literacy of young people are also criticized. For the 21st century job market young people will need to be more adaptable than ever, with skills that will serve them across numerous careers.
- To maintain its position as a leading economy (largest contributor to the exchequer other than Greater London) Surrey needs young people with the right skills. A labour skills gap is growing and was highlighted in recent research with employers by both Enterprise M3 and Coast to Capital Local Enterprise Partnerships (LEPs).
- The information, advice and guidance that young people are receiving has been widely criticised nationally as being unsuitable and insufficient. Young people in Surrey need access to impartial, high quality information, advice and guidance. This should be well informed by employers' needs and promote a wide range of education and training opportunities, including technical and professional qualifications from age 14. This need was highlighted in focus group research conducted by Surrey County Council.
- Some of our most vulnerable students are being let down by the current system. A large number of professional and technical qualifications are not given equal status leading to many schools narrowing their curriculum. Also colleges are put at a disadvantage if they recruit young people who are at risk of not completing a course. This is at a time of increasingly more complex special education needs including Autism and Behavioural, Emotional and Social Difficulties (BESD).
- With the Raising of the Participation Age placing a duty on all young people to participate in education or training until their 18th birthday we need to create a flexible and personalised curriculum that meets the needs of all learners.
- A large number of programmes to support young people into work either overlap or are failing, creating inefficiency and complexity. The Confederation of Business Industry (CBI) identified 47 initiatives to support employers hiring and training young people.
- Many post-16 options are considered more complex and less intuitive than staying in school to do A-Levels. A 14-19 system of education would better support transition and provide more structured pathways for young people.

3. Proposed new delivery models

The new model sets out to raise the employability skills of young people. It will support economic growth by providing skills to the workforce, promoting employment opportunities for young people and transforming the public sector's roles in working with young people and employers.

It will create a seamless and dynamic education system for young people from Year 10. This will be supported by high quality impartial advice provided from Year 8, including work experience. Professional and technical qualifications will be seen as an equally valuable route for learners for whom it is most suited and pathways will develop employability skills.

The heart of the new model is the '**Surrey Employability Curriculum**', which sets out the attitudes, behaviours and skills that Surrey employers now require in young people for the future growth of the Surrey economy. The model will be co-designed with employers, educators and young people and promote a joined up working and a whole system leadership approach. It will drive change from all organisations and young people to enhance young people's employability and entrepreneurial skills. Schools will become more engaged with employers with the Surrey Employability Curriculum owned and disseminated by the Surrey Employment and Skills Board, which comprises leading employers and representative organisations with links to both major employers and SMEs in Surrey.

The model has three key components as set out below:

1. '**Surrey Employability Mindset**' –Information, Advice and Guidance (IAG) implemented through a Quality Framework that ensures a comprehensive, impartial approach to IAG. This will involve a universal offer for every young person aged 13 to 18 and targeted 1 to 1 support for young people not in education, employment or training (NEET) aged 16 to 24. The framework will require that young people be made aware of the options appropriate to them and given the information required to be able to make well informed decisions. Delivery will include 1 to 1 support, structured transition planning, work experience for young people and teachers to build awareness of the requirements of employers, opportunity fairs to promote education, training and employment pathways, use of social media and local networks with employers to promote young people's aspirations through programmes such as mentoring and pathway tasters.
2. '**Surrey Skills Pathways for Employability**' – local blended pathways from Year 10 across schools, colleges, further education, higher education, training providers and employers. Content will be aligned to the needs of employers with English, Maths and computing skills a core part of the pathways across the age range. Pathways will lead to developing employability skills, such as team working and communication.

<p>These pathways are co-designed locally to provide flexible seamless routes from Year 10 to Year 14, with integrated academic, professional and technical pathways to work across Years 15 to 20 for young people who are NEET with local employment opportunities developed with employers including apprenticeships and young apprenticeship opportunities.</p> <p>3. ‘Surrey Young Adult Employment Support’ – local targeted 1:1 support for young people aged 19 to 24, aligning the work of the Youth Support Service and Job Centre Plus to provide pathways to employment. The service provides holistic support for young people’s needs, drawing together integrated packages that address needs and develop confidence, self esteem and employability skills.</p>	
Presenting issues	Public Agency Stakeholders
Employers require young people with skills in priority areas and general employability skills such as communications and teamwork.	Enterprise M3 and Coast to Capital Local Enterprise Partnerships, Surrey County Council, District and Borough Councils, Surrey Connects, Schools, Colleges, Training Providers, Job Centre Plus, Department for Education, Department for Work and Pensions, Department for Business, Innovation and Skills.
Young people require information, advice and guidance from age 13, informed by the needs of employers, trends in the economy and the local job market.	Enterprise M3 and Coast to Capital Local Enterprise Partnerships, County Council Services for Young People and Schools & Learning, District and Borough Councils, Surrey Connects, Schools, Colleges, Training Providers, Job Centre Plus, National Careers Service, Department for Education, Department for Work and Pensions, Department for Business, Innovation and Skills.
Young people require a wide range of locally available academic, technical and professional courses that are co-produced with employers, which prepare them for opportunities in employment and transferable skills for future employment opportunities.	Enterprise M3 and Coast to Capital Local Enterprise Partnerships, County Council Services for Young People and Schools & Learning, District and Borough Councils, Surrey Connects, Schools, Colleges, Training Providers, Job Centre Plus, National Careers Service, Department for Education, Department for Work and Pensions, Department for Business, Innovation and Skills.
Young people need a simple and coherent programme of support for education, training and employment	Enterprise M3 and Coast to Capital Local Enterprise Partnerships, County Council Services for Young People and Schools & Learning, District and Borough Councils, Surrey Connects, Schools, Colleges, Training

Providers, Job Centre Plus, National Careers Service, Department for Education, Department for Work and Pensions, Department for Business, Innovation and Skills.

4. Changes required

Skills for the Future will require changes in mindset to achieve the drive and flexibility to succeed for young people. This will require a shift from the status quo including:

- Focussing on long term success by investing more in young people early.
- Putting young people first and creating a system that allows us to do what is best for them rather than being encouraged to do what is just best for individual institutions.
- Changing the relationship between employers and education. Have education always focused on helping young people succeed in life by leveraging the information, tools, and resources that employers can provide.
- Accepting a many pathway blended model of education from age 14+ that personalises learning and has funding follow the learner.
- Focusing on the holistic development of young people, looking at their behaviours, attitudes and emotional literacy as well as just their academic ability.

This will require:

Leadership and Partnership – to place the needs of employers and the economy as a key driver for future education and training opportunities in Surrey, with employers co-producing future opportunities with schools, colleges and training providers across the age range 14 to 25.

Education and training opportunities – schools, colleges and training providers to co-produce locally accessible academic, technical and professional opportunities to acquire qualifications and skills that provide pathways to employment.

System change in information, advice and guidance – to offer locally relevant employer informed information, advice and guidance from age 13, across the range of opportunities available.

System change in commissioning – to develop commissioning at the most local level, with funding transparently following the learner’s choice – including programmes currently nationally commissioned.

Government change – success is dependent on Government support to deliver the locally responsive system. Requests to Government will include:

- Transfer savings of reduced welfare claims to early preventative work, local 1:1 support and programmes for education, training and employment.

- Support in developing Surrey Local Opportunities 14-25, where greater freedoms or flexibilities are required to offer the provision that enables young people to develop the skills required by employers, particularly for a greater range of technical and professional provision for young people aged 14 to 16.
- Support in developing simple coherent local information, advice and guidance for young people drawing together local resources with national resources such as the National Careers Service.
- Broaden the education and training offer to young people 14 to 16.
- Support in freedoms and flexibilities on funding to enable a transparent and equitable approach to funding following the learner.

5. Financial case

The cost benefit approach, used to support the Skills for the Future business case, was developed for the Greater Manchester Community Budget, with input, guidance and agreement from a cross departmental Technical Advisory Group including HM Treasury, DWP, BIS, DfE and others). It looks at:

- Monetised benefits from the project outcomes
- Consideration of deadweight (those who would have achieved the outcomes without additional intervention)

Estimated cashable savings to the public sector from Skills for the Future will reach £16.3M per annum at a cost of approximately £9.7M per annum. It will also contribute over £900K to offsetting an expected rise in the cost of SEND provision. Calculations of both the savings and the costs take into account an optimism bias of up to 40%.

The largest impact will be in a reduction of young people claiming benefits; an expected reduction of JSA and ESA claimants of about 1/3 will bring over £11.2M in cashable savings. The remaining cashable savings will come as a result of increased tax revenue from increased earnings and the impact Skills for the Future will have on the number of young people who become NEET.

The project will also bring non-cashable economic benefits worth £11.6M to the economy as well as significant social benefits.

Resources Required

To achieve these savings there needs to be public sector investment of approximately £9.7M per annum and £280,000 of one off initial development costs.

The largest cost will be providing enhanced welfare to work support to young adults aged 18-24. For many claimants, in particular those who have been claiming for a short time, better IAG will provide a significant impact at low cost. For higher need claimants the unit cost will be in the range of £2000 and £6000 to have a 33-50% success rate (about 6 to 10

times better than existing welfare to work programmes). The total cost of this work will initially be about £4.9M across Surrey.

Enhancing the information advice and guidance that young people receive will cost approximately £260,000 to improve the overall offer and to provide additional support for the young people who need it the most.

The development of pathways will require a significant shifting of resources between education providers. Some of the alternative pathway will require more resources to develop, run and to transport young people. As the pathways become further developed there will likely be some saving from better resource management and better provision within mainstream options which will offset these costs. The cost of co-ordinating the pathways and involvement of employers will cost approximately £105,000 in Surrey. The additional running costs will depend on the type of provision, take up and capacity within the current system; based on previous provision we expect the total cost to be less than £1M for these developments but further modelling work will take place .

Increasing the number of young people who go through apprenticeships will also have an impact on government expenditure as BIS helps finance the training costs. Based on the number of young people we hope to help in to apprenticeships we estimate the additional cost to BIS will be about £3.4m.

The potential whole system savings from Skills for the Future overlaps with the savings outlined in the Family Support Programme workstream. Of the £16.3 Million in cashable saving it is estimated that the potential overlap is less than £400,000.

Overlap with FSP:

Work to reduce:	Maximum potential overlap
18-24 year olds on benefits	£231k
NEET young people	£156k

6. Implementation plan

Step	Date	Risks
Business Case to Cabinet	4 February 2014	
Detailed proposal to PSTN	February 2014	A significant resource commitment will need to be made across a significant number of groups in order to meet timescale.
Form PSTN Technical Support Group for Skills for the Future to secure agreement with the PSTN and required flexabilites from government.	March 2014	Need significant leadership to drive support within government. Without strong support the proposal will be unable to deliver on most of its aims.

Develop implementation plans with pilot area(s)	February – March 2014	A significant resource commitment will need to be made across a significant number of groups in order to meet timescale.
Local action teams formed for SW Surrey	March 2014 – April 2014	Requires strong local leadership and local commitment.
Development of Employability Curriculum with Employers	March 2014 – July 2014	Require a broad range of specialist expertise, broad cross organisation agreement and commitment.
Launch 'Mindsets for Employability' in SW Surrey	September 2014	Many cost benefits may only be realised once the new delivery model is in place. A complex and or slow implementation might delay benefits realisation. The new delivery model will require radical change to organisations, staff and families. Careful risk management will be necessary at implementation.
New pathway options in SW Surrey	September 2015	Significant complexity in implementation and co-ordination.
Implementation across Surrey	September 2016	Rollout depends on success in the SW Surrey area and local mechanisms being in place in other areas to enable roll out.

SURREY COUNTY COUNCIL**CABINET****DATE: 4 FEBRUARY 2014****REPORT OF: MRS HELYN CLACK, CABINET MEMBER FOR COMMUNITY SAFETY****LEAD OFFICER: DAVE SARGEANT, STRATEGIC DIRECTOR FOR ADULT SOCIAL CARE AND FIRE AND RESCUE****SUBJECT: CHANGES TO FIRE ENGINE DEPLOYMENT IN THE BOROUGH OF SPELTHORNE****SUMMARY OF ISSUE:**

This report relates to the closure of Staines and Sunbury Fire Stations and the relocation of one fire appliance to a new optimised location to support Phase 2 of Surrey Fire and Rescue Services transformation programme, the Public Safety Plan (PSP) 2011-2020.

Consideration has been given to the provision of an alternative service model in Spelthorne, working collaboratively with the local community and borough leaders and recognises the comments and concerns raised by stakeholders during the public consultation period. The consultation included the boroughs of Spelthorne, Elmbridge and Runnymede. This report now consists of an amended proposal which has arisen as a direct result of the public consultation and consists of a new fire station at an appropriate location with two fire engines, one whole-time and one "On-call", both providing a 24/7 response cover and a waterborne rescue capability.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet support the amended proposal Option 5 and the commissioning of a new fire station in an appropriate location subject to a further business case setting out the delivery costs of a new station returning to Cabinet in due course. The new fire station will have two fire engines, one 24 hour whole time and one 24 hour "On-call" and a waterborne rescue capability. This retains the same number of fire engines in that part of Surrey and supports improvements in the response standard across Surrey.
2. Cabinet agree to the subsequent closure of Staines and Sunbury fire stations.
3. Cabinet agree to the implementation of Option 4 should the provision of Option 5 and the "On-call" unit not be secured.

REASON FOR RECOMMENDATIONS:

The amended proposal Option 5 supports improvements in the provision of a more equitable level of fire service response in support of the Surrey Response Standard and the Public Safety Plan.

The amended proposal has given due consideration to the concerns of local communities and leaders and surrounding borough's by listening to their ideas and by involving residents in the decision making process. Their local knowledge combined with the revised response modelling has influenced the design and delivery of future services in Spelthorne.

DETAILS:

Background

1. The PSP outlines 12 outcomes to be achieved by 2020. These include improving the balance of service provision across Surrey and improving the provision and use of property.
2. Surrey Fire and Rescue Service (SFRS) currently base one 24 hour whole-time fire engine at both Sunbury and Staines Fire Stations, which provide most of the initial response cover for the Borough of Spelthorne, whilst at the same time providing support to other parts of the county. This proposal seeks to support the provision of a more balanced service provision across the county in order to be better positioned to achieve the Surrey Response standard. To secure that objective the Service has reviewed emergency response cover across the county and has identified an area where the provision of a new location would facilitate a more effective strategic use of resources.
3. The PSP established a potential model for emergency response cover in Surrey based upon existing fire station locations. This was termed Phase 1 and included changes to crewing systems at Staines fire station. Phase 2 sought to establish new locations for a number of fire stations to further improve the efficiency and effectiveness of emergency response across the county. The areas highlighted for this change included Spelthorne.
4. Spelthorne was identified as an area for consideration in part due to the following factors:
 - Securing a positive impact on the Surrey Response Standard across the county,
 - Changing incident demand in the Spelthorne area over the past decade,
 - Changes already implemented or planned within Surrey,
 - Proximity of fire engines, both from Surrey and from neighbouring fire and rescue services.
5. This led to an options analysis which is outlined below:

Option 1: Do nothing and secure no improvements in terms of service provision across the county or contribution towards the savings required by the Medium Term Financial Plan.

Option 2: Implement the PSP Phase 1 deployment (24 hour cover at Sunbury, 12 hour cover at Staines)

Option 3 (a): Close Sunbury and maintain Staines

Option 3 (b): Close Staines and maintain Sunbury

Option 4: Implement the proposal for a new station at an optimised location within the borough with one 24 hour whole-time (immediately crewed) fire engine.

Option 5 is a new option and has been included following consideration of the feedback from the residents and communities in Spelthorne. This amended option is to “Implement the proposal for a new station at an optimised location within the borough with one fire appliance immediately crewed 24/7 and one 24 hour “On-call” fire appliance”.

6. The modelling for all of these scenarios was conducted on behalf of Surrey Fire and Rescue Service by ORH who have provided bespoke modelling services based on operational research techniques to UK and overseas emergency services for the past 26 years.
7. Each option was considered in relation to its impact on emergency response performance, cost and achievability against the available timescales, resource constraints and conformity with the principles agreed within the PSP. This options analysis, linked with our understanding of community vulnerabilities, hazards and risks and from our experience of providing a fire and rescue service, helped to shape our professional opinion on the most appropriate course of action. Consideration has also been given to the prevailing community vulnerabilities and risk profile in adjacent boroughs and any known potential developments in the area.
8. All things being equal and mindful of the savings target our preferred choice was for consultation was Option 4 - to create a new 24 hour whole-time single fire engine fire station in the borough of Spelthorne. Importantly for the communities of Spelthorne they would continue to receive one fire engine attending incidents on average in less than seven minutes (compared to a national average in 2012-13 of 7.4 minutes) and in almost all cases that would prove to be sufficient resources to deal with the emergency safely and effectively. The Surrey Response standard is as follows;
 - One fire engine in 10 and 2 in 15 minutes for 80% of critical incidents, and
 - All other emergencies - one fire engine in 16 minutes on 95%of occasions

This proposal would deliver the reduction in the number of fire fighter posts required and would maximise the revenue savings for the MTFP. The proposed changes would continue to allow SFRS, while still being located in the borough, to provide and support a county wide service operating a network of dynamically provided resources to deliver efficient and effective responses to incidents.

9. To support the decision making process and to ensure that any comparisons could be validated the Service used the same emergency cover modelling process as for the PSP. The impact of Option 4 on Spelthorne, based on the predicted performance, was an increase of 58 seconds to the first attendance. The predicted average of 6 minutes and 42 seconds (see table 1) remains well within the Surrey Response Standard of a first attendance within 10 minutes (80% of occasions).

Table 1 - Predicted response times to emergency incidents under Option 4:

Response standard		1st response to all 2+ fire engine incidents		2nd response to all 2+ fire engine incidents		1st response to other emergencies
		Average	% in 10mins	Average	% in 10mins	% in 16 mins
Current situation	Surrey	07:28s	80.8	10:27s	86.7	96.8
	Spelthorne	05:44s	97.0	09:13s	98.2	99.8
	Elmbridge	06:45s	89.5	11:01s	95.0	99.5
	Runnymede	08:36s	69.2	10:21s	90.1	97.5
Proposal	Surrey	07:33s	82.5	10:27s	90.5	98.3
	Spelthorne	06:42s	91.4	10:24s	94.5	98.9
	Elmbridge	06:48s	88.6	11.14s	93.0	99.3
	Runnymede	07:18s	82.7	10:35s	92.5	98.8

10. During the public consultation a wide variety of stakeholders in Spelthorne expressed considerable resistance to Option 4. It became clear, as the consultation period progressed, that there was a high degree of concern and opposition with regard to the removal of one fire appliance. Indeed comments and feedback received indicated that while one fire station could be acceptable, the provision of only one fire appliance, not two, was not. This has led to the consideration of a new option which is:

Option 5: Implement the proposal for a new station at an optimised location within the borough with one fire appliance immediately crewed 24/7 and one 24 hour “On-call” fire appliance.

11. The provision of a second “On-call” fire engine compared to one whole-time fire engine improves the average first response time by 8 seconds compared to Option 4 and the second response times by just over 1 minute (see table 1a below).

Table 1a Predicted response times to emergency incidents under Option 5

Response standard		1st response to all 2+ fire engine incidents		2nd response to all 2+ fire engine incidents		1st response to other emergencies
		Average	% in 10mins	Average	% in 10mins	% in 16 mins
Current situation	Surrey	07:28s	80.8	10:27s	86.7	96.8
	Spelthorne	05:44s	97.0	09:13s	98.2	99.8
	Elmbridge	06:45s	89.5	11:01s	95.0	99.5
	Runnymede	08:36s	69.2	10:21s	90.1	97.5
Proposal	Surrey	07:33s	82.5	10:27s	90.5	98.3
	Spelthorne	6.34s	93.2	9.13s	97.5	99.7
	Elmbridge	06:47s	88.7	11.13s	93.1	99.4
	Runnymede	06.34s	88.7	11.13s	93.1	99.4

12. The second appliance would respond to 200 incidents per year, which is more than any of the existing “On-call” appliances in Surrey (Oxted is the next

busiest, with 20 fewer responses per year). The provision of a second fire engine crewed by part-time, On-call staff is dependent on a number of critical factors including the availability of suitable candidates within a suitable On-call response time/distance. In order for this option to succeed there has to be a collaborative approach between Surrey Fire and Rescue Service, local leaders and the community in the Staines and Ashford locality. This would be a new service delivery model for more urbanised communities where in the past the provision of fire cover has been solely reliant on whole-time staff.

13. Sir Ken Knight's recent report into the Fire and Rescue Service in England, "Facing the future", stated that all fire and rescue authorities must consider whether "On-call" fire-fighters could meet their operational requirements and the modelling suggests that, in Spelthorne, they could provide an invaluable, cost-effective service in the reduced demand environment. In other parts of the County "On-call" is an established but increasingly complementary part of the workforce through the introduction of a more diverse range of employment practices which is creating a more agile workforce. "On-call" staff are used to support the delivery of training, the provision of Telecare and also work at whole-time stations when crewing levels necessitate. The continued front-line service provision utilising a different delivery model in Spelthorne would still encompass everything that leads to a reduction in incidents, casualties and injuries and has to include a major focus on community fire prevention and community fire protection activities and wider associated societal risks. This will also provide assurance that while crewing level's change, risks in the area do not increase.
14. Looking ahead, "On-call" staff crewing a second fire engine in stations located in urban areas could not only provide an additional weight of attack but would provide resilience for subsequent calls both in Spelthorne and the rest of Surrey. Both of these points were raised as concerns during the consultation by public and staff groups. The transformation of the staff profile towards more "On-call" will retain the focus on protecting front-line services and supports the County Council's Corporate Strategy. Option 5 when applied to Spelthorne could act as a path finding exercise for locally delivered services for other locations where this type of coverage could be effective. In the longer term this will provide deeper efficiencies through better service configuration, having the right people in the right place, at the right time and providing the right level of response cover. These future On-call staff would be employed on the new "On-call contract" which is designed to secure better availability of On-call staff and fire engines.
15. There are additional business benefits. Through consolidating public sector assets at one location and by continuing to work collaboratively with our Blue Light partners SFRS will be able to generate opportunities for growing and sustaining our own services and creating efficiencies by working with others. In that sense it will be more than "just" a fire station. Surrey Police and South East Coast Ambulance Service have indicated that they would wish to locate to the new premises. This approach, which fits with Surrey's Public Service Transformation programme, will deliver much better value for money, with changes providing significant benefits for Surrey residents. The Emergency Services Collaboration strand will aim to transform the way the emergency services in Surrey work together, with the joint aims of improving performance and responding to the changing pattern of demand and reducing costs by removing overlaps between the three blue light services. It will focus on six key areas: the potential for a single control and dispatch function across the

emergency services; developing a combined Civil Contingencies Unit; combined operational response for certain incident types and in specific areas; joint operational support and back office functions; a joint prevention programme and shared governance.

16. SFRS has had long-standing informal mutual assistance arrangements with its neighbouring fire and rescue services, including London Fire Brigade. Since the introduction of the Fire and Rescue Services Act 2004 discussions have taken place with neighbouring fire and rescue services to enter into formal agreements under Sections 13 and 16. Going forward there is the potential for closer collaboration in terms of cross border mobilisation as more services, including Surrey and London Fire Brigade, consider adopting a system of dynamic mobilising where assets (appliances and officers) are mobilised to incidents using global positioning system (GPS) software installed on vehicles. This system could allow resources to be mobilised by their proximity to an incident rather than by their location within individual station areas which will allow for a more effective and efficient use of operational resources, possibly across administrative boundaries. Associated with the adoption of this type of technology will be increasing interoperability as fire services begin to see “over the border” into other fire authorities areas in order to be request the mobilisation of the “nearest” fire appliance.
17. Option 5 facilitates a “One County, One Team” approach to the design of future services where residents will have more influence and responsibility over how services are designed and provided. This move to greater localism has generated the development of an alternative vision for Spelthorne. It is crucial that we now develop new relationships with the local communities that will need to help deliver an “On-Call” crew into Spelthorne and it creates jobs in the borough. Given that we have recognised that a one size fits all approach is not appropriate in this situation we will need to now secure the public’s and local leaders’ commitment to making it work, and quickly. Option 5 demonstrates our commitment to finding better ways of working and delivering services in ways that are right for our communities. It continues to provide two fire engines in Spelthorne in an innovative way that does not cut frontline services yet still delivers a more effective use of resources and develops more options to generate savings.

CONSULTATION:

18. The consultation was conducted over a 13 week period from August to November 2013 to ensure all local residents’ and Elected Members’ views were heard and considered. A Surrey County Council Equalities and Diversity Policy officer has been involved in ensuring that the consultation plan has been fully inclusive. Consultation activities included a widely publicised on-line survey, postal questionnaires (including Easy Read version), presentations at public meetings, letters and emails to stakeholders from the Voluntary, Community and Faith Sector, relevant Local Committees and partner agencies, as well as Surrey Fire and Rescue staff. The consultation process used a mix of quantitative and qualitative research methods, as well as a wide range of communication channels (print, on-line and direct contact) to gather the views of our stakeholders. The consultation was publicised in local GP practices, schools, churches, Post Offices, libraries, Citizens Advice Bureaux, community centres, through local media, Spelthorne Borough Council media and social media. The full consultation report can be found in Annex 1 of this paper.

19. The consultation received feedback from over 1460 individuals and groups, through 556 returned surveys, 271 attendees at staff workshops and public meetings, 122 items of feedback through emails, letters and calls, 518 signatures from two petitions and formal responses from Committees, SFRS staff and Resident Associations. Nearly 1200 responses came from members of the public, which represents around 1% of the Spelthorne population (however, the analysis cannot exclude the possibility of individuals using numerous channels to submit their views, thus being counted multiple times).
20. After collating and analysing the pieces of feedback, the results were as follows:

Table 2 – Consultation results: overall attitude to proposal

	Total items of feedback	Yes	Not sure	No	No opinion
Residents / businesses	1171	4.1%	2.9%	92.7%	0.3%
Councillors	42	4.8%	4.8%	90.5%	0.0%
Community groups	33	6.1%	9.1%	81.8%	3.0%
SFRS Staff	182	21.4%	1.6%	76.4%	0.5%
Partners	5	20.0%	20.0%	60.0%	0.0%
Other	14	14.3%	0.0%	78.6%	7.1%
TOTAL*	1447	6.5%	2.9%	90.2%	0.4%
TOTAL respondents	1467				

**excludes survey respondents that did not leave an answer at Q5a*

21. The greatest opposition came from Spelthorne residents and businesses. Also, the majority of local Councillors and community group representatives opposed the plans, which reflects the feedback received at public meetings and Local Committee meetings. The strongest support for the proposal derived from SFRS staff and SCC staff, probably more aware of the internal pressures on the service that drive this proposal. The key concerns that were raised most frequently were:

- General opposition to the plans and a view that one engine is not enough for Spelthorne (22% of received comments mentioned that point)
- Increase in response times will risk lives and property (22%)
- Spelthorne's profile makes it a high risk area (high density population, high level of deprivation, urban built, dangerous stretch of the river Thames, motorways) (18%)
- Heathrow - the airport might need support for major incidents; the expansion of the airport will add to the risk; timing of consultation could have been better coordinated to coincide with consultation about the expansion (10%)
- Traffic as a main barrier to moving the engine around or getting support into the area (Sunbury Cross, Thames bridges, level crossing) (10%)

- Reduced resilience in case of a major incident and / or when crew is busy otherwise (9%)
 - Praise and recognition for SFRS (8%)
22. During the consultation process, alternative suggestions were received from the public and other stakeholders. The most often suggested alternative was to keep two fire engines at one location (5% of received comments mentioned that suggestion).
23. Both the Local Committee and Borough Council of Spelthorne rejected the proposal at their formal meetings in September and October 2013. A formal response was submitted by the Local Committee Chairman on behalf of the Local Committee opposing the proposal and raising concerns, which besides the overall reservations about the demographics and urban makeup of Spelthorne, congested roads and future developments (Eco-Park, Heathrow expansion) also included the lack of financial information presented to the Local Committee.
24. Overall, the feedback to the consultation was negative (90% of feedback items opposed the proposal), with major resistance from the residents (and their associations) and councillors of Spelthorne. The high level of opposition is in line with what other consultations on reduction in fire cover in other parts of the country have produced (see consultation report, Annex 1). It also suggests that residents attach value to the Council's services and reductions will cause dissatisfaction. This echoes the findings of Surrey County Councils 2012-13 public budget survey using SIMALTO modelling, where 96% of respondents indicated they would complain to the council, should service levels be scaled back to the most basic level.
25. Their concerns have been fully considered and taken into account when finalising the proposals recommended.

RISK MANAGEMENT AND IMPLICATIONS:
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26. The revision to the original Option 4 proposal does not deliver the full Medium Term Financial Plan savings but the gap between the savings target and Option 5 is small enough to suggest that the provision of an "On-Call" team is fully pursued in the first instance. By sharing the responsibility for the future arrangements with the community and their elected representatives we would seek to ensure that SFRA have endeavoured to meet their requirements and that of the Fire Authority but the back-up plan will still need to be the adoption of Option 4 if an "On-call" team cannot be established.
27. There are additional risks associated with Option 5. The viability of Option 5 is dependent upon the demographic profile within the "On-call" response catchment of the proposed new fire station. Our analysis of the population within the various temporal boundaries can be found in table 3 below. It is also inextricably linked to the public's perception of the Fire Service and their desire to want to work for the fire service.

Table 3 Population profile within different response times to the optimum location

Catchment area	Total population	Population aged 18-59	Percentage of Spelthorne's total population (2011 Census, 95,600)
2 minutes	12,858	7,115	7.4%
3 minutes	28,897	16,197	16.9%
4 minutes	48,242	27,517	28.7%
5 minutes	67,439	38,692	40.4%

28. The provision of a second appliance crewed by On-call staff is subject to the current time constraints which govern the response of On-call staff. There is a requirement for On-call staff to be located within an On-call response radius. There is a risk that there may not be sufficient suitable candidates to support the provision of a second fire appliance at the new location.
29. This will need to be supported with a vigorous publicity and marketing campaign in that area beginning in March 2014. The plan would then be:
- to run a selection process in March and April 2014,
 - assignment of probationary staff to a local Fire Station to complete an induction programme from June 2014,
 - leading to a full training course in September 2014, and
 - their deployment to the new fire station when it opens.
30. The creation of a new "On-call" team will produce new part-time employment opportunities and by drawing upon people who live in the locality it would allow the fire service to better reflect its community. It would also provide the model for other locations across the county in order to achieve the required savings.
31. A potential site has been identified, the purchase and build of which will be the subject of a separate cabinet paper. This is subject to all usual due diligence being satisfactory, a suitable and satisfactory planning consent being forthcoming and not too onerous ground conditions being found. If the acquisition is not successful it will impact upon the delivery timescale, with an associated delay in any cost savings. The new building will, as at Salfords, provide a lightweight, low cost, innovative and efficient premises that is fit for purpose.
32. The management of community risk is not solely reliant upon the emergency response capability of the fire service. Whether it is finally Option 4 or 5 which is implemented in Spelthorne, SFRS will continue to work very closely with partner agencies and communities to ensure that community vulnerabilities are identified, prepared and planned for. By changing the method of service

delivery in Spelthorne and given that both Surrey Police and South East Coast Ambulance have indicated that they would wish to consider locating at the new premises it would provide further opportunities to access transformation grant funding (revenue and capital) to consolidate fire stations. This and the new On-call arrangements are key factors going forward. The idea of three blue light services operating collaboratively to secure more effective integration of service for the benefit of the communities of Surrey by using a more varied workforce with different skills would provide Surrey with high performing, class leading service not just in terms of fire service provision but also in terms of health and well-being.

Financial and Value for Money Implications

33. The Council's plan is to balance its budget in 2013/14 and over the medium term of five years through a combination of service transformation mechanisms, implementation of planned budget reductions and efficiencies and use of reserves.
34. The estimated capital cost of acquiring a site and building a new Fire station in Spelthorne, and the associated capital receipts from the disposal of Staines and Sunbury Fire stations, have been allowed for within an overall Fire station rationalisation budget of £10.5m within the Medium Term Financial Plan (MTFP). The final build, design and contract awards will be subject to a separate cabinet paper.
35. Option 4 reduces the required annual crewing costs for SFRS by £1.05m, and this cost saving has been factored into the MTFP. In addition there will also be future revenue cost reductions from the associated reductions in personal protective equipment and training.
36. The reduction from two to one fire appliances would reduce future capital replacement costs, and a reduced fleet size has been factored into the long term vehicle and equipment replacement programme.
37. Option 5 provides a second appliance crewed by an 'On-call' unit at an estimated annual cost of £0.17m. This gives a lower annual reduction in crewing costs of £0.88m There are initial start up costs of creating a new 18 fire fighter "On-call" crew in Spelthorne of around £80,000
38. Option 5 will also require a review of the Vehicle and Equipment replacement programme to allow for the continued provision of a second appliance in Spelthorne.

Section 151 Officer Commentary

39. Current forward financial planning is based on Option 4, which underlies the planning assumptions in the Medium Term Financial Plan (MTFP). That was, of course, only a planning assumption prior to consultation. Option 5, as recommended, gives a lower cost saving, and so creates a recurring revenue cost pressure of £170,000. That will need to be taken into account in finalising the overall MTFP for Fire & Rescue, i.e. replacement savings will need to be found. Officers are working on plans to enable that.
40. Capital costs will be increased by the need to accommodate two vehicles rather than one, but this is just one of many variables within the overall

£10.5m budget covering fire station reconfigurations, and is likely to be manageable within the programme. The funding of the Vehicle Replacement Programme will also need to be kept under review, but again this additional vehicle is a small proportion of the fleet and it should prove possible to accommodate the cost within the tolerances of replacement timings.

Legal Implications – Monitoring Officer

41. Surrey Fire and Rescue Service must comply with the core functions identified in the Fire and Rescue Services Act 2004. These include extinguishing fires in its area and protecting life and property in the event of fires in its area. In order to do so the Fire and Rescue Authority (FRA) must “secure the provision of the personnel, services and equipment necessary to efficiently meet all normal requirements”, each of which must be taken into account.
42. The Civil Contingencies Act 2004 places a duty on FRA’s to put in place business continuity management arrangements to ensure that they can continue to exercise their functions in the event of an emergency so far as reasonably practicable. As a result Cabinet must take into account whether the closure of Staines and Sunbury fire stations and the commissioning of a new fire station at an optimised location will result in Surrey Fire and Rescue Service continuing to exercise its functions as a FRA to a satisfactory standard.
43. Section 21 of the Fire and Rescue Services Act 2004 requires FRAs to comply with the Fire and Rescue National Framework for England (FRNF) (revised by the Department for Communities and Local Government in July 2012) The FRNF provides an overall strategic direction for fire and rescue authorities which must be complied with by Surrey Fire and Rescue Service. Key priorities for fire and rescue authorities in the new framework include:
 - identifying and assessing the full range of foreseeable fire and rescue related risks their area faces
 - making provision for prevention and protection activities and responding to incidents appropriately
 - working in partnership with their communities and a wide range of partners locally and nationally to deliver their service; and
 - being accountable to communities for the service they provide.
44. To enable these priorities to be met the Framework requires FRAs to produce an integrated risk management plan. In Surrey’s case this is currently the Surrey Fire and Rescue Authority Public Safety Plan 2011-2020 (the “PSP”) which was approved by the Cabinet in June 2011 following consultation. The Plan included an intention to locate a fire engine in an alternative location in Spelthorne. It also set out the Surrey emergency response standards as referred to in this report.
45. Therefore the closure of the Staines and Sunbury fire stations and the alternative service model proposed in this report require careful consideration so that Surrey Fire and Rescue Service will meet the FRNF’s objectives. Whilst there are no specific references in the FRNF to actual timing within

which the FRA must respond to a call, reference is made to the need to “have the necessary capability in place to manage the majority of risks that may face their areas” and “to assess their existing capability and identify any gaps as part of the integrated risk management planning process.

46. FRAs are accountable to their communities for their actions and decision making. They need to have transparent processes in place to deliver this and engage with their communities to provide them with the opportunity to influence their local service. Local accountability is a vital check on the services provided by fire and rescue authorities” The development of the “PSP” referred to in this Report and the recent consultation (see below) have met the requirements of the Fire and Rescue National Framework for England (Surrey Fire and Rescue Service’s commitment to the delivery of its duties under the Civil Contingencies Act 2004 as a Category 1 responder are also referred to in the PSP).
47. In considering this report, Cabinet should give due regard to the results of the consultation report attached and the feedback referred to in it and take these into account when making its final decision. Option 5 as proposed by this report has been developed based on views expressed in the public consultation; it was not the subject of the consultation but given that it is recommending greater provision than that proposed under Option 4 it is not considered necessary to carry out any further formal consultation.
48. In making their decision Members should also have due regard to its public sector equalities duty and Cabinet needs to take account of the Equalities Impact Assessment attached and refer to the paragraph below relating to Equalities and Diversity.
49. In coming to a decision on this issue the Cabinet needs to take account of all relevant matters and not consider irrelevant matters. The weight to be given to each of the relevant matters is for the Cabinet to decide. Relevant matters in this context will include the statutory requirements and the National Framework, the PSP, the policy considerations, the impacts of the options on service provision, the medium term financial plan, any relevant risks, the results of the consultation and the public sector equality duty.

Equalities and Diversity

50. The Equality Impact Assessment (EIA) has been prepared for Surrey Fire and Rescue Service by the Customers & Communities Directorate Policy and Performance Team. It is contained within Annex 2 and should be considered by the Cabinet in making this decision.
51. The public sector equality duty (Section 149 of the Equality Act 2010) applies to the Council’s ongoing implementation of the Surrey Fire and Rescue Service Public Safety Plan, and in particular to decisions made by Cabinet in this report. There is a continuing need in providing this service to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations for such groups, and eliminate any unlawful discrimination.
52. At the start of the project, an initial Equality Impact Assessment was undertaken to identify the potential impact on people with one or more of the protected characteristics (as provided for by the Equality Act 2010) and high

risk groups (i.e. age, mental health, disability), which also informed the consultation plan.

53. The full EIA has assessed the impact of the proposals on people with protected characteristics, and in particular the decrease in response rates in Spelthorne to all 2 plus fire engine incidents. There is potential for this to have a negative impact on the vulnerable elderly, those with disabilities, parents with small children and those with caring responsibilities in Spelthorne. As identified in Section 7 of the EIA, the older population, those with mobility difficulties and mental health issues are statistically more likely to be involved in a fire related incident either fatal or injury and similar to those with disabilities or parents with small children they may experience greater difficulty in escaping a fire. The EIA also indicates that there are statistically also more women than men injured or rescued from fires in Surrey, and significantly more men than women injured in road accidents.
54. The consultation identified concerns including the impact of the increased risk on those residents occupying high rise buildings, particularly for those with small children, and residents of care homes with mobility difficulties.
55. Other issues raised in the consultation include the risk of those who turn off their hearing aids at night and the possibility of increased false alarms or call outs from an increasing use of telecare. These are legitimate concerns with regard to fire safety but are not negative impacts directly resulting from this proposal.
56. Any potential increased risk in Spelthorne is mitigated by the response time remaining within the Surrey standard response and is also still below the average for Surrey. A positive impact would be the overall improved percentages of responses within the standard times across Surrey as well as improved response times for Runnymede. Additionally, the negative impacts identified in the EIA are addressed through prevention work that takes place from a range of organisations across Surrey, including Surrey Fire and Rescue Service, Adult Social Care, Emergency Planning and Public Health to mitigate the risk of those groups identified as high risk.
57. Option 4 and 5 will not have a detrimental impact on the preventative work of Surrey Fire and Rescue Service. The reconfiguration of Surrey Fire and Rescue Service will ensure that resources continue to be directed into targeted preventative work with those identified as vulnerable and at risk in Surrey, particularly if emergency service partners as indicated, also relocate to the new fire station premises.

Other Implications:

58. The potential implications for the following council priorities and policy areas have been considered:
 - Corporate Parenting/Looked After Children
 - Safeguarding responsibilities for vulnerable children and adults
 - Public Health
 - Climate change
 - Carbon emissions

59. There are no significant implications arising from this report for any of the assessed areas.

WHAT HAPPENS NEXT:

60. Surrey Fire and Rescue Service will implement the amended plan by procuring a site and build the new fire station. This will result in the closure of Sunbury and Staines fire stations which will be preceded by a target moving in date to the new location of March 2015.
61. Project milestones;
- February 2014; The service will undertake an analysis of the demographics within the On-call response footprint and the service will begin to market the On-call opportunities,
 - The service will begin the recruitment, selection and training process for the On-call staff from March 2014.
 - Monitoring progress against project milestones set will be undertaken in accordance with Surrey Fire and Rescue Services Governance arrangements.
62. The Communities Select Committee will scrutinise progress of the revised plan in conjunction with the Cabinet and associate member.

Contact Officer:

Eddie Roberts, Area Commander (East), Surrey Fire and Rescue Service,
Telephone number: 01737-242444

Consulted:

- Leader, SCC Councillors
- Public in Spelthorne and neighbouring areas
- Neighbourhood Panels in Spelthorne
- Community groups (local Resident Associations, VCFS groups including EEAG, Empowerment Board North)
- Local Committees of Spelthorne, Elmbridge, Runnymede
- Community Select Committee
- Spelthorne Borough Councillors
- Surrey and London Borough of Hounslow, Richmond and Feltham MPs
- Partners (National Health Service, Police, other Fire and Rescue Authorities)
- Businesses
- SFRS staff, Fire Brigades Union
- Internal SCC stakeholders

Annexes:

Annex 1 – Consultation report on changes to fire engine deployment in the borough of Spelthorne

Annex 1 Update - Update to consultation report presented at Communities Select Committee

Annex 2 – Surrey response standard map

Annex 3 – Equalities Impact Assessment

Annex 4 – Spelthorne On-call catchment maps

Sources/background papers:

- Surrey Fire and Rescue Authority Public Safety Plan 2011-20
 - Sir Ken Knight, (2013), "Facing the future; findings from the review of efficiencies and operations in fire and rescue authorities in England", Department for Communities and Local Government.
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Annex 1 - Consultation report

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1 Executive Summary

Surrey Fire and Rescue Service (SFRS) intends to alter the deployment of fire engines in Spelthorne in order to maintain effective emergency response arrangements in accordance with the Public Safety Plan (PSP). SFRS aims to create a single fire engine fire station in the Ashford area, and close the existing fire stations in Staines and Sunbury by March 2015. Modelling and option analysis has shown that this would create a more efficient use of resources across the county.

Consultation on this proposal ran from 5 August to 4 November 2013 and members of the public, staff, councillors, MPs, community groups, businesses and partners were invited to provide us with their feedback.

Over 1460 responses were received from numerous channels including public meetings, surveys and questionnaires, email feedback, staff workshops, neighbourhood panels, community events and formal responses.

The consultation feedback we received was strongly opposed to the proposal. After collating and analysing the data, the level of support for the proposal overall is as follows:

- 90% opposing
- 7% supportive
- 3% uncertain

Staff were slightly less negative (77% opposition) but had concerns about the accuracy of the modelled response times, the unique characteristics of Spelthorne, reduced resilience of the fire service in the area, developments in neighbouring fire stations impacting Spelthorne and the health and safety of officers doing their job with fewer resources.

Members of the public (including community representatives and Councillors) were strongly opposed to the proposal (93%). The main concerns for the public included the unique urban and demographic makeup of Spelthorne, which in their view makes it a higher risk area, the traffic congestion and potential Heathrow extension, the amount of new developments and the fact that Spelthorne will have the lowest engine to population ratio of any borough or district in Surrey. Community groups and Local Committees further demanded more financial information (cost-benefit analysis) and how the planned development of the Eco Park will impact the proposed changes.

There were also some concerns about the safety of older people and young children, those on low incomes and disabled people in the area.

The most frequently mentioned alternative suggested by residents, community groups and councillors was to keep two engines, instead of one, at the new location (while accepting that Staines and Sunbury fire stations are closed).



2 Context – Surrey Fire and Rescue Service

The Public Safety Plan (PSP) outlines 12 outcomes to be achieved by 2020. These include improving the balance of service provision across Surrey and improving the provision and use of property.

Surrey Fire and Rescue Service (SFRS) currently base one 24 hour fire engine at each of Sunbury and Staines Fire Stations, which provide most of the initial response cover for the Spelthorne Borough area.

The proposal seeks to support the provision of more balanced service provision across the county, in order to be better positioned to achieve the Surrey Response standard whilst remaining within the available budget for the Service.

To achieve this, the Service has reviewed emergency response cover across the county and identified an area where the provision of a new location would enable the more effective use of resources.

Proposal:

Surrey Fire and Rescue Service proposes to close the two existing fire stations in Spelthorne and replace them with a fire station in a more central location within the borough. This fire station would have one 24 hour immediate response fire engine.

This report summarises the results of the extensive consultation undertaken for this proposal between August and November 2013.

3 Context – consultation

This consultation is not a referendum – i.e. the outcome of the consultation is not binding. It forms part of the evidence to help Surrey County Council (SCC) Cabinet make its final decision. Other evidence will include cost-benefit analysis, assessments of other possible options, the requirement on SCC's budget and an Equality Impact Assessment. However, the feedback gathered during consultation will be taken seriously. We aim to be responsive - concerns, questions and comments have been thoroughly read, analysed and where possible responded to / acted upon (i.e. when an additional public meeting was set up). Key concerns have been reviewed to establish what mitigating action can be taken.

There is no minimum sample size that the consultation aimed for. While high risk groups have been targeted, we were aware that we would not achieve a statistically representative cohort of respondents with our survey (both in terms of demographic



characteristics or size). Consultations for Fire and Rescue Services across the country typically generate very low response rates.¹

Equally, results of other fire and rescue authorities' consultations on proposed reduction in stations, engines or fire-fighters tend to attract public opposition. For example:

- The proposed reduction in fire cover in the London Safety Plan 5 (LSP5) attracted an opposition rate of 94% from all respondents (with brigade respondents being the group most in agreement with the proposal (14%)).²
- Devon and Somerset Fire and Rescue Authority's (FRA) consultation on their corporate plan 2013/14, where the hypothetical proposal to close stations and reduce engines produced an objection rate of 65%.³
- North Yorkshire's FRA's consultation on the closure of a fire station in Snainton in 2012, where a majority of respondents strongly opposed this proposal (93% were in agreement that Snainton needed a dedicated fire station).⁴

Furthermore, the reasons behind opposing changes to fire cover, especially in urban areas, tend to be similar and revolve mainly around: increases in population; new major building developments; areas of deprivation; fires in high rise buildings; and to protect the service's continuing ability to respond to major incidents. Other issues revolve around accuracy of modelling methodology, insufficient consideration of risks, significance of speed of response, the need for back-up at major incidents, and impact on community work (LSP5).²

4 Methodology

When designing the consultation, we followed the good practice developed during the PSP consultation and national and SCC consultation and engagement guidance. We also sought advice and support from the directorate's Equality and Cohesion Officer so that all nine protected characteristics, as stipulated in the Equality Act 2010, have been considered in the consultation plan. As a result, a comprehensive consultation and

¹ Leicestershire IRMP 2009: 0.07% (435 survey responses / population: 649,000); Devon & Somerset Draft Corporate Plan 2013/14: 0.06% (985 survey and email responses / population: 1.7m), <http://www.dsfire.gov.uk/FireAuthority/CalendarOfMeetings/documents/DSFRA10July13Agendaandpapers.pdf>; Kent & Medway FRA IRMP 2011-20: 0.12% (2022 responses / population: 1.7m)

² London Fire Brigade (18 July 2013) ,Fifth London Safety Plan, <http://moderngov.london-fire.gov.uk/mgconvert2pdf.aspx?id=2064>

³ <http://www.dsfire.gov.uk/FireAuthority/CalendarOfMeetings/documents/DSFRA10July13Agendaandpapers.pdf>

⁴ http://www.northyorksfire.gov.uk/about-us/key-documents/committee-papers/fire-authority/fire_authority_2012/



communications plan was established to target those who are likely to be most affected by the proposals.

Consultation started on 5 August and closed on 4 November 2013. We used a variety of quantitative and qualitative research methods, as well as a wide mix of communication channels to gather the views of our stakeholders. In order to reach people with protected characteristics, especially those that we know are high risk in terms of death and injury of fire, we produced 170 Easy Read questionnaires that were distributed in day centres and community centres, we directly contacted care home managers and we ensured that our meeting invites were published in accessible places. We also gathered feedback from the Empowerment Board North and used the External Equalities Advisory Group to promote our consultation. The consultation included print, on-line and direct contact (see Appendix 2 for consultation summary).

Direct contact:

- Presentation at one police surgery in Ashford, two neighbourhood panels in Staines and Laleham (through Surrey Police)
- Presentations at Runnymede, Elmbridge and Spelthorne Local Committees
- Presentation at Communities Select Committee
- Three public meetings in Spelthorne
- Attendance at 'Spelthorne Together' Assembly in Sunbury
- Presentation at a Shepperton library exhibition
- Presentation at the Empowerment Board North meeting
- Face to face briefings for staff at two workshops in Sunbury and Staines

On-line:

- On-line survey for residents, businesses, partner agencies, staff and Members (using email invites to Opinion Research Services panel, Spelthorne mailing list, business mailing list, External Equalities Advisory Group member mailing list)
- Consultation featured on SCC's website and social media outlets, Spelthorne Borough Council's website and social media outlets, Lower Sunbury Residents Association website

Print:

- Postal questionnaires to care homes, day centres, community centres and Voluntary Community and Faith Sector (VCFS) organisations in Spelthorne (Appendix 1)
- Letters and emails to partner agencies (e.g. Police, NHS, Ambulance, etc), VCFS organisations and County Council, Borough Council and London Borough Members



- Distribution of consultation material through the External Equality Advisory Group, borough councils' community officers' mailing lists and business associations
- Frequent briefs and written communication for staff
- Advertisement of our consultation through leaflets and posters in libraries, community centres, Citizens Advice Bureaux, schools, churches, GP surgeries, fire stations, youth centres, borough notice boards.
- Consultation published in Members' bulletin (Communicate) and local paper (Surrey Herald / Get Surrey)

5 Resources

A dedicated team developed, delivered and analysed the consultation between July and November 2013. The principle resources dedicated to this have been:

- Senior manager in Surrey Fire & Rescue (30% FTE throughout)
- Surrey Fire & Rescue officers (approx 80% FTE throughout)
- Project and evaluation support (approx 60% FTE throughout)
- Communications and promotional support (approx 40% FTE throughout)

In addition to the dedicated team, there has been a considerable time commitment from other senior Fire & Rescue officers, including the Chief Fire Officer, in providing guidance and progress review and liaising with elected Members.

The Cabinet Associate and Cabinet Portfolio Holder have dedicated support and time to help shape the process and to present to other elected Members.



6 Analysis

The consultation received feedback from over 1460 individuals and groups, through surveys, workshops, emails and calls, formal responses from Councils and other representative groups. We had nearly 1200 responses from members of the public, which represents around 1% of the Spelthorne population.

	Survey		PSP email / calls / letters / formal responses		Meetings (police panels, community event, public meetings, Committee meetings)		Petitions		TOTAL
Residents / businesses	423	35.7%	48	4.1%	195	16.5%	518	43.8%	1184
Councillors / MPs	13	31.0%	12	28.6%	17	40.5%			42
SFRS Staff	89	46.8%	48	25.3%	53	27.9%			190
Community group representatives	13	39.4%	15	1.3%	5	15.2%			33
Partners	4	80.0%	0	0.0%	1	20.0%			5
Other	14	100.0%	0	0.0%	0	0.0%			14
TOTAL	556	37.9%	123	8.4%	271	18.5%	518	35.3%	1468

See Appendix 3 for full listing and analysis.

6.1 Survey

6.1.1 Number of respondents

There were 572 responses, of which 496 were online completions and 76 were postal returns (72 of which were Easy Read). 35% of those using the Easy Read questionnaires stated having a disability and 47% were 65 years or older, which shows that this method was an efficient tool to reach vulnerable people. After the consultation closure, the data was cleaned in preparation for the analysis, i.e. we assigned correct codes to verbatim and removed respondents that completed the survey unreasonably fast ('click-throughs'), empty returns, those that responded multiple times (where identifiable). After cleaning the survey data, we had a total of 556 survey responses. The response rate is hard to gauge, because invites were distributed to an unknown number of people from various partner agencies' mailing lists.



6.1.2 Respondent groups

The respondent groups were distributed as follows (11 respondents, although completing the rest of the survey, did not state their background):

Member of the public	411	75%
Representative of a business	12	2%
Member of staff (Surrey Fire and Rescue Service)	89	16%
Member of staff (Surrey County Council)	3	1%
Partner agency, for example NHS, Police, other FRS	4	1%
Representative of a community group	13	2%
Elected Member	13	2%
answered question		545

6.1.3 Valuing the SFRS

95% of respondents value or strongly value the SFRS (average value of 4.76 out of 5). Only 1% stated that they didn't value the service. The high level of value placed on Surrey Fire and Rescue Service as a local service provider means changes greatly concern residents and produce strong and heartfelt views. There was a link between the strength of support for the SFRS and the level of opposition (i.e. those opposing the proposal had a score of 4.86; whereas those supporting the proposal scored 4.36).

6.1.4 Contact with SFRS

68 respondents (13%) said that they had contact with the SFRS in the last three years because of a fire incident, and 88 respondents had a Home Fire Safety visit (16%). The main contact point, as staff and partners also completed the survey, was in a professional capacity (24%). 45% of residents and business owners had not had any contact with the service.

6.1.5 Attitude to proposal

536 respondents submitted an answer to the question of level of support for the proposal. 18% of these respondents agreed with the proposals. 8% were not sure and 73% rejected the proposals. Only 1% stated that they held no opinion. 20 respondents did not submit an answer to the question. The level of support for this proposal, by respondent group, was:



	SFRS staff (82)		Public (residents and businesses)					
			Spelthorne (385)		Outside Spelthorne (23)		Total (410)#	
Yes	39	48%	44	11%	4	17%	48	12%
Not sure	3	4%	32	8%	1	4%	34	8%
No	39	48%	306	79%	18	78%	325	79%
No opinion	1	1%	3	1%	0	0%	3	1%

	Community Representatives					
	Spelthorne (10)		Outside Spelthorne (3)		Total (13)	
Yes	2	20%	0	0%	2	15%
Not sure	1	10%	2	67%	3	23%
No	7	70%	0	0%	7	54%
No opinion	0	0%	1	33%	1	8%

	Elected Members					
	Spelthorne (10)		Outside Spelthorne (3)		Total (13)	
Yes	2	20%	0	0%	2	15%
Not sure	1	10%	0	0%	1	8%
No	7	70%	3	100%	10	77%
No opinion	0	0%	0	0%	0	0%

	Partners (4)		SCC staff (3)		TOTAL (536)*	
	Yes	1	25%	2	67%	94
Not sure	1	25%	0	0%	45	8%
No	2	50%	1	33%	391	73%
No opinion	0	0%	0	0%	6	1%

includes those that didn't specify their location in Q2

*All excluding those that did not state their attitude towards the proposal in Q5a

The greatest opposition comes from Spelthorne residents and businesses. Some areas of Spelthorne have particularly high levels of opposition (i.e. 93% of 30 residents, businesses from Lower Sunbury and Halliford reject the proposal).

Also the majority of local Councillors and community group representatives oppose the plans, which reflects the feedback we received at public meetings and Local Committee meetings. The strongest support for the proposal derives from SFRS staff and SCC



staff, who are probably more aware of the internal pressures on the service that drive this proposal.

6.1.6 Reasons for opposition

The key reasons for opposition have been coded and are as follows (the percentage signifies the occurrence of the theme amongst the received total of 380 comments):

- Increase in response times means danger to lives and property (33%)
- General opposition to the proposal, as one engine will not be enough for the area (28%)
- Spelthorne has a high risk profile (high deprivation, high density population, several high rise buildings, Thames, motorways with RTCs) (28%)
- Traffic around Spelthorne will make it difficult for the engine to move / for additional support to come into the area (Sunbury Cross, M25, M3, Thames bridges) (15%)
- The potential expansion of Heathrow airport, and the timing of the consultation should be taken into account. Heathrow is also a big risk factor for major incidents. (14%)
- The removal of a fire engine causes serious doubts about the service's resilience for major incidents or at times when the crew is not available (training or other incident) (14%)
- Concerns were raised about the modelling of the response times, how they were set and what methodology was used (10%)
- This proposal is a pure money saving exercise and consideration for risk and safety have not been taken into account (6%)
- This would be an unfair service reduction (fire engines per population), compared to other wealthier areas of Surrey (6%)
- There might be delay in getting neighbouring support (London stations are closing, other Surrey stations around might be affected by changes) (6%)
- The oil depot and planned building of the Eco Park create considerable industrial risk, which the SFRS should take into account (5%)
- The proposed location of the new fire station is less than ideal, as it is removed from key risk points (5%)
- Questions about the response times for the water rescue unit and the crewing thereof (3%)
- The cost of building a new station was questioned. (3%)



- Respondents had personal experiences with the fire service and feel a reduction affects their sense of assurance and safety in case incidents occur in the future. (3%)
- The proposal would put fire fighters' safety at risk, as there would be less people on the ground, crews would have to wait longer for additional support (with accelerating fire), and outside support might not be familiar with the area / lay out of Spelthorne buildings. Also, the preventative community work would suffer. (2%)
- The planned changes at Walton and Esher fire stations, as outlined in the PSP Action Plan, will affect the resilience around Spelthorne and might make additional support take even longer to arrive. (2%)
- Spelthorne is a growing area, with an increase in population, new housing and commercial developments. (2%)

Alternatives suggested were:

- Keep two engines at the new location (9%)
- Raise council tax to fund the service / reduce council tax when service is cut (4%)
- Reduce the budget for other expenditure in the council (3%)
- Install more emergency cover, rather than reduce it (growing population, likely Heathrow expansion and other added risk factors) (3%)
- Keep an existing station and up-date it to suit future needs (2%)
- Cut expenditure elsewhere in the service – management roles, admin (1%)

There was a difference in the priority of respondent groups' concerns. SFRS staff were more concerned about the reliability of the response times / modelling approach, the possible delay and cost in getting neighbouring fire and rescue support, the increased risk to fire fighters' safety as a result of the proposed changes and the impact of planned changes to Walton and Esher fire stations on Spelthorne. On the other hand, some concerns were more prominent amongst residents, such as the recurrent traffic congestion in the area, Heathrow airport, the unfair service reduction compared to other Surrey districts and boroughs, council tax and the oil depot / Eco Park. Also, it was only members of the public that suggested adding more cover rather than reducing it.

6.1.7 Clarity of information

8 in 10 respondents said that we explained the proposals clearly. 23% of SFRS staff required more clarity of information, highlighting the need for these groups to scrutinise data and apply their expert knowledge to the proposal. Equally, 26% of those that rejected the proposal required more information. Requests for clarification revolved around:



- Explain the reasoning and benefits behind the proposal better (17%)
- More financial information (cost / savings) (15%)
- Less biased / one-sided information (13%)
- More performance statistics and risk related data (10%)
- More publicity / better communications of the proposal (9%)
- Explain how emergency cover retains resilience (5%)

Further investigation into a possible link between lack of understanding and any protected characteristics (old age, disability, ethnicity (language)) produced no significant findings. 8% of those that said to have a disability, 5% of those with other than White British origin and 16% of over 65 year olds said that the proposal was not clearly explained, compared to an overall figure of 21%. There were no explanations on why the proposal was unclear that linked explicitly to any of the protected characteristics, confirming the conclusion that the perceived lack of clarity was mainly caused by a lack of specific information.

6.1.8 Communication channels

20% of respondents heard about the consultation directly from the SFRS (for staff it was 73%, for Councillors it was 85% and for the public the figure was 7%). This is not surprising, as staff and known key stakeholders were directly invited to submit comments at the start of the consultation. The other major channel was leaflets, where 18% became aware of the consultation (although it is hard to determine if it was leaflets published by SFRS or by a Resident Association, which ran a mail drop campaign at the beginning of September). 12% of respondents were alerted to the survey through the SCC or SBC Facebook or Twitter account.

6.1.9 General comments

242 respondents left comments relating to the SFRS in general and the consultation. The main comments were:

- 22% expressed praise and recognition for the SFRS.
- 35% used the opportunity to reiterate reasons for opposing the plans (increased response times, reduced resilience, Spelthorne's risk profile, Heathrow expansion, traffic congestion, reduction in community work, unfair service cut).
- 21% of the comments focused on consultation content and method. People would have liked to see the plans better publicised (mail drop or stand on the street). Also, in people's opinion, the information was presented in a one-sided and biased way. The consultation was seen only as a 'lip service' exercise, as



the decision to implement this proposal had already been made, according to some respondents.

- 17% proposed alternatives, including keeping two engines at one station, raising council tax, increasing emergency cover instead of reducing it, using SCC reserves, cutting money elsewhere in the service or the council.
- 8% of comments expressed support for this proposal, trusting the service decision makers to propose a robust and well researched plan.

6.1.10 Equalities and Diversity section

Around 77% of respondents were willing to complete all questions in the Equality and Diversity section. Compared to the demographic makeup of Spelthorne, the sample was slightly older, more male and with fewer representatives of the BME section.

- **Age:** The distribution of age groups for the population of Spelthorne and the age distribution for the survey is as follows:

Age	Spelthorne	Applied to sample (18-85+)	Consultation sample (public)
18-24	7%	9%	3%
25-44	28%	35%	28%
45-64	27%	33%	45%
65-84	15%	19%	23%
85+	2%	3%	2%

It is not representative of the demographic makeup of the borough, as respondents of middle and old age are over-represented (45%) and younger residents under-represented (despite using youth centres and schools as communication outlets).

The survey contains questionnaires that were completed by care home managers, who represent old age pensioners (predominantly 75+). When looking at the postal questionnaires from care home managers, we find that all rejected the proposal outright, the main concern being the safety of the elderly residents.

Only nine members of the public were aged under 25 and they were least supportive of the proposal. The reasoning however reflected the average causes for objection and had no reference to young age.

Also, the older age groups were more likely to oppose the proposal (75%). Amongst the non-supporters, there were 22% 65+, and only 7% in the supporter group.

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Age	Sample size		Yes		Not sure		No		No opinion	
up to 24	11	2%	1	9%	2	18%	8	73%	0	0%
25-44	142	31%	33	23%	8	6%	99	70%	2	1%
45-64	207	46%	48	23%	12	6%	147	71%	0	0%
65+	93	21%	6	6%	15	16%	70	75%	2	2%
Overall	453	100%	88	19%	37	8%	324	72%	4	1%

In this survey, 24 comments were left with specific concerns about vulnerable people and how this proposal might impact them. Eight of those comments were non-specific and just mentioned 'vulnerable people'. Eleven comments revolved around old people and their increased risk, while three comments mentioned concerns around young children. For example a care home manager and a former social worker stated the following:

"The current station in Sunbury is nearer to our business which would need attendance as soon as possible. We do not want a potentially slower time for attendance as we deal with old and vulnerable people 24/7."

"When I was working as a social worker in Spelthorne (Now retired) I had several dealings with the fire service in times of flooding, supporting very vulnerable older people etc and I fear this aspect of the work may be cut back."

- Disability:** Mobility issues and mental health issues are known to be fire risk factors. The sample reflects the 15% prevalence of disabled population in Spelthorne (Census, 2011). Looking at the 60 respondents stating to have a disability, there was significant shift in support. The main concerns for the disabled group were the longer response times and the likelihood of gridlock on Spelthorne's roads, meaning that their requirement for quick assistance would not be met under the proposal. Also out of the 24 verbatim items received, four mentioned their concern for disabled people and those of ill health:

"I'm not sure if one fire engine will be able to cope. What happens if there is an emergency at the airport, plus a fire in the residential area, say in a block of flats with older residents or disabled people who would need assistance to evacuate the premises." (Spelthorne resident)

Disability	Sample size		Yes		Not sure		No		No opinion	
Yes	60	14%	12	20%	6	10%	41	68%	1	2%
No	366	86%	69	19%	30	8%	266	73%	1	0%
Overall	426	100%	81	19%	36	8%	307	72%	2	0%

- Gender:** The survey was completed by more men than women. However, looking at the staff and public cohorts separately, we can see that for public members the ratio



of women outweighs men compared to the borough's usual distribution. Also, females are more at risk of injury or death by fire.⁵ Females were slightly less supportive of the proposals than men (only 33% of supporters were female, whereas 47% of non-supporters were female). Men had a slightly higher approval rate (reflecting the fact that 95% of SFRS staff, who were more supportive of the proposal, were male).

Gender	Sample size		Yes		Not sure		No		No opinion	
Female	198	46%	28	14%	23	12%	146	74%	1	1%
Male	235	54%	56	24%	11	5%	165	70%	3	1%
Overall	433	100%	84	19%	34	8%	311	72%	4	1%

- Ethnicity:** We know that the majority of those suffering injuries or death through fire are White British. In the survey, 94% of those members of the public that stated their ethnicity were White British (which is above the overall rate for Spelthorne, 81%). Eight respondents from the public domain came from an Other White background (3%) and five from an Asian background (2%), two (1%) from a Mixed Asian-White background. One member of the public came from the Black community. There were no ethnicity-specific comments amongst any of the ethnic groups. The attitude towards the proposal amongst non-White British respondents falls broadly amongst the overall split; the sample is too small to assign any meaning to small variances in support levels.

Ethnicity	Sample size		Yes		Not sure		No		No opinion	
White British	387	94%	75	19%	36	9%	272	70%	4	1%
Not White British	23	6%	6	26%	0	0%	17	74%	0	0%
Overall	410	100%	81	20%	36	9%	289	70%	4	1%

- Religion:** The majority of respondents that stated their religion classed themselves as Christian (53% of all respondents responding to the question, average for Spelthorne is 64%). 23% said they had no religion (average for Spelthorne is 23%). Two members of the public were Buddhist, two Jewish and one was Muslim. There were no Hindu respondents amongst the sample. There were no religious-specific comments amongst those that held a religion.

⁵ Community Risk Profile, 2011-12



Religion	Sample size		Yes		Not sure		No		No opinion	
Christian	249	67%	57	23%	25	10%	164	66%	3	1%
Other faiths (Buddhist, Muslim, Jewish, Other)	19	5%	1	5%	2	11%	16	84%	0	0%
No religious / faith group	102	28%	21	21%	6	6%	74	73%	1	1%
Overall	370	100%	79	21%	33	9%	254	69%	4	1%

- Marital status:** Single occupancy is known to be a fire risk factor. Hence, looking at the 120 respondents stating to be single, divorced, separated and widowed, we can say that their level of support is not as positive but also that their negativity is slightly weaker. A considerable part was not sure about the proposal. The main concerns for the single group were reduced resources, longer response times and Spelthorne's urban makeup – however no comments about individual living conditions.

Status	Sample size		Yes		Not sure		No		No opinion	
Married, co-habiting, civil partnership	301	71%	6	21%	16	5%	221	73%	2	1%
Single, widowed, separated, divorced	120	29%	2	19%	3	16%	19	63%	2	2%
Overall	421	100%	8	20%	5	8%	35	71%	297	71%

- Sexual orientation:** 10 of 356 respondents that answered that question stated to be lesbian, gay or bisexual (LGB). There is no discernible difference between the level of support amongst this group compared to the heterosexual group. However, it was only a very small sample, which makes this data unrepresentative. The verbatim that the unsupportive respondents gave had no reference to their sexuality or any other lifestyle choice associated with this protected characteristic (single occupancy, etc).

Status	Sample size		Yes		Not sure		No		No opinion	
Heterosexual	346	97%	74	21%	31	9%	240	69%	1	0%
LGB	10	3%	3	30%	0	0%	7	70%	0	0%
Overall	356	100%	77	22%	31	9%	247	69%	1	0%

- Pregnancy / maternity:** Ten respondents stated that they were pregnant / had been pregnant in the last 12 months (one of whom identified himself as a gay male). Eight of these respondents objected to the proposal (80%), because of the increase of the response times and the growing population in Spelthorne. There was one specific comment about the difficulty of quickly evacuating a high rise flat with small children.

"I live at Sunbury Cross, in a high rise flat with two children under three. The thought of a fire terrifies me, and the thought that there will be just one fire engine operating in Spelthorne is awful. [...]". (Spelthorne resident)



- **Gender reassignment:** Three respondents stated that they had undergone gender reassignment (out of 391 responding to the question) – this would mean nearly 1% of the sample was transgender which is well above the national average of 0.04% (GIRES 2009). Regardless of the truthfulness of the respondents' answers, no comments were made that refer specifically to gender reassignment or issues related to gender reassignment.

For further findings and analysis see the Equality Impact Assessment.

6.2 Public meetings

As part of the consultation, members of the public were invited to three public meetings: Ashford (17 September 2013), Staines (25 September 2013), Sunbury (10 October 2013). The meetings were publicised in over 100 outlets, including libraries, town centres, GPs, community centres, churches, schools, post offices, borough council offices and Citizens Advice Bureaux. The events were publicised on the Spelthorne Borough Council's and Surrey County Council's websites and through social media sites Twitter and Facebook. County and local Members, as well as MPs were also briefed on the event so that they could raise it with their constituents. Businesses, residents from the ORS panel and those that registered in the survey were also emailed.

In total, around 170 people attended, amongst them borough and county councillors, residents, representatives of local neighbourhood groups and SFRS staff. SFRS officers and the Cabinet Associate gave a presentation and collected feedback and replied to questions and concerns which included:

- Spelthorne's unique risk profile means the area is at higher risk of fire and other incidents (high level of deprivation, density of population, number of high rise buildings, risk areas like motorways, industrial sites, Heathrow airport, river Thames)
- Traffic congestion impacting on response times (especially for supporting engines coming into the area)
- Increased response times will put people's lives at risk
- Reduced resilience with one engine, especially if compared to engine to population ratios of other boroughs and districts in Surrey
- Water rescue capability – longer incident attendance times which affect crewing of engine and overall resilience
- Cost – benefit of proposal (including all indirect costs – cost of fire death; predicted savings)



- Accuracy of modelling / mapping / predicted response times and other statistics used in consultation material; the way response standards are set; national comparison of performance of Surrey FRS
- Frequency, cost and nature of cooperation with London Fire Brigade
- Impact of possible Heathrow airport extension
- Impact of other new major developments (Eco Park, shopping centres, housing estates)
- Suitability / cost of new location (further away from high risk spots like Sunbury Cross, Ashford hospital, Thames)
- Publicity of consultation and impact of consultation findings on approving the proposal
- Impact of changes to community work (prevention, educational visits, risk assessments)
- Further use / disposal of equipment and appliance
- Alternatives – reduction in management posts, reduction in other services, using SCC reserves, increasing council tax for Surrey residents, reduction in SGI contract fees)

The overall consensus at the meetings was strong opposition to the proposal.

6.3 'Spelthorne Together' Community Event

On 27 September 2013, Spelthorne Borough Council ran a community event at Kempton Park Racecourse. Two SFRS officers presented information around the proposal at a stand, which 13 members of the public, the Chief Executive and the Leader of Spelthorne Borough Council visited.

Key questions included:

- What other Boroughs in Surrey had only one Fire Engine?
- What is happening with regard to Elmbridge Borough?

Two individuals who had also attended the public meeting on the evening of the 25th September stated that they "*feel like it is already decided and that it is not consultation at all*".



6.4 Shepperton library event

On 21 October 2013, two SFRS officers raised awareness and responded to questions around the proposal at Shepperton library. The SFRS officers engaged with around 20 people, including two Borough Councillors and the chairman of Shepperton Residents Association. Key themes included:

- Changes to the Walton Bridge might impact on already congested traffic in the area
- Impact of proposed changes to Elmbridge fire cover on Spelthorne
- Eco Park as a major risk factor
- Request for a full cost-benefit analysis and timescales for implementation
- Queries about the necessity for Equalities and Diversity section in questionnaire
- Was a location closer to the Thames considered (re water rescue facilities)

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6.5 Neighbourhood Panels

SFRS officers attended two Neighbourhood Panel meetings (Staines Urban, Laleham) and a Police surgery (Ashford library) in August and September to engage with the residents, raise their awareness of the proposal and discuss the details of the merger. In total, SFRS officers spoke to 41 people and distributed 60 leaflets. Ashford RA also received 100 Easy Read questionnaires as an outcome of the Laleham Panel meeting. The key themes revolved around:

- Location of new fire station
- Training facilities at new fire station
- Availability of two engines for major incidents / resilience
- Staff support for proposal / possibilities of redundancies
- Where to find out more
- General feeling that Spelthorne fire cover should not be reduced

6.6 Empowerment Board North meeting

The Surrey Empowerment Boards is a group that represents disabled people with physical, sensory and cognitive impairments in Surrey. On 17 September 2013, a SFRS officer attended the Empowerment Board North meeting to present the proposal and gather feedback. Representatives from Runnymede Access and Liaison Group, White Lodge and Surrey Disabled People Partnership attended the meeting, and some



returned completed questionnaires. The key concerns discussed at the meeting included:

- Increased response times means greater risk to life and property (especially for those that are hearing impaired, who take their hearing aids out at night)
- Major gridlock in the area might prevent support cover to arrive in time
- Wheelchair users or vulnerable people might live in high rise buildings / dwellings that supporting crew from outside is not familiar with
- Staines station is better located (Ashford hospital)
- Some public buildings (i.e. Runnymede library) have no adequate fire evacuation points for wheelchair users
- Plans for removed crew and engine
- False alarms from increasingly used Telecare will go up – enough capacity of one crew
- Value of FRS preventative work – feasibility to run a fire awareness training session with the Board in the future

Overall the group was cautious about the proposal, as there were too many concerns around the time-increase in responding to people with mobility issues and hearing / visual impairments.

6.7 Staff feedback

6.7.1 Survey responses

89 SFRS staff responded to the survey. The support for their service was strong with everyone valuing or strongly valuing the service. Judging the proposed option, 48% of staff that responded to the question supported the approach, 4% were unsure and 48% rejected the proposal; only one SFRS staff said to have no opinion on this matter. Seven staff did not leave a response to that question.

32 respondents listed following key reasons for their lack of support:

- Spelthorne's high risk profile (high population density, high deprivation levels, urban buildings, river Thames, motorways) (34%)
- Increase in response time will cost lives (31%)
- Only one engine will reduce resilience (19%)
- General feedback that current arrangements should not be changed (16%)
- Question if response times are realistic / more modelling evidence needed (16%)



- Making the job harder for SFRS staff (fewer on the ground - less safe, less education / prevention work) (9%)
- Delay / cost in getting neighbouring support (9%)
- Proposal is a pure saving money exercise with no service improvement (6%)
- Water rescue capability (crewing / response times) (6%)
- Development at Walton / Esher stations will impact Spelthorne further (6%)
- Poor map in consultation material (3%)
- One-sided / biased information (3%)
- Traffic as a main barrier to moving one engine and getting support into the area (Sunbury Cross, Thames bridges, level crossing) (3%)
- Proposed location of new fire station (not suitable for training, not close to risk spots, current location better) (3%)

Alternatives suggested by staff were:

- Keep two engines at the new station (9%)
- Cut money elsewhere in the council 3%
- Cut money elsewhere in the SFRS (management / salaries) (3%)

77% said that we had explained the proposals clearly. The main criticism of the 23% that said that we hadn't was mainly lack of detail and statistics in the plan, and a one-sided representation of the information.

Other comments made by staff were:

"The reality is the dropping of a pump. One pump within the first time schedule will not make up for losing the other appliance, you make it out to sound better than it is."

"Spelthorne is a huge risk within Surrey. Areas of social and economic deprivation. In addition the difference between 1 and two fire appliances is life critical."

Of the 76 that were willing to submit information on their demographic background, all were of working age so fell into the 25-44 or 45-64 age groups. Three staff stated that they had a disability (5%), which is above with the general make up of the SFRS (1%). 92% of staff respondents that completed the E&D section were male, which matches the makeup of the SFRS (91%) and 97% were White British (around average, as 2% of SFRS staff are from a BME background).



6.7.2 Workshop themes

Workshops were held in Staines (27 August 2013, attended by 6 staff) and Sunbury (9 September 2013, attended by 15 staff) where SFRS officers presented the proposals and discussed concerns:

- Questions about the methodology of the modelling / accuracy of response times / ORH (modelling company)
- Response standards – how were they set? Why are they changing?
- Risk to fire fighters' safety with reduced fire cover and longer response times
- Demographics of Spelthorne – one of the most densely populated boroughs, very high deprivation levels, lots of high rise buildings, ageing / growing population
- Traffic – bridges over the Thames, gridlock on motorways which contribute to the risk levels of the area
- Costing / savings – how much is the new station; where do the savings come from; why have there been refurbishments; why are we spending money on Specialist Group International (private contractor) if we don't use them
- Other options – what was considered (closing Staines, keeping Sunbury); is the decision already made; if public rejects the proposal; SCC reserves could be used; admin staff could be cut
- Cover during training – what will happen if crew is out on boat training or has a boating incident. Incident times take longer for a boat. Was the boat taken into account in the modelling
- London partnership – was London taken into account in the modelling; did model factor in that Surrey's resources are used more than Surrey uses London
- Heathrow expansion – impact on risk levels; timing of consultation
- Skill set / training for new crew re water rescue
- Implementation – how long will it take to find new location and build new station
- Unfair cut – draining resources into wealthier parts of Surrey
- Sources for data used in information (statistics, list of wards)
- Map – Walton is not a 24/7 station

6.7.3 Formal response

We received a letter signed by 47 Spelthorne crew members who opposed the proposal for following reasons:



- Doubts over response times (used only ORH (modelling company) – no cross checking; no focus on worst case scenarios; used only 2 years worth of data; mobilisation computer doesn't recognise congestion issues)
- New location (Fordbridge roundabout) liable to flooding / cutting off access
- Outsider crews lack local knowledge to navigate
- London and Berkshire resources not on the Surrey control mobilisation computer (requires manual operation – 5 minute additional delay; automated solution expected in 2 years time)
- Other changes impacting the proposals (Windsor to reduce cover, Walton might reduce, as might London; Spelthorne will be heavily drawn in to support London on Heathrow incidents)
- No proper risk assessment has been done (Surrey is not an even county – urban versus rural; data used in option development not correct – right data: Fire Statistics Great Britain, DCLG; special characteristics not taken into account – high rise, island dwellings, flooding; Eco Park at Charlton Lane)
- Spelthorne is urban – unfair to compare against rural Surrey areas (square mile basis comparisons on fire death, road deaths, rescue from fires, led to safety from fires, residential fires; higher water death rate; high rate of high rise fires)
- Alternative areas in Surrey for cut in fire cover (cost savings as driver; money can be saved elsewhere with less impact: Walton, Esher, Haslemere becoming retained, Dorking-Leatherhead merger, one engine at Camberley, one engine at Woking, reduce spend on equipment and capital projects, fewer management posts)
- High deprivation levels, high concentration of vulnerable people, busiest roads, dangerous stretch of river, high rise buildings, borders Heathrow, West London oil depot, Poor performance indicators)

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6.7.4 Fire Brigades Union

The Fire Brigades Union submitted a formal response in December 2013, which opposed the proposal, stating that:

- The proposal does not take account of the local demographics, risks or the rising population, in particular the elderly and vulnerable:
 - A larger population and a greater proportion of elderly and vulnerable people increases the likelihood of fires occurring. To control the risk of fires occurring, an increase in the amount of fire prevention work would be needed but this requires more fire fighters not less.
 - There will also be less fire fighters working on a daily basis to ensure the fire protection of buildings in Spelthorne are in compliance with the



regulations. Deviations from the regulations often cause greater fire spread so this will increase the severity even further.

- The proposal will have a detrimental effect on many areas of public safety and reduce the service's capacity to respond to all types of emergency calls in Spelthorne and surrounding boroughs.
- The reduced number of crews and amount of equipment would lead to losses in speed and weight of attack in Spelthorne. In cases of fire this will have a direct impact leading to fires growing larger, thus greater risk to fire fighters, greater insurance losses and an increased risk of injury and death.
- The proposal is likely to cost more than it is planned to save through indirect costs.

As an alternative option, FBU Surrey suggested that savings could be made by ending SFRS current contract with Specialist Group International (SGI), which is a private company working within SFRS.

6.8 Councils and Committees

Local Committees and Borough and County Councillors of Spelthorne, Elmbridge and Runnymede were written to as part of the consultation process. All Surrey County Councillors received a newsletter about the proposal and the consultation. The proposals were also presented to the Local Committees of Elmbridge, Runnymede and Spelthorne and to the Community Select Committee, at an informal briefing.

6.8.1 Survey responses from Members

There were 13 responses from Councillors (nine Spelthorne Borough Councillors, one Elmbridge Borough Councillor and one Ward Councillor for Brentford). Only two Councillors supported the proposal, while ten opposed it, one was unsure. The main reasons for opposing the plans were:

- The construction of the Eco Park poses a greater risk of fire, and one engine will not be able to provide enough cover for industrial emergencies
- The resilience of fire cover will reduce and will hence affect neighbouring areas like Elmbridge
- Spelthorne has some of the most heavily congested roads, which means higher risk of incidents but also more difficult to reach for the fire engines



6.8.2 Communities Select Committee (Scrutiny role)

At an informal briefing on 25 September 2013, two SFRS officers and a policy officer presented the proposal to ten Members of the Communities Select Committee. Questions were asked in particular around the business case for this proposal. Other comments included:

- Effect of the proposal on the water response unit
- Assessing the impact for Spelthorne before commencing the implementation of the PSP Action Plan in Elmbridge
- Spelthorne – residents' concerns seem valid, as it is an area of high deprivation and high population density
- Number of call outs currently and predicted in Spelthorne
- Consultation – decision on this proposal has not been made yet
- Financial information should be presented clearly

One Member was in favour of two fire engines at a new station, while another Member mentioned that residents of Spelthorne would be happy to pay more council tax to keep the current arrangement.

6.8.3 Spelthorne Local Committee

The proposal was presented at the Local Committee meeting on 30 September 2013, discussed and a motion carried to reject it. A petition containing 384 signatories against the proposal was also presented at the same meeting.

A formal response was submitted by the Chairman on behalf of the Local Committee stating that the Local Committee opposes the proposal to close the Sunbury and Staines Fire Stations for the following reasons:

- Spelthorne is second highest population density
- Number of high rise buildings, and high density of low social status housing
- High number of people with poor health
- Spelthorne is liable to flooding
- Industrial areas (warehouses)
- Heathrow airport and West London Oil Terminal
- High number of fires, road and river deaths / injuries compared to other areas in Surrey
- Congested roads and bridges will delay response times of engines from outside Spelthorne



- Increased response times will increase risk to property and lives
- Unclear on what savings can be achieved
- Residents oppose the proposal universally
- Changes in Windsor, Elmbridge fire cover might further reduce response times to Spelthorne
- Eco Park and gasification facility at Charlton Lane were not taken into account at PSP development stage
- Potential expansion of Heathrow airport might affect risk levels in Spelthorne
- Savings might be impacted by introduction of charging for call-outs from London Fire Brigade (also partnership is not legally binding)

The Local Committee requests that the fire stations in Sunbury and Staines be retained. However, if this is not acceptable, it strongly recommends that two engines be made available at the proposed new fire station.

6.8.4 Spelthorne Borough Council

At the Spelthorne Borough Council meeting on 24 October 2013, a motion was discussed, put to the vote and unanimously carried with stated:

"This Council opposes the closure of fire stations in Sunbury-on-Thames and Staines-upon-Thames. In the event that Surrey County Council proceeds with the closures, this Council insists that, at any new station, there will be at least two fully-manned and fully operational fire appliances on a 24-hour basis".

6.8.5 Elmbridge Local Committee

The proposal was presented to Elmbridge Local Committee on 2 September 2013. The response from the Local Committee chair, on behalf of the Local Committee in Elmbridge is: 'Members were concerned about the knock on for Elmbridge of having one station in Spelthorne especially during the transition period. Also they are looking forward to discuss the proposals for Elmbridge in six months time'.

6.8.6 Runnymede Local Committee

Runnymede Local Committee considered the report presented in public at its meeting on 30 September 2013, but as the Committee's county councillors include four who are Cabinet members they all declared an interest and abstained from comment because they will be required to make a final decision on the plan. Therefore no formal comments were submitted. However, they were grateful for the opportunity to be briefed on the likely implications.



No formal feedback was received from the Fire and Rescue Service Advisory Group.

6.9 Other feedback

6.9.1 PSP inbox

There have been 58 contacts with the psp inbox / phone number, eight of which came from elected Members, 48 from residents and businesses (including Bronzefield Prison and Sunbury Cross Ltd) and two from representatives of Residents Associations.

- The concerns from elected Members revolved around the appropriateness and reasoning behind the Equality and Diversity section of the survey, as well as the ratio of fire fighters to population in Spelthorne compared to other Surrey district and boroughs. A point was also made of the increased risk of the Eco Park, and the substantial traffic congestion that certain areas of Spelthorne experience.
- “The problem in Spelthorne is not distance but time. More especially the unpredictability in the time it will take to cover those relatively short distances because of the density of the traffic.” (Elected Member)
- All of the 48 emails and letters received from residents and businesses opposed the proposal; concerns centred on the increase in response times and the linked risk to life and property. Further factors such as congestion, the Heathrow airport (extension), the motorway network and Eco Park were all mentioned, as well as the general make up of Spelthorne (highly populated, high rise buildings, deprived). One letter from Suncross Limited, a housing management company looking after two blocks of flats in Sunbury, opposed the proposal as the current Sunbury fire station is ideally located for their blocks and other high density dwellings in the area and an increase in response times would be too dangerous.
- Kempton Residents Association (RA) and Pharaoh’s Island RA submitted feedback. Pharaoh’s Island RA had particular concerns about their island location which needs fire fighters that are familiar with the area and extra resilience, in case a crew is out to deal with an emergency on an island which would dramatically increase incident time. It also included other more general points about the increasing population in Spelthorne and the building of the Eco Park and a new CostCo.
- Kempton RA also strongly opposed the plans, stating that services dealing with matters of life and death should not be cut, and that the latest planned developments in the borough will add extra strain on the resources.



6.9.2 Lower Sunbury Residents Association (LOSRA) Submission

LOSRA submitted a formal response, which picked up points made in a briefing note, published on their website in September 2013.⁶ LOSRA outlined their arguments against the proposal, which included:

- New location is not ideally situated (too far from high risk areas and closest to a golf club and reservoir)
- Critique of response times published by SFRS (in-depth exploration of definition of response time, own calculations and maps of travel time to areas in Spelthorne, comparison against other FRS)
- Exponential fire growth rates – increase in response time creates larger fires and thus puts people's lives and properties, and fire-fighters at greater risk.
- Traffic congestion / bridges will delay support coming in from outside of Spelthorne
- Support from outside of Spelthorne cannot be relied on (reduction in neighbouring stations, interoperability issues)
- Reduced resilience at multiple engine incidents or during water rescues
- Highly densely populated Borough with high proportion of people with poor health, which increases risk
- Unfair resource balance that doesn't take into account actual risk factors
- Not enough resources to carry out other non-emergency work (operational risk assessments, safety visits)

6.9.3 Ashford North Residents Association (ANRA) Submission

ANRA submitted a formal response outlining that all its members are against the proposals, because:

- Spelthorne is densely populated with numerous high rise buildings and has a high prevalence of vulnerable adults that are 'most at risk of fire'. Spelthorne has the highest density of Social Housing in Surrey
- Increase in response times would put residents' lives and property at greater risk
- Support from London cannot be relied upon (traffic situation makes moving into the Borough difficult, neighbouring stations might be affected by cuts and changes)

⁶ <http://www.losra.org/welcome-to-the-losra-homepage/item/393-effect-of-proposed-changes-to-fire-service-cover-in-spelthorne>



- Spelthorne's location needs to be taken into account (close to Heathrow airport, industrial areas, motorways and the river Thames)
- Reduction to one crew will have detrimental effect on community work (fire safety visits, staff training, operational risk assessments)
- Proposals are unfair for Spelthorne (engine to population ratio will be lowest in any Surrey district and borough)
- Consultation material did not contain sufficient information – savings against cost of building a new station were unclear.
- Savings should be found elsewhere.

6.9.4 Collective Residents Association Response

On 31 October 2013, a statement was submitted by the Chairman of LOSRA on behalf of:

- Ashford North Residents Association
- Penton Hook Residents Association
- Central Ashford Residents Association
- Shepperton Residents Association
- Green Street Action Group
- Silvery Sands Residents Association
- Leacroft Residents Association
- Staines Town Society
- Lower Sunbury Residents Association
- Stanwell Moor Residents Association
- Kempton Park Residents Association

In the statement the Residents Associations called for the proposal not to be implemented, as they feared it would leave Spelthorne with inadequate fire and emergency cover.

6.9.5 Petitions

As mentioned above, a local petition was signed by 384 members of the public and presented at the Spelthorne Local Committee meeting on 30 September 2013. The signatories protested "... against further restrictions on the boroughs fire and rescue services. Given the close proximity of Heathrow, the M25 and M3 our stations would appear essential for the safety of our borough. We cannot rely on other boroughs if they are too seeking to restrict their services; Hounslow and Feltham already tend Heathrow which puts any plans on seeking their assistance at risk. With only two remaining 24 hr stations, which would now seem to be under threat, we must ask that these remain as they are and other means are found to reduce costs."



Equally, an HM Government e-petition was started and signed by 134 members of the public: “Surrey only have 2 remaining 24hr fire stations, Heathrow already use bordering authorities like Feltham and Hounslow, we would not be able to rely on these if they are on call to an adjacent borough. Protect our 2 remaining 24hr stations from further operational restriction.”

The signatures were counted as individual items of negative feedback in the analysis.

6.10 Media coverage

From 8 August – 14 November 2013, the proposal and consultation featured in 12 media items (print and on-line), all of which were negative.

Cover date	Headline	Publication / Outlet
08/08/13	Fire station closures is a 'high risk' gamble	Getsurrey.co.uk
22/08/13	I'd be petrified on the top floor	Surrey Herald
23/08/13	Tower block residents raise fears over fire station closure	Getsurrey.co.uk
12/09/13	Meetings on fire station closures	Surrey Herald
01/10/13	Spelthorne fire station closure plans debated	Getsurrey.co.uk
10/10/13	Too many bosses, says Fire Union	Surrey Herald
17/10/13	Plans to reduce coverage continue apace	Staines Informer
24/10/13	Fire cover fear as Spelthorne engines sent outside borough	Getsurrey.co.uk
28/10/13	Councillors unite to oppose fire station closure in Spelthorne	Getsurrey.co.uk
07/11/13	I wouldn't feel safe in Founders building	Surrey Herald
07/11/13	Fire station closures: Campaign hotting up	Surrey Herald
14/11/13	Protesters to march against planned fire station closure	Getsurrey.co.uk

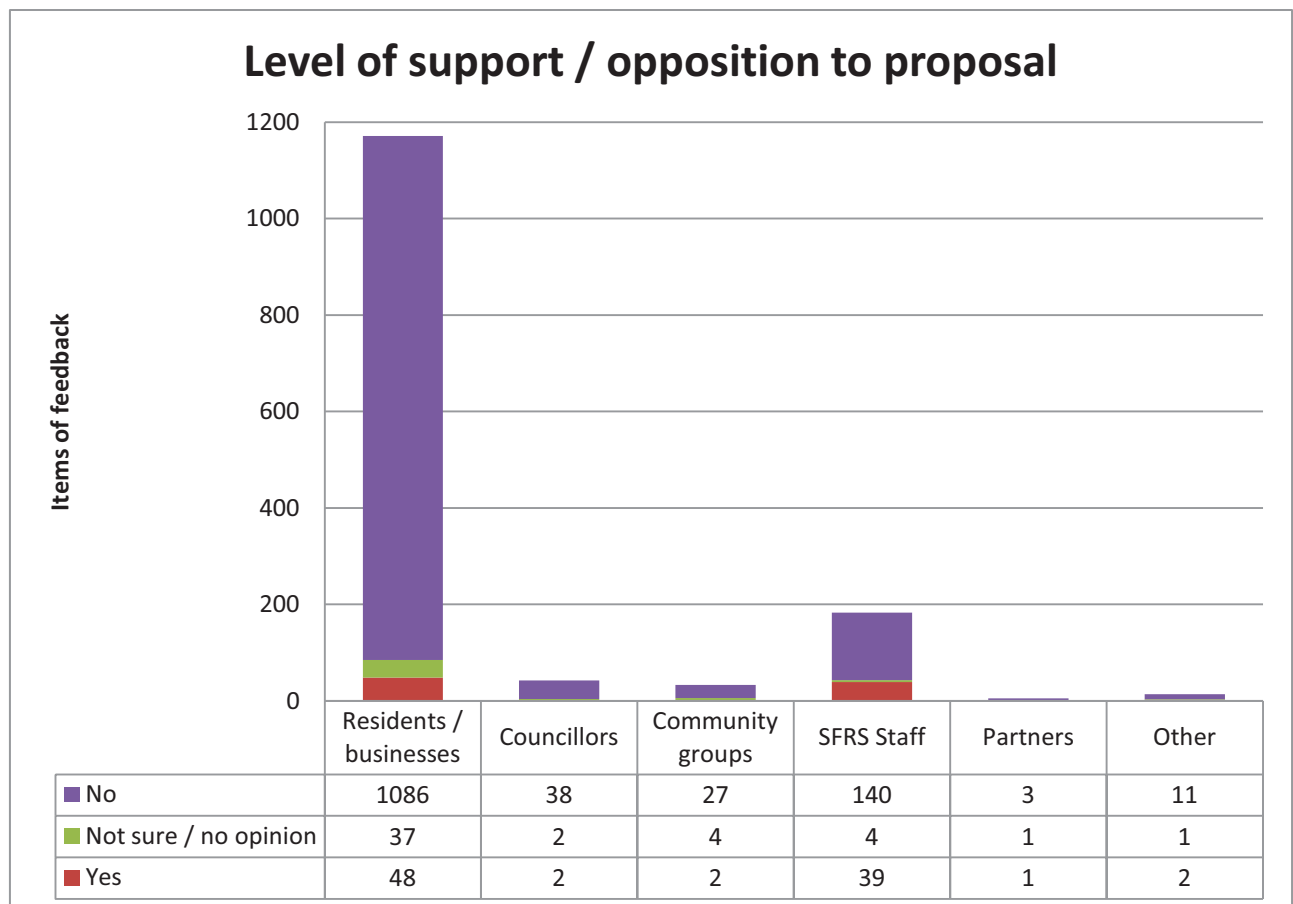


7 Key findings

All consultation data including formal responses, survey comments, emails, workshop feedback was coded to determine the most frequently raised concerns and questions. The feedback of the consultation overall has been negative, with key opposition from residents and councillors from Spelthorne.

	Total - items of feedback	Yes	Not sure	No	No opinion
Residents / businesses	1171	4.1%	2.9%	92.7%	0.3%
Councillors	42	4.8%	4.8%	90.5%	0.0%
Community groups	33	6.1%	9.1%	81.8%	3.0%
SFRS Staff	183	21.3%	1.6%	76.5%	0.5%
Partners	5	20.0%	20.0%	60.0%	0.0%
Other	14	14.3%	0.0%	78.6%	7.1%
TOTAL*	1448	6.5%	2.9%	90.2%	0.4%
TOTAL respondents	1468				

*excludes survey respondents that did not leave an answer at Q5a





7.1.1 Concerns

Consolidating feedback from individuals in surveys, emails and letters, we can see that the most common concerns were (the percentage signifies the occurrence of the theme amongst the 779 received comments):

- General opposition to the plans and a view that one engine is not enough for Spelthorne (22%)
- Increase in response times will risk lives and property (22%)
- Spelthorne's profile makes it a high risk area (high density population, high level of deprivation, urban built, dangerous stretch of the river Thames, motorways) (18%)
- Heathrow - the airport might need support for major incidents; the expansion of the airport will add to the risk factor; timing of consultation could have been better coordinated to coincide with consultation about the expansion (10%)
- Traffic as a main barrier to moving the engine around or getting support into the area (Sunbury Cross, Thames bridges, level crossing) (10%)
- Reduced resilience in case of a major incident and / or when crew is busy otherwise (9%)
- Praise and recognition for SFRS (8%)
- Not a service improvement but a pure cost saving rationale (6%)
- Spelthorne has a lot of industrial sites (oil depot / Eco Park) which adds to the risk profile (4%)
- Unfair service reduction (lowest engine to population ratio in borough) (4%)
- Proposed new location is not suitable for training, not close to any high risk areas and prone to flooding (4%)
- There will be a delay and additional cost in getting neighbouring support (3%)
- Water rescue capability (longer response times) (2%)
- Personal experience with FRS gave respondents a sense of assurance; so reducing the cover is an emotive matter (2%)
- Spelthorne is a growing area with numerous new developments (commercial, industrial and residential) (2%)
- Cost of building a new station is unclear (2%)
- Proposal will make the job more difficult for FRS staff (fewer on the ground - less safe, more stretched to deliver education and prevention work) (2%)
- Staff will have reduced capacity to carry out community work – risk assessments, educational visits, and home fire safety visits (1%)



- Generally supportive of the proposal (1%)
- Litigation / legal consequences when lives are lost for those that approved this proposal (1%)

While most respondents submitted their views on why the proposal should not go ahead, fewer suggested alternatives. The most frequently mentioned alternatives were:

- Keep two engines in one station (5%)
- Raise tax to keep service / reduce tax if taken away (4%)
- Need more, not less cover (3%)
- Cut money elsewhere in the council (3%)
- Keep an existing station (refurbished / updated) (2%)
- Cut money elsewhere in the SFRS (management structure / salaries) (2%)

Specific comments around consultation included:

- Response times were not realistic / more modelling evidence needed (5%)
- There should have been more publicity (4%)
- The consultation should have included more financial information (3%)
- The tone and content of the information was one-sided and biased (3%)
- The material should have explained the reasoning better / benefits (2%)
- Consultation was seen as lip service (2%)
- More statistics on performance / risk should have been included (2%)

When looking at the comments made by groups (workshops, Committee meetings, public meetings, formal responses), the key themes were reflected by the individual concerns above. In addition, some concerns raised at group meetings or in formal responses were more focused around:

- cost-benefit analysis (cost of a new station, indirect costs including cost of fire death and cost of implementation, predicted savings, costing of other options),
- the impact of likely changes to the Walton and Esher fire stations and the London Fire Brigade in the future

See Appendix 3 for full analysis.



7.1.2 Specific concerns related to age and mobility / disability

There have been several comments with regards to the impact on vulnerable people, such as longer response times would delay essential assistance for elderly people, or those with mobility issues or dementia, disabled people and parents and carers of young children. Gridlocks on the roads would cause further delay and preventative work in the community might be reduced under the proposal.

8 Outcome

Surrey Fire and Rescue Service have considered the points raised during the consultation period.

In light of the overwhelmingly negative feedback, SFRS have decided to amend the proposal to take into account the raised concerns and suggested alternative. This is detailed more fully in the main report, and the impacts of this proposed amendment to the original plans are considered as part of the Equality Impact Assessment.

9 Next steps

The key themes from this consultation will be included in the Equality Impact Assessment (EIA) and the final report presenting the proposal to Cabinet in February 2014.

If the proposal is approved, the Action Plan will be implemented. Equally, actions outlined in the EIA will start to be implemented.



Appendix 1 – Questionnaire

Thank you for your interest in our Surrey Fire and Rescue Service consultation about changes to fire engine deployment in the borough of Spelthorne.

The survey will take about 10 minutes and ask some generic questions about your views on the Surrey Fire and Rescue Service, before outlining the key proposals concerning closing fire stations in Staines and Sunbury and building a new fire station in the area of Ashford Common.

The survey will then ask if you're interested in attending a public meeting, followed by some general questions about yourself. These will help us to make sure that we include a representative cross sample of the residents of Spelthorne. All your answers will stay confidential and will only be used for the purpose of this consultation.

The survey will ask you in what capacity you complete it (for example resident, business owner, staff, elected Member). If you would like to give us your views in more than one capacity (for example as staff AND resident), you can either go to our website to fill in the online survey or request another questionnaire, when submitting this one.

Please note that the consultation closes on Monday, 4 November 2013.

In case you have any questions, please contact us at psp@surreycc.gov.uk or on 01737 242444.

Thank you for your help
The Public Safety Plan Team,
Surrey Fire and Rescue Service

A. General questions

1) Please tell us if you are responding to this survey as a:

Please tick ✓ ONE BOX ONLY

- Member of the public
- Representative of a business
- Member of Surrey Fire and Rescue Service staff
- Member of Surrey County Council staff other than Surrey Fire and Rescue Service
- Partner agency, for example NHS, Police, other FRS (please specify):

- Representative of a community group (please specify):

- Elected Member (please specify the division):

10



2) Which area in Spelthorne do you live in / is your business located in?

Please tick ONE BOX ONLY

- | | |
|----------------------------------|---|
| <input type="radio"/> Ashford | <input type="radio"/> Staines South and Ashford West |
| <input type="radio"/> Laleham | <input type="radio"/> Stanwell and Stanwell Moor |
| <input type="radio"/> Shepperton | <input type="radio"/> Sunbury Common and Ashford Common |
| <input type="radio"/> Staines | <input type="radio"/> Lower Sunbury and Halliford |

Outside Spelthorne (please specify):

10

3) How much do you value Surrey Fire and Rescue Service?

Please tick ONE BOX ONLY on the five point scale

Don't value at all	Don't really value	Not sure	Value	Strongly value
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4) During the past three years what, if any, contact have you had with Surrey Fire and Rescue Service?

Please tick ALL appropriate boxes

- Fire incident
- Road traffic incident
- Home Fire Safety Visit at your home / business
- Fire Station open day
- In a professional capacity (e.g. as member of staff, partner agency)
- No, I have not had any contact with Surrey Fire and Rescue
- Other (please specify)

B. Proposal

Why do we need to change our provision?

The Surrey Fire and Rescue Authority have statutory duties to provide a fire and rescue service for the county with the resources available. This proposal is part of a transformation programme for the Service, designed to meet the challenges we described in our Public Safety Plan. The



savings generated by the station rationalisation will enable us to continue to provide a balanced equitable service across the county without the need for a reduction in the response standard.

What are we proposing?

We are proposing to change the number of fire engines based in Spelthorne. Currently there are two fire stations (Staines and Sunbury) with one fire engine each, crewed by staff to provide an immediate response 24 hours a day. **Our proposal is to close the two existing stations and base one fire engine at a new, modern fire station located in the Ashford Common area, providing 24 hour emergency response cover.** This will mean that some firefighters currently based at Staines or Sunbury will need to work from other locations within Surrey. We are proposing to start implementing the changes during 2014.



10

Why this option?

The options were considered in relation to their impact on emergency response performance, cost, achievability within time and resource constraints and conformity with the principles agreed under the Surrey Public Safety Plan. This options analysis, linked with our understanding of the risk profile and from our experience of providing a fire and rescue service, helps to shape our professional opinion on the most appropriate course of action.

Further detail to support our proposal is available at www.surrey-fire.gov.uk/psp

What will the impact be?

In Spelthorne, the **first fire engine will be attending incidents on average in under seven minutes** and in many cases that will be sufficient to deal with the emergency safely and effectively.

For life and property risk incidents, additional resources will be on their way to provide support for the first crew attending. On average this **second fire engine will arrive in under eleven minutes**, which is also well within our fire service emergency response standard.



	1 st fire engine attendance (average)	% attended in 10 minutes	2 nd fire engine attendance (average)	% attended in 15 minutes
Current	5 min 44 secs	97.0	9 min 13 secs	98.2
Proposal	6 min 42 secs	91.4	10 min 24 secs	94.5
Surrey Average	7 min 28 secs	80.8	10 min 27 secs	86.7

5) Do you support this approach?

Please tick ONE BOX ONLY

- Yes (please go to question 6)
- Not Sure (please go to question 5a)
- No (please go to question 5a)
- I do not have an opinion (please go to question 6)

10

5a) If you don't support this approach or are not sure, please say why. Are there any additional measures you think we should put in place to make the proposal acceptable to you?



C. About the consultation

6) Have we explained our proposals clearly?

Please tick ✓ ONE BOX ONLY

- Yes
- Not really (please tell us how the approach could be made clearer)

10

7) How did you find out initially about this consultation?

Please tick ✓ ONE BOX ONLY

- Direct contact from Surrey Fire and Rescue Service
- Surrey Fire and Rescue Service website
- Leaflets
- Newspaper / magazine
- From a local group or forum
- Facebook / Twitter
- Word of mouth
- Other

8) Do have any other comments about the Surrey Fire and Rescue Service, or this consultation?



D. Public meeting

We have arranged public meetings in Staines, Ashford and Sunbury, so that we can discuss our proposal in more detail and respond to concerns that residents of Spelthorne and neighbouring areas might have.

The meetings will take place on:

- **Tuesday, 17 September 2013**, 7-9pm at Hengrove Scout HQ, Station Crescent, Ashford TW15 3HN
- **Wednesday, 25 September 2013**, 7-9pm at Staines Community Centre, Thames St, Staines-upon-Thames, TW18 4EA
- **Thursday, 10 October 2013**, 7-9pm at Sunbury Manor School, 48 Nursery Road, Sunbury-on-Thames, TW16 6LF

9) We would like to gauge general interest in these meetings for planning purposes.

Please indicate if you'd like to attend a meeting:

Please tick **ONE BOX ONLY**

- on 17 September 2013 in Ashford
- on 25 September 2013 in Staines
- on 10 October 2013 in Sunbury
- No thank you (please go to question 10)

If you would like to attend a meeting, please leave your name for our register:

Please note that your personal details will be treated confidentially and will only be used for the purpose of booking a place for you at the public meeting. Your data will be deleted at the end of this consultation process and your answers will not be linked to your personal data.

E. Equality and Diversity

You can help us to make sure we provide services equally and fairly by answering a few simple questions about yourself. This will take no more than a couple of minutes but will be very helpful to us. Whatever you say is completely anonymous and confidential and will not be linked back to you.

We will look closely at this information to see if there are groups of people that are not getting the best from us. If we see this is the case, what you tell us will help us improve things for them.



10) Which of these age groups do you belong to?

- | | |
|--|----------------------------------|
| <input type="radio"/> Up to 14 | <input type="radio"/> 45 to 64 |
| <input type="radio"/> 15 to 24 | <input type="radio"/> 65 to 84 |
| <input type="radio"/> 25 to 44 | <input type="radio"/> 85 or over |
| <input type="radio"/> I would rather not say | |

11) Do you consider yourself to have a disability or a longstanding condition that affects how you live your life?

- | | | |
|---------------------------|--------------------------|--|
| <input type="radio"/> Yes | <input type="radio"/> No | <input type="radio"/> I would rather not say |
|---------------------------|--------------------------|--|

12) Are you:

- | | | |
|----------------------------|------------------------------|--|
| <input type="radio"/> Male | <input type="radio"/> Female | <input type="radio"/> I would rather not say |
|----------------------------|------------------------------|--|

13) Are you:

- | | |
|---|--|
| <input type="radio"/> Single | <input type="radio"/> Separated |
| <input type="radio"/> Married | <input type="radio"/> Divorced |
| <input type="radio"/> Cohabiting | <input type="radio"/> Widowed |
| <input type="radio"/> In a same sex civil partnership | <input type="radio"/> I would rather not say |

14) Which one of these groups do you belong to?

- | | |
|--|---|
| <input type="radio"/> Arab | <input type="radio"/> Mixed White and Black Caribbean |
| <input type="radio"/> Asian or Asian British Bangladeshi | <input type="radio"/> White British |
| <input type="radio"/> Asian or Asian British Indian | <input type="radio"/> White Irish |
| <input type="radio"/> Asian or Asian British Pakistani | <input type="radio"/> White Traveller (including Gypsy, Roma, or Irish traveller) |
| <input type="radio"/> Black or Black British African | <input type="radio"/> Any other White background |
| <input type="radio"/> Black or Black British Caribbean | <input type="radio"/> Chinese |
| <input type="radio"/> Mixed White and Asian | <input type="radio"/> I would rather not say |
| <input type="radio"/> Mixed White and Black African | |
| <input type="radio"/> Any other background - Please specify: | |



15) Which of the following faith and belief groups do you identify with?

This includes a religious belief or a philosophical belief, which affects your view of the world. It also includes people who have no religion or belief.

- Buddhist Sikh
 Christian Hindu
 Muslim None
 Jewish I would rather not say
 Other faith or belief (please specify):

10

16) What is your sexual orientation?

- Bisexual Heterosexual
 Gay man Other
 Gay woman/lesbian I would rather not say

17) Does your gender differ from your birth sex?

- Yes No I would rather not say

18) Are you currently pregnant or have you been pregnant in the last year?

- Yes No I would rather not say

End

Thank you very much for your time. Please return the questionnaire by Monday, 4 November 2013 using the free post envelope, or send it to:

PSP Team
Surrey Fire and Rescue Service
Croydon Road
Reigate
Surrey
RH2 0EJ



Appendix 2- Consultation and communication summary

Date	What
2 August 2013	Inform SCC Spelthorne Members of consultation
5 August 2013	Inform all stakeholders by email / letter about consultation
5 August 2013	Ask distributors to forward information to their mailing list contacts
5 August 2013	Publish consultation on Surrey FRS PSP website Announce consultation on SFRS Facebook and Twitter
W/c 5 August 2013	Send article to Spelthorne Borough Council comms team for Twitter and facebook
8 August 2013	Consultation features in Surrey Herald / GetSurrey online
8 August 2013	Consultation features on Topix website
9 August 2013	Consultation features on Save Our Services In Surrey website
August 2013	Consultation features in Committee for Access Now Newsletter / on-line
August 2013	Send 18 posters to Spelthorne Borough Council
23 August 2013	Consultation features in Surrey Herald / GetSurrey online
27 August 2013	Staff workshop, Staines
28 August 2013	Present at Police Surgery, Ashford Present at Police Neighbourhood Panel meeting, Staines
29 August 2013	Consultation features on Spelthorne Borough Council website
1 September 2013	Consultation features on Spelthorne Lib Dems website
W/c 2 September 2013	Send out posters with public meeting dates to community outlets
W/c 2 September 2013	Item in SCC 'Issues Monitor' and SCC Members Bulletin
2 September 2013	Present at Elmbridge Local Committee
3 September 2013	Inform stakeholders by email about the public meetings
3 September 2013	Ask distributors to forward invite to their mailing list contacts
4 September 2013	Consultation features on Lower Sunbury Residents Association website
5 September 2013	Inform all survey respondents who gave their consent and contact details about additional emails
9 September 2013	Staff workshop, Sunbury
11 September 2013	Consultation features on FBU Surrey website
17 September 2013	Present at Empowerment Board North meeting
17 September 2013	Public meeting in Ashford
18 September 2013	Inform stakeholders about the added date
18 September 2013	Present at Laleham Police Neighbourhood Panel meeting
25 September 2013	Public meeting in Staines
26 September 2013	Present at Community Select Committee
27 September 2013	Present at Community Event 'Spelthorne Together'
30 September 2013	Present at Runnymede Local Committee Present at Spelthorne Local Committee
w/c 30 September 2013	Send out posters with Sunbury public meeting date to community outlets
1 October 2013	Consultation features in Surrey Herald / GetSurrey online
2 October 2013	Consultation features on Spelthorne Borough Council website
9 / 10 October 2013	Reminder about public meeting on SFRS Twitter and facebook
10 October 2013	Public meeting in Sunbury
21 October 2013	Exhibition at Shepperton library



Direct contact:

- Emails to Members of the SCC Communities Select Committee
- Emails / phone calls to SCC Spelthorne members
- Emails to Spelthorne Borough Councillors
- Emails to Mayors of Elmbridge, Runnymede and Spelthorne
- Emails to Borough Council Leaders of Elmbridge, Runnymede and Spelthorne
- Emails to Borough Council Portfolio Holders of Elmbridge, Runnymede and Spelthorne
- Letters / emails to five MPs (Twickenham, Esher and Walton, Runnymede and Weybridge, Spelthorne, Feltham and Heston)
- Presentation to Community Select Committee
- Emails to all SFRS staff
- 2 staff workshops (Sunbury, Staines) – invited through newsletter and team briefings
- 3 public meetings for the public (Ashford, Staines, Sunbury) – invited through emails, posters, survey, press release
- Presentation at 'Spelthorne Together' community event
- Presentation to Elmbridge, Runnymede and Spelthorne Local Committees (LC)
- Presentation at two Police Neighbourhood Panel meetings (Staines, Laleham)
- Presentation at Police surgery (Ashford)
- Emails to 72 ORS panel members (Spelthorne residents)
- Emails to businesses from our Economy team (including: Thorpe Park, Bronzefield Prison)
- Presentation at Empowerment North Board meeting
- Letters / emails to local groups (Batavia Residents' Group, Manor Farm Residents' Association, Leacroft Residents' Association, Silvery Sands Residents' Association, Lower Sunbury Residents' Association, Kempton Residents' Association, Spelthorne Neighbourhood Watch, Shepperton Residents' Association, Ashford North Residents' Association, Staines Village Residents and Traders Association, Staines Town Society, Laleham Residents' Association, Sherbourne Gardens (Shepperton) Management Co. Ltd)
- Letters to 14 partner agencies (including Clinical Commissioning Group NW Surrey, MoD, British Red Cross, St Johns Ambulance, etc)
- Letters to 9 surrounding Fire and Rescue Authorities (including Bucks, Berks, Hants, London, Kent, Oxs, West Sussex)
- Emails to Neighbourhood Officers in Runnymede, Elmbridge and Spelthorne
- Emails to 33 internal SCC officers (including comms, Trading Standards, Environment and Infrastructure, Council Leadership Team)
- Letters to 5 health / carers groups (Surrey Disabled People's Partnership, White Lodge Centre, Carers Support Spelthorne, Community Mental Health Recovery Services, Spelthorne Mental Health Association)
- Email to FRAG members
- Email to Ashford Hospital

Distributors (to forward to their contacts):

- Email to Business Link, Tourism SE
- Email to Economic Development Officers in Elmbridge, Runnymede and Spelthorne
- Email to Community Safety Officers in Elmbridge, Runnymede and Spelthorne



- Email to Community Partnership Officers for Elmbridge (LC), Runnymede (LC) and Spelthorne (LC)
- Email to Community Safety Partnerships in Richmond, Hounslow, Elmbridge, Spelthorne
- Email to Democratic Services in LB of Richmond and LB of Hounslow
- Email to Cabinet Support Officer (for SCC Cabinet)
- Email to 8 carers and health groups (DAY RESPITE CARE IN SPELTHORNE, Crossroads Caring For Carers, Surrey Association for Visual Impairment (SAVI), Spelthorne Committee for Access Now, Community Forum Spelthorne, SALDR, Voluntary Action in Spelthorne (VAIS), Staines Shop Mobility)
- Email to 3 GP clusters (Thames Medical, SASSE, East Elmbridge)
- Email to External Equalities Advisory Group
- Email to FBU and Unison

Posters:

- 10 Citizens Advice Bureaux (Sunbury, Egham, Staines, Chertsey, Hampton, Walton, Molesey, Feltham, Elmbridge Community Hub, Weybridge)
- 9 Community Centres and Day Centres (Staines Community Centre, Shepperton Village Hall, Ashford recreational Ground, Bishop Duppas Recreation Ground, Cedars Recreation Ground, Fordbridge Centre, Greeno Centre, Lord Knyvett Centre, Benwell Centre)
- 14 SCC Area Offices
- 34 churches and 1 synagogue in Spelthorne
- 29 GP surgeries in Spelthorne, Walton, Chertsey, Egham, Weybridge
- 2 hospitals (Ashford, St Peters) in A&E area
- 12 libraries / plasma screens (Shepperton Library, Sunbury Library, Molesey Library, Chertsey Library, Egham Library, Ashford Library, Stanwell Library, Walton, Staines Library, Bedfont Library, Feltham Library, Hanworth Library)
- 15 Post Offices in Egham, Staines, Sunbury, Shepperton, Ashford
- 35 primary schools, 7 secondary schools, 2 SEN schools in Spelthorne and neighbouring areas
- 6 youth clubs in Spelthorne
- 18 notice boards managed by Spelthorne BC

Postal questionnaires / easy read questionnaires:

- Postal questionnaires to 29 care homes in Spelthorne
- Easy read questionnaires to 3 community / day centres (Staines community Centre, Fordbridge Centre, Fairways) and a Resident Association
- Consultation leaflets to 2 fire stations (Sunbury, Staines)

Appendix 3b – Collated coded data

Q5a	Individual submissions					Grouped submissions													
	All respondents	Q6	All respondents	Q8	SUM		Public meeting Ashford	Public meeting Staines	Public meeting Sunbury	Speltch Together	Police Panel meetings and surgery	Empowerment Board meeting	Shepton library	Staff worksh ops	Fromal response (SLC, Raes, FBu)	LORSA ANRA letter	SFRS staff letter	CSC ELC SBC RLC	TOTAL
					Feedback items	Letters / emails													
	380	99	242	242	721	58	779												
	106	27.9%	3	3.0%	33	13.6%	142	19.7%	31	53.4%	173	22.2%	1	1	3	1	1	1	12
	125	32.9%	0	0.0%	26	24.5%	151	20.8%	20	34.5%	171	22.0%	1	1	2	1	1	1	8
	105	27.6%	0	0.0%	7	6.6%	112	15.5%	26	44.8%	138	17.7%	1	1	2	1	1	1	10
	53	13.9%	1	0.9%	7	6.6%	61	8.5%	17	29.3%	78	10.0%	1	1	1	1	1	1	6
	57	15.0%	0	0.0%	2	1.9%	59	8.2%	15	25.9%	74	9.5%	1	1	1	1	1	1	7
	53	13.9%	0	0.0%	8	7.5%	61	8.5%	10	17.2%	71	9.1%	1	1	1	1	1	1	4
	41	1.1%	0	0.0%	54	50.9%	58	8.0%	2	3.4%	60	7.7%	1	1	1	1	1	1	1
	22	5.8%	5	4.7%	13	12.3%	40	5.5%	9	15.5%	49	6.3%	1	1	1	1	1	1	2
	33	8.7%	1	0.9%	6	5.7%	40	5.5%	2	3.4%	42	5.4%	1	1	1	1	1	1	3
	36	9.5%	0	0.0%	2	1.9%	38	5.3%	3	5.2%	41	5.3%	1	1	1	1	1	1	6
	6	1.6%	10	9.4%	20	18.9%	36	5.0%	4	6.9%	40	5.1%	1	1	1	1	1	1	9
	19	5.0%	0	0.0%	3	2.8%	22	3.1%	12	20.7%	34	4.4%	1	1	1	1	1	1	6
	21	5.5%	1	0.9%	4	3.8%	26	3.6%	7	12.1%	33	4.2%	1	1	1	1	1	1	6
	0	0.0%	9	8.5%	21	19.8%	30	4.2%	3	5.2%	33	4.2%	1	1	1	1	1	1	2
	17	4.5%	0	0.0%	1	0.9%	18	2.5%	10	17.2%	28	3.6%	1	1	1	1	1	1	6
	16	4.2%	0	0.0%	11	10.4%	27	3.7%	0	0.0%	27	3.5%	1	1	1	1	1	1	3
	21	5.5%	0	0.0%	0	0.0%	21	2.9%	5	8.6%	26	3.3%	1	1	2	1	1	1	9
	2	0.5%	15	14.2%	3	2.8%	20	2.8%	3	5.2%	23	3.0%	1	1	1	1	1	1	8
	13	3.4%	0	0.0%	5	4.7%	18	2.5%	5	8.6%	23	3.0%	1	1	1	1	1	1	2
	5	1.3%	13	12.3%	4	3.8%	22	3.1%	0	0.0%	22	2.8%	1	1	1	1	1	1	0
	13	3.4%	0	0.0%	6	5.7%	19	2.6%	1	1.7%	20	2.6%	1	1	1	1	1	1	2
	13	3.4%	0	0.0%	2	1.9%	15	2.1%	3	5.2%	18	2.3%	1	1	1	1	1	1	5
	0	0.0%	17	16.0%	0	0.0%	17	2.4%	0	0.0%	17	2.2%	1	1	1	1	1	1	1
	10	2.6%	0	0.0%	4	3.8%	14	1.9%	3	5.2%	17	2.2%	1	1	1	1	1	1	1
	6	1.6%	0	0.0%	4	3.8%	10	1.4%	5	8.6%	15	1.9%	1	1	1	1	1	1	3
	2	0.5%	0	0.0%	13	12.3%	15	2.1%	0	0.0%	15	1.9%	1	1	1	1	1	1	0
	0	0.0%	1	0.9%	11	10.4%	12	1.7%	2	3.4%	14	1.8%	1	1	1	1	1	1	5
	10	2.6%	0	0.0%	1	0.9%	11	1.5%	3	5.2%	14	1.8%	1	1	1	1	1	1	4
	7	1.8%	0	0.0%	3	2.8%	10	1.4%	4	6.9%	14	1.8%	1	1	1	1	1	1	3
	8	2.1%	0	0.0%	5	4.7%	13	1.8%	1	1.7%	14	1.8%	1	1	1	1	1	1	2
	0	0.0%	10	9.4%	3	2.8%	3	0.8%	0	0.0%	13	1.7%	1	1	1	1	1	1	4
	5	1.3%	0	0.0%	5	4.7%	10	1.4%	2	3.4%	12	1.5%	1	1	1	1	1	1	2
	4	1.1%	0	0.0%	6	5.7%	10	1.4%	1	1.7%	11	1.4%	1	1	1	1	1	1	5
	1	0.3%	0	0.0%	10	9.4%	11	1.5%	0	0.0%	11	1.4%	1	1	1	1	1	1	0
	4	1.1%	0	0.0%	1	0.9%	5	0.7%	3	5.2%	8	1.0%	1	1	1	1	1	1	0
	6	1.6%	0	0.0%	1	0.9%	7	1.0%	0	0.0%	7	0.9%	1	1	1	1	1	1	8
	1	0.3%	2	1.9%	3	2.8%	6	0.8%	1	1.7%	7	0.9%	1	1	1	1	1	1	1
	0	0.0%	1	0.9%	3	2.8%	4	0.6%	3	5.2%	7	0.9%	1	1	1	1	1	1	0
	1	0.3%	4	3.8%	1	0.9%	6	0.8%	0	0.0%	6	0.8%	1	1	1	1	1	1	0
	1	0.3%	0	0.0%	5	4.7%	6	0.8%	0	0.0%	6	0.8%	1	1	1	1	1	1	0
	0	0.0%	5	4.7%	0	0.0%	5	0.7%	0	0.0%	5	0.6%	1	1	1	1	1	1	0
	2	0.5%	2	1.9%	0	0.0%	4	0.6%	0	0.0%	4	0.5%	1	1	1	1	1	1	4
	0	0.0%	4	3.8%	0	0.0%	4	0.6%	0	0.0%	4	0.5%	1	1	1	1	1	1	2
	3	0.8%	0	0.0%	0	0.0%	3	0.4%	1	1.7%	4	0.5%	1	1	1	1	1	1	0
	2	0.5%	1	0.9%	0	0.0%	3	0.4%	1	1.7%	4	0.5%	1	1	1	1	1	1	0
	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3	5.2%	3	0.4%	1	1	1	1	1	1	1
	2	0.5%	0	0.0%	1	0.9%	3	0.4%	0	0.0%	3	0.4%	1	1	1	1	1	1	1
	2	0.5%	0	0.0%	1	0.9%	3	0.4%	0	0.0%	3	0.4%	1	1	1	1	1	1	1
	0	0.0%	0	0.0%	3	2.8%	0	0.0%	0	0.0%	3	0.4%	1	1	1	1	1	1	0
	0	0.0%	3	2.8%	0	0.0%	3	0.4%	0	0.0%	3	0.4%	1	1	1	1	1	1	0
	0	0.0%	0	0.0%	3	2.8%	0	0.0%	0	0.0%	3	0.4%	1	1	1	1	1	1	0
	0	0.0%	0	0.0%	3	2.8%	0	0.0%	0	0.0%	3	0.4%	1	1	1	1	1	1	0
	0	0.0%	2	1.9%	0	0.0%	2	0.3%	0	0.0%	2	0.3%	1	1	1	1	1	1	3
	2	0.5%	0	0.0%	0	0.0%	2	0.3%	0	0.0%	2	0.3%	1	1	1	1	1	1	3
	1	0.3%	0	0.0%	0	0.0%	1	0.1%	1	1.7%	2	0.3%	1	1	1	1	1	1	2
	0	0.0%	2	1.9%	0	0.0%	2	0.3%	0	0.0%	2	0.3%	1	1	1	1	1	1	1
	0	0.0%	2	1.9%	0	0.0%	2	0.3%	0	0.0%	2	0.3%	1	1	1	1	1	1	1
	0	0.0%	2	1.9%	0	0.0%	2	0.3%	0	0.0%	2	0.3%	1	1	1	1	1	1	1
	0	0.0%	2	1.9%	0	0.0%	2	0.3%	0	0.0%	2	0.3%	1	1	1	1	1	1	1
	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	1.7%	1	0.1%	1	1	1	1	1	1	1
	0	0.0%	0	0.0%	1	0.9%	1	0.1%	0	0.0%	1	0.1%	1	1	1	1	1	1	1
	0	0.0%	0	0.0%	1	0.9%	1	0.1%	0	0.0%	1	0.1%	1	1	1	1	1	1	1
	0	0.0%	1	0.9%	0	0.0%	1	0.1%	0	0.0%	1	0.1%	1	1	1	1	1	1	0
	0	0.0%	1	0.9%	0	0.0%	1	0.1%	0	0.0%	1	0.1%	1	1	1	1	1	1	0

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Document Up-date: Annex 1 - Consultation report 'Changes to Fire Engine Deployment in the Borough of Spelthorne'

Fire Brigades Union submitted their comments on 24 December 2013, which meant the consultation report required up-dating:

- Page 2 – 77% of staff oppose proposal instead of 76%
- Page 23 – added section 6.7.4 to include key points of formal response
- Up-dated tables to reflect additional feedback item:
- New table under 'Analysis' (section 6, page 7) - from 1467 to 1468; one extra in SFRS staff formal responses (from 47 to 48):

	Survey		PSP email / calls / letters / formal responses		Meetings (police panels, community event, public meetings, Committee meetings)		Petitions		TOTAL
Residents / businesses	423	35.7%	48	4.1%	195	16.5%	518	43.8%	1184
Councillors / MPs	13	31.0%	12	28.6%	17	40.5%			42
SFRS Staff	89	46.8%	48	25.3%	53	27.9%			190
Community group representatives	13	39.4%	15	1.3%	5	15.2%			33
Partners	4	80.0%	0	0.0%	1	20.0%			5
Other	14	100.0%	0	0.0%	0	0.0%			14
TOTAL	556	37.9%	123	8.4%	271	18.5%	518	35.3%	1468

- New table under 'Key findings' (section 7, page 31) - from 182 to 183 feedback items for SFRS staff; from 76.4% to 76.5% under 'No':

	Total - items of feedback	Yes	Not sure	No	No opinion
Residents / businesses	1171	4.1%	2.9%	92.7%	0.3%
Councillors	42	4.8%	4.8%	90.5%	0.0%
Community groups	33	6.1%	9.1%	81.8%	3.0%
SFRS Staff	183	21.3%	1.6%	76.5%	0.5%
Partners	5	20.0%	20.0%	60.0%	0.0%
Other	14	14.3%	0.0%	78.6%	7.1%
TOTAL*	1448	6.5%	2.9%	90.2%	0.4%
TOTAL respondents	1468				

- new graph under 'Key findings' (section 7, page 31) - from 139 to 140 under 'No'
- Appendices included in report with up-dated collated data (Appendix 3)

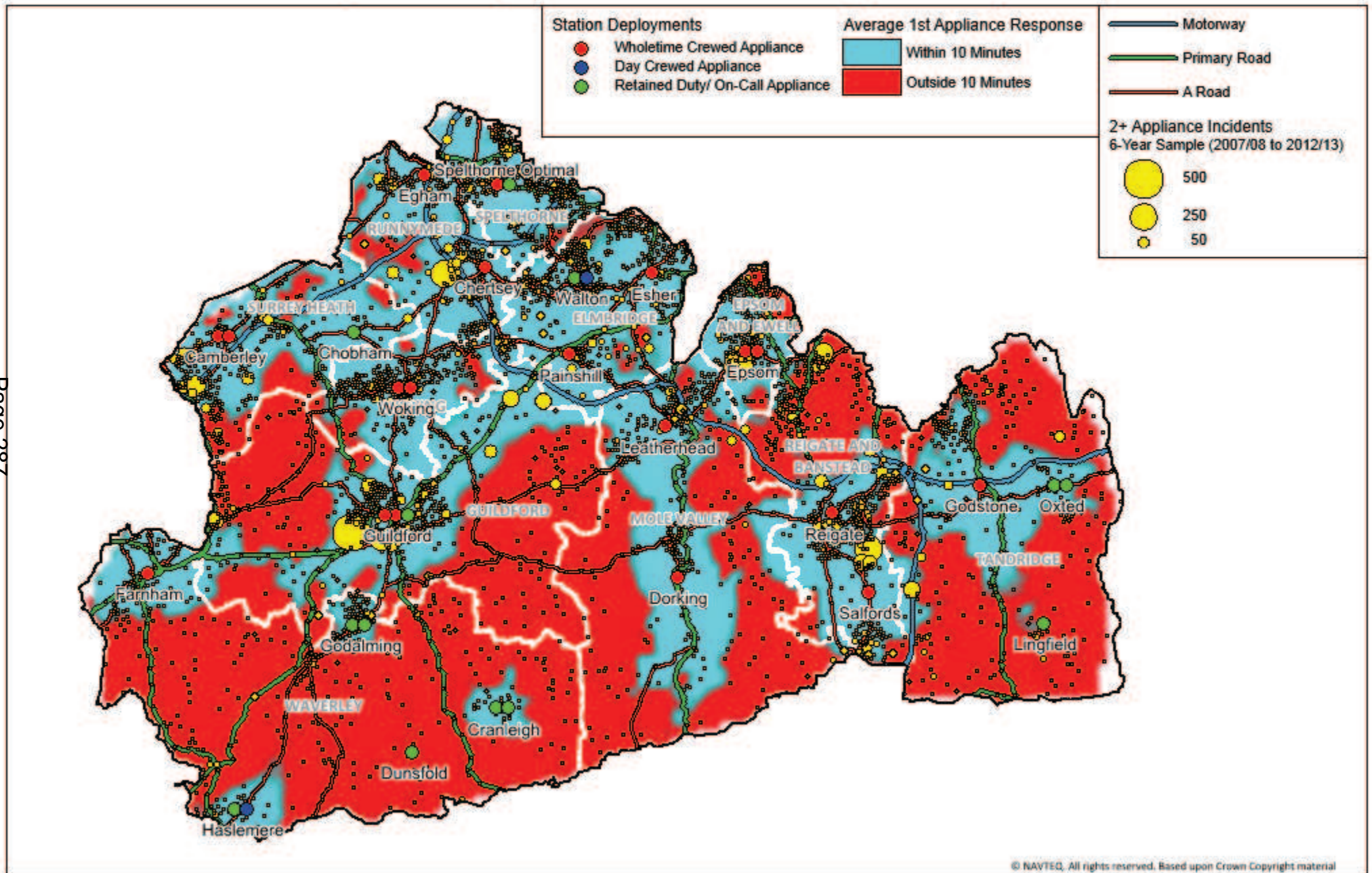
The new figures also refer to the main report's paragraph 24 and paragraph 25 (Table 2).

Please note that the up-dated consultation report is available on-line:

<http://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CId=172&MId=3295&Ver=4>

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Response Coverage - 1 Wholtime and 1 On-Call Appliance in Spelthorne



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1. Topic of assessment

EIA title:	FRS Changes to emergency response cover for Spelthorne
EIA author:	Greg Finneron, Policy Officer

2. Approval

	Name	Date approved
Approved by¹	Russell Pearson	

3. Quality control

Version number	Final Version 1	EIA completed	22/01/2014
Date saved	22/01/2014	EIA published	23/01/2014

4. EIA team

Name	Job title (if applicable)	Organisation	Role
Greg Finneron	Policy Officer	SCC	EIA author
Mark Arkwell	Station Manager, East Area	SCC	FRS advisor
Doug Feery	Barrister		External advisor
Allan Wells	Legal Lead Manager	SCC	Internal advisor

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5. Explaining the matter being assessed

What policy, function or service is being introduced or reviewed?	<p>The functions being considered are those of the Council as a fire services authority. The Council’s SFRS Public Safety Plan 2011-2020 (PSP) outlines 12 outcomes to be achieved by 2020. These include improving the balance of service provision across Surrey and improving the provision and use of property.</p> <p>This proposal will support that outcome, in order to be better positioned to achieve the Surrey Response standard for the whole of Surrey / across Surrey, whilst remaining within the available budget for the Service.</p>
What proposals are you assessing?	<p>Surrey Fire and Rescue Service (SFRS) currently base one 24-hour fire engine at both Sunbury and Staines Fire Stations, which provide most of the initial response cover for the Spelthorne area. SFRS proposes to create a new fire station in the borough of Spelthorne with either a single full time fire engine (Option 4), or with a full time fire engine and an additional 24 hour ‘on call’ appliance (Option 5). This means:</p> <ul style="list-style-type: none"> i) Procuring a suitable site in the Ashford area and building a new fire station. ii) Deploying either one fire engine, or one fire engine and an “on call” appliance at this new station from a target date of April

¹ Refer to earlier guidance for details on getting approval for your EIA.

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	<p>2015.</p> <p>iii) Closing Sunbury and Staines fire stations once the new station is operational.</p> <p>Cabinet will determine which Option will be taken forward. Cabinet is being asked to support Option 5, and agree to Option 4, should the provision of Option 5 and the 'on-call unit not be secured.</p> <p>It should be noted that Option 4 was the original preferred option by SFRS and it is therefore this Option that was put forward in the consultation. Option 5, has been developed in response to feedback from the Consultation. In the development of Option 5, a new modelling of response times was conducted and is included in Section 7 of this EIA.</p> <p>It is Option 4 and Option 5 that are being assessed by this EIA. The other Options open to Cabinet are not being assessed by this EIA but for reference these include:</p> <p style="padding-left: 40px;">Option 1: Do nothing and secure no improvements in terms of service provision across the county or contribution towards the savings required by the Medium Term Financial Plan.</p> <p style="padding-left: 40px;">Option 2: Implement the PSP Phase 1 deployment (24 hour cover at Sunbury, 12 hour cover at Staines)</p> <p style="padding-left: 40px;">Option 3 (a): Close Sunbury and maintain Staines</p> <p style="padding-left: 40px;">Option 3 (b): Close Staines and maintain Sunbury</p>
<p>Who is affected by the proposals outlined above?</p>	<p>There is potential for this proposal, if implemented to impact on residents and businesses in the area of Spelthorne (continued cover), Runnymede and Elmbridge, as well as staff (re-location).</p> <p>The detailed impact of Option 4 on emergency response times was established at the beginning of July 2013 and shared with the public and partners during the consultation phase (13 weeks, starting 05/08/13). Modelling has shown that the benefits of the proposals would create a more efficient use of resources across the County (see improved Runnymede and Surrey response levels). Spelthorne residents would receive one fire engine attending incidents on average in less than seven minutes and in many cases that will be sufficient resources to deal with the emergency safely and effectively. The detailed impact on residents is outlined in section 7.</p>

6. Sources of information

Engagement carried out

The Option 4 proposal has been shared with numerous stakeholders during consultation.

Consultation activities included:

- A widely publicised on-line survey,
- Postal questionnaires,
- Easy read questionnaires,

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- Presentations at public meetings,
- Targeted letters and emails to Voluntary, Community and Faith Sector (VCFS)
- Targeted letters and emails to stakeholders and partner agencies,
- Staff and trade union consultation.
- The Empowerment Board North Surrey
- The consultation was publicised in local GP practices, schools, youth centres, churches, Post Offices, libraries, Citizens Advice Bureaux, community centres.
- Local media has also been utilised, eg. SCC media and social media (see consultation plan, Annex 2).

The consultation was also distributed amongst 'hard to reach' and higher risk groups, eg. the elderly, vulnerable adults, those affected by Mental Health issues. The consultation was provided in an alternative format with easy read questionnaires to ensure that those that need an easier questionnaire were reached. This was achieved by contacting local community organisations and day centres, in particular:

- Cross Road Care,
- Surrey Association for the Visually Impaired,
- Surrey Adult Link Disability Registers,
- Voluntary Action In Spelthorne
- Staines Mobility Shop
- Fairways

These organisations were all engaged to establish the most effective method of distribution of questionnaires and consequentially from feedback received from this process, questionnaires were sent to community centres and day centres. The contact for Fairways also agreed to distribute copies to community support groups in Spelthorne.

Spelthorne Talking News were also contacted to ensure publicity of the consultation to visually impaired people in the borough.

Postal questionnaires were sent to 29 care homes in Spelthorne to provide the opportunity for feedback from care home managers.

Data used

To inform the EIA, the project used:

- Impact modelling to ensure we understand the effects of different options
- High risk group analysis using MOSAIC and Surrey-i data to understand the demographic makeup of the affected areas. (It should be noted that Mosaic demographic categorisation does not directly correlate with the protected characteristics as provided for by the Equality Act 2010.)
- Consultation and engagement with residents and businesses from affected areas
- Feedback from partners and politicians
- [SFRS Community Risk Profile 2013-14](#)
- [SFRS & ASC Briefing Document for Frontline Staff](#)
- Demographic data on www.surreyi.gov.uk, including the Joint Strategic Needs Assessment (JSNA).
- Correlation of Index of Multiple Deprivation against Incident Type and Distribution.

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7. Impact of the new / amended policy, service or function

7.1. Emergency response times

Surrey Fire and Rescue Service set targets for itself against a set of outcomes which are reported monthly. The current target is:

Attendance times against Surrey Standard: One fire engine at critical incidents within 10 minutes and a second one (where required) within 15 minutes on 80% of occasions.

The proposals have been created following response modelling aimed at ensuring that throughout Surrey, more fire engines reach emergencies within the response standard than they do now. Key to the modelling is a travel time matrix which incorporates vehicle type, time of day, road type and travel times between nodes on the road network. A quantitative understanding of the service profile provides a baseline position and modelling extracts data on workload from the last five years. Around 50 data fields are collected for each mobilisation including geographical/address information, all time components, vehicle properties, incident classification, etc. In addition other information sources include data regarding unavailability, station and appliance locations, mobilisation protocols and geographic boundaries.

This model includes considering an average week for Surrey which would include false alarms, fires in a dwelling, other property and non property (secondary fires), as well as vehicle collisions and other incidents (special services). The fire engines would also have been used as required to standby at other locations to maintain emergency response cover across the County as required, for example where there has been an incident requiring the use of the fire engines in an area, fire engines from other localities would be re-positioned so as to maintain a level of cover for that area, and this positioning built into the modelling.

This is a countywide approach, based upon using our resources more efficiently for the whole of Surrey. The proposals impact on the estimated response time in 3 boroughs/districts, resulting in a slight overall increase to Surrey's average 1st response time.

Option 4: One 24 hour whole-time (immediately crewed) fire engine

In noting the above, the modelling utilised predicts a decrease in the average 1st response time in Runnymede, with a higher proportion of responses within the Surrey Standard of 10 minutes. At present, Runnymede's average first response time, at 08:36, while still within the Surrey Response Standard, is significantly above the Surrey average, of 07:28.

In Elmbridge and Spelthorne modelling predicts an increase in the average 1st response time, and a reduction in the proportion of 1st responses within 10 minutes. While the change is slight for Elmbridge, it is greater in Spelthorne. It is for this reason that Spelthorne has been the main focus for consultation activity and risk profiling. In both instances, the average 1st response time would remain well within the Surrey Response Standard of 10 minutes, and below the Surrey average of 07:33s.

The changes to the deployment of fire engines means that residents in Runnymede that have previously had longer than average response times will have an improved provision (i.e. first engines are more likely to reach them within 10 minutes).

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Response standard		1st response to all 2+ fire engine incidents		2nd response to all 2+ fire engine incidents		1st response to other emergencies
		Average	% in 10 mins	Average	% in 15 mins	% in 16 mins
Current situation	Surrey	07:28s	80.8	10:27s	86.7	96.8
	Spelthorne	05:44s	97.0	09:13s	98.2	99.8
	Elmbridge	06:45s	89.5	11:01s	95.0	99.5
	Runnymede	08:36s	69.2	10:21s	90.1	97.5
Proposal	Surrey	07:33s	82.5	10:27s	90.5	98.3
	Spelthorne	06:42s	91.4	10:24s	94.5	98.9
	Elmbridge	06:48s	88.6	11:14s	93.0	99.3
	Runnymede	07:18s	82.7	10:35s	92.5	98.8

Option 5: One 24 hour whole-time (immediately crewed) fire engine and one 24 hour “On-call” fire appliance

The provision of a second “On-call” fire engine compared to one whole-time fire engine improves in Spelthorne the average first response time by 8 seconds compared to Option 4 and the second response times by just over 1 minute (see table below).

Predicted response times to emergency incidents under Option 5

Response standard		1st response to all 2+ fire engine incidents		2nd response to all 2+ fire engine incidents		1st response to other emergencies
		Average	% in 10mins	Average	% in 10mins	% in 16 mins
Current situation	Surrey	07:28s	80.8	10:27s	86.7	96.8
	Spelthorne	05:44s	97.0	09:13s	98.2	99.8
	Elmbridge	06:45s	89.5	11:01s	95.0	99.5
	Runnymede	08:36s	69.2	10:21s	90.1	97.5
Proposal	Surrey	07:33s	82.5	10:27s	90.5	98.3
	Spelthorne	06:34s	93.2	09:13s	97.5	99.7
	Elmbridge	06:47s	88.7	11:13s	93.1	99.4
	Runnymede	06:34s	88.7	11:13s	93.1	99.4

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7.2. General Background on the Most Vulnerable Groups:

SFRS Community Risk Profile (CRP) 2011/12 and 2013-14

The CRPs are an analysis of fire deaths and injuries that occurred in Surrey. The CRP 2011/12 data set on fatal fires is from the reporting period 2006-09 and injuries from April 2010 – March 2011. The updated CRP 2013/14 builds on this and covers a six year period between April 2006 and March 2012. The CRP provides as follows: ‘A healthy person, excluding infants, with well positioned and working smoke alarms, should be able to escape without injury or the need to be rescued from an accidental dwelling fire at any time of the day or night.’

It also highlights that those particularly at risk from a fire in their home fall into one or more categories of:

- Those over 60
- Those living alone
- Those with impairment
- Those that smoke
- Those that drink

Fatalities

Smoking – The CRP 2013/14 identifies that 44% of the fire deaths in Surrey (2006-12), smoking material was the primary cause of the fires. Of the 8 people who smoked, the primary cause in 5 of these incidents was smoking related. Although relevant, this is the primary cause of fire and all of these victims had additional underlying issues of mobility, mental health and alcohol problems.

Where a person is a smoker there are significant additional risks if the person is:²

- elderly,
- alcohol dependant,
- infirm (limited mobility) and/or
- has mental health needs³

In the CRP 2013/14, both sleeping and smoking are issues that have been found to have affected 16 of the 25 fire deaths in Surrey but are not the real underlying causes of these fire deaths. Fire investigations at the time concluded that:

²[SFRS ASC Briefing for Staff](#)

³[SCC ASC What is a mental illness](#)

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- **Alcohol** – In 7 (45%) of the cases the casualty was, to some degree, under the influence of alcohol at the time of the fire. 2 were male and 5 were female.
- **Mobility issues** – of the 16 people who died in a fire, 7 (45%) were known to have mobility issues that affected their ability to escape the fire.
- **Mental health** – of the 16 people who died in a fire, 11 (70%) were known to have mental health and/or depression issues. In addition to this the people who died in fire outside their home all suffered from mental health issues and all the fires were started deliberately by the person who died.

Table: Underlying Causes (to 16 of 25) Fire Deaths in Surrey 2006-12

Underlying Causes	Fire Deaths	Percentage of 16 Fire Deaths
Smoking	5	30%
Alcohol	7	45%
Mobility issues	7	45%
Mental Health	11	70%

(Source CRP 2013/14)

Age and Fatalities from Fire: The age range of all who died in accidental fires from 2006-2009 was 17–97 years of age.

Table: Average age of those who died in Surrey 2006-09

Male / Female	Average Age
Male	64
Female	69
Overall	67

(Source: CRP 2011/12)

Table: Number of those who died under/over Statutory Retirement Age in Surrey 2006-09

Under Statutory Retirement Age	Over Statutory Retirement Age	Total
5	9	14

(Source: CRP 2011/12)

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Injuries and/or Rescues

Between April 2010 and March 2011, SFRS attended 111 fires involving 145 injuries and/or rescues, 91 of these were in accidental dwelling fires.

Table: Underlying Causes of Injury in Accidental Dwelling Fires 2010-11

Underlying Causes	Number of injuries
Alcohol / Drugs	14
Mobility Issues	10
Medical conditions	5
Disabilities or special needs	5

(Source CRP 2011/12)

Road Traffic Collisions (RTC)

In 2009, a total of 5,755 people were reported as injured in road collisions in Surrey.

Table: Number of Killed or Seriously Injured and Slight Casualty in RTCs Surrey 2009

Type	Total	% Male	% Young Person (16-24 yrs)	% Child Male
Killed or Seriously Injured	571	72	28	67
Slight Casualty	5,184	56	25	-

(Source CRP 2011/12)

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Census 2011

The CRP identifies that those that are elderly and living alone are at greater risk from fire. The percentage of people aged 65 and above, and living in one person households in Spelthorne is about average for Surrey

Table: % One Person Household Aged 65+ by Spelthorne Ward

Ward	%
Ashford Common	13.90
Ashford East	14.23
Ashford North and Stanwell South	8.50
Ashford Town	11.28
Halliford and Sunbury West	15.34
Laleham and Shepperton Green	11.18
Riverside and Laleham	13.70
Shepperton Town	17.53
Staines	9.21
Staines South	16.32
Stanwell North	10.09
Sunbury Common	11.19
Sunbury East	14.73
Spelthorne	12.73
Surrey	12.62
South East	12.66
England	12.35

(Source: Census 2011)

Table: % One Person Household Aged 65+ in Surrey

Distirct or Borough	%
Mole Valley	14.66
Waverley	14.24
Runnymede	13.28
Tandridge	13.12
Elmbridge	12.74
Spelthorne	12.73
Epsom and Ewell	12.58
Reigate and Banstead	12.13
Guildford	11.41
Woking	11.40
Surrey Heath	10.87

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Joint Strategic Needs Assessment (JSNA) 2011⁴; Smoking:⁵

Total Surrey Population Prevalence: The latest smoking prevalence for the county is 17% however research at parliamentary ward level has suggested that some areas have prevalence levels as high as 40%. At local authority level, data suggests the highest smoking rates can be found in Spelthorne (25.2%), Runnymede (23.4%) and Reigate & Banstead (18.8%)

Health Needs Assessment on Alcohol in Surrey, August 2008⁶

Alcohol Misuse

Alcohol misuse is a general term used to describe any drinking behaviour, which has the potential to cause harm or threatens to damage the health and well-being of the user and those around them. Alcohol misuse would therefore include any level of risk from hazardous drinking through to alcohol dependence.

Categories of Alcohol Use:

Sensible (low risk) drinking is drinking alcohol within limits that do not pose any risk of harm to the person or others (i.e. staying within the current guidelines on alcohol consumption)

Hazardous (increasing risk) drinking is drinking above recognised sensible levels, but not yet experiencing harm (measured by consumption of between 22 and 50 units per week for males and between 15 and 35 units per week for females)

Harmful (high risk) drinking is drinking above recognised sensible levels and experiencing harm, such as an alcohol-related accident, acute alcohol poisoning, hypertension, cirrhosis (measured by consumption of over 50 units per week for males and over 35 units per week for females)

Binge drinking is drinking over double the daily recognised sensible levels in any one day (over eight units a day for men and over six units a day for women)

Alcohol dependence refers to drinking behaviour characterised by an inner drive to consume alcohol, continued drinking despite harm and commonly withdrawal symptoms on stopping drinking

⁴ [JSNA 2011](#)

⁵ [JSNA 2011 Smoking](#)

⁶ [Surrey DAAT](#)

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Joint Strategic Needs Assessment (JSNA) 2011⁷; Alcohol⁸:

Increasing Risk Drinking (formerly hazardous):

Total Surrey Population Prevalence: The overall prevalence of increasing risk drinking in Surrey is 25%. This is the 2nd highest prevalence in the country behind Leeds and is significantly higher than the England average of 20%. 1 in 4 of Surrey adults drink above recommended sensible daily limits and alcohol-related health problems tend to present in people aged over 40 years; who are more likely to drink at increasing risk levels.

All 11 boroughs within the County have prevalence rates above the England average and 7 out of the 11 boroughs feature in the top 10 for increasing risk drinking in the country as a whole. Runnymede has the joint highest prevalence of increasing risk drinking in the country at 26.4%. Spelthorne has below average prevalence for Surrey at 24.13%.

Higher risk drinking (formerly harmful):

In contrast to increasing risk drinking, none of the 11 boroughs feature in the top 10 higher risk drinking boroughs in England. Guildford is ranked the highest out of all the Surrey boroughs at 148 out of 324 boroughs in England. Guildford (4.41%), Runnymede (4.41%) and **Spelthorne** (4.19%) have the highest prevalence in Surrey and are above the Surrey average of 4.04%, although not significantly. All boroughs except the top 3 are significantly lower than the 5.03% England average.

Spelthorne has the third **lowest levels of increasing risk** drinking, but the **third highest level of higher risk** drinking within Surrey, perhaps indicating that whilst less people are drinking at increasing levels, when they do drink they are doing so at levels that cause harm.

In Surrey, high rates of increasing risk drinking are thought to be associated with the relative affluence of the county and with frequent drinking at home where the amount consumed is perhaps not realised. Conversely, higher risk drinking and alcohol dependence are linked to deprivation and need to be addressed in specific areas of the county such as within Surrey's five Priority Places. Further information on health inequalities and deprivation can be found in the JSNA chapter on Deprivation.

Binge drinking:

Binge drinking estimates reveal a similar picture to those for higher risk drinking - none of Surrey's 11 boroughs feature in the top 10 in England. **Spelthorne** is ranked as the second highest (15.97%) of the boroughs in Surrey (15.30% average) behind Guildford (16.41%) in prevalence of binge drinking in Surrey. All boroughs are lower than the England average of 18%.

⁷ [JSNA 2011](#)

⁸ [JSNA 2011 Alcohol](#)

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7.3. Adults at Risk as identified by Adult Social Care

In 2000, the No Secrets guidance⁹ defined a vulnerable adult (now referred to as an adult at risk) as: “a person aged 18 years or over who is or may be in need of community care services by reason of mental or other disability, age or illness; and who is or maybe unable to take care of him or herself, or unable to protect him or herself against significant harm or exploitation whether or not a person is vulnerable in these cases will depend upon surrounding circumstances, environment and each case must be judged on its own merits.”¹⁰

Following a rise in fatal fires involving adults at risk in the year 2011/12, a joint SFRS and Adult Social Care (ASC) working group was set up to report to Surrey County Council (SCC) Cabinet on how the County can seek to reduce the harm being caused by fire. The group took into account the publication of the Chief Fire Officers Association (CFOA) report on an aging population, [Ageing Safely](#) (December 2011), and the report on the fatal fire at [Rosepark Nursing Home](#) (April 2011). The [report to Cabinet](#), in May 2012 included a number of recommendations on how we can reduce the risk and better support adults to live in their own homes and in residential care. The strategy to implement the recommendations is being delivered through four working groups with an overarching, multi-agency Steering Group.¹¹ The working groups are:

- Telecare Group – to use a high risk matrix to identify adults at increased risk of harm from fire and ensure they are offered [telecare](#)¹² with a linked smoke alarm
- Residential Care – to increase the number of residential settings with sprinkler systems, fire retardant materials and improved training for staff
- Community Care – to ensure adults at risk are kept safe when in their own homes through better knowledge of the fire risks, the referral process and equipment available to them to keep them safe
- Marketing group – to increase awareness of the risks, support and equipment available to keep adults safe from fire.

Further, the Fire Investigation and Community Risk Reduction Team now have direct access to the ASC Adult Information System client management system. This is a major step forward for both services as it allows SFRS to streamline its working practices with ASC, saving staff time and allowing SFRS to better serve the adults at risk in Surrey.

⁹ [No Secrets Guidance](#)

¹⁰ [SCC ASC Safeguarding](#)

¹¹ [SFRS ASC Briefing for Staff](#)

¹² Telecare is a 24-hour service using a range of sensors which link with the traditional community or lifeline alarms to help potentially vulnerable people live more independently in their homes.

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Through the use of a Fire Risk Matrix which takes into account factors of age, client group (mental health, drug or alcohol use) and living alone, a risk score can be assigned to all open cases from the Social Care database, i.e. those known to ASC. The matrix does not include information on smokers which is likely to affect fire risk. Any individual may have a risk score of 0 - 6 based on this logic, and up to 3 risk factors recorded.

For the purposes of this EIA, this information was updated in October 2013. Countywide, 2,634 people have been identified with a risk score of 5 or 6, indicating they may be at high risk in a fire situation. This represents 10% of the overall cohort.

In Spelthorne the percentage of people open to ASC that are considered High Fire Risk is 10%. This is slightly above the average of 9.5% for the Boroughs and Districts in Surrey, with Waverley, Woking and Mole Valley all having a higher proportion identified as a High Fire Risk.

Table: Breakdown of people who may be at higher risk in a fire situation by District & Borough

District / Borough	High Fire Risk people out of all people open to ASC	% High Risk people
Elmbridge	256 out of 2720	9%
Epsom and Ewell	151 out of 1780	8%
Guildford	265 out of 3261	8%
Mole Valley	214 out of 1929	11%
Reigate and Banstead	343 out 3455	10%
Runnymede	192 out of 2163	9%
Spelthorne	225 out of 2313	10%
Surrey Heath	184 out of 2110	9%
Tandridge	156 out of 1873	8%
Waverley	403 out of 3444	12%
Woking	245 out of 2202	11%
Grand Total	2634 out of 27250	10%

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Table: Breakdown of people who may be at higher risk in a fire situation by Spelthorne Ward

Ward	High Fire Risk people out of all people open to ASC	% High Risk people
Ashford Common	12 out of 203	6
Ashford East	11 out of 198	6
Ashford North & Stanwell South	12 out of 158	8
Ashford Town	22 out of 177	12
Halliford & Sunbury West	23 out of 175	13
Laleham & Shepperton Green	13 out of 176	7
Riverside & Laleham	6 out of 131	5
Shepperton Town	17 out of 148	11
Staines	8 out of 128	6
Staines South	39 out of 251	16
Stanwell North	20 out of 227	9
Stanwell Common	18 out of 189	1
Sunbury East	24 out of 152	16
Grand Total	225 out of 2312	10

NB: Wards with a % greater than 10% have been highlighted
(Source: ASC, SCC, October 2013)

7.4. Other risk factors

The CRP 2013-14 identifies other factors that impact the risk of fire and / or injury, which include the built environment and society including levels of deprivation. The CRP states that: 'a person's health is influenced by the conditions by which they live. Social and

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economic conditions including low income, social exclusion, unemployment and poor housing have repeatedly shown to influence health and length of life. People in more deprived circumstances are more likely to die sooner and be unwell more often than the more affluent parts of the population.’

a) Population density

Spelthorne is only the sixth most populated borough in Surrey, but is the second most densely populated borough. It currently has lower than average growth rates for Surrey but by 2035 the projected population change is expected to be above the Surrey average. The Wards of Ashford, Sunbury Common and Ashford Common are in the top 3 of the most densely populated county electoral wards.

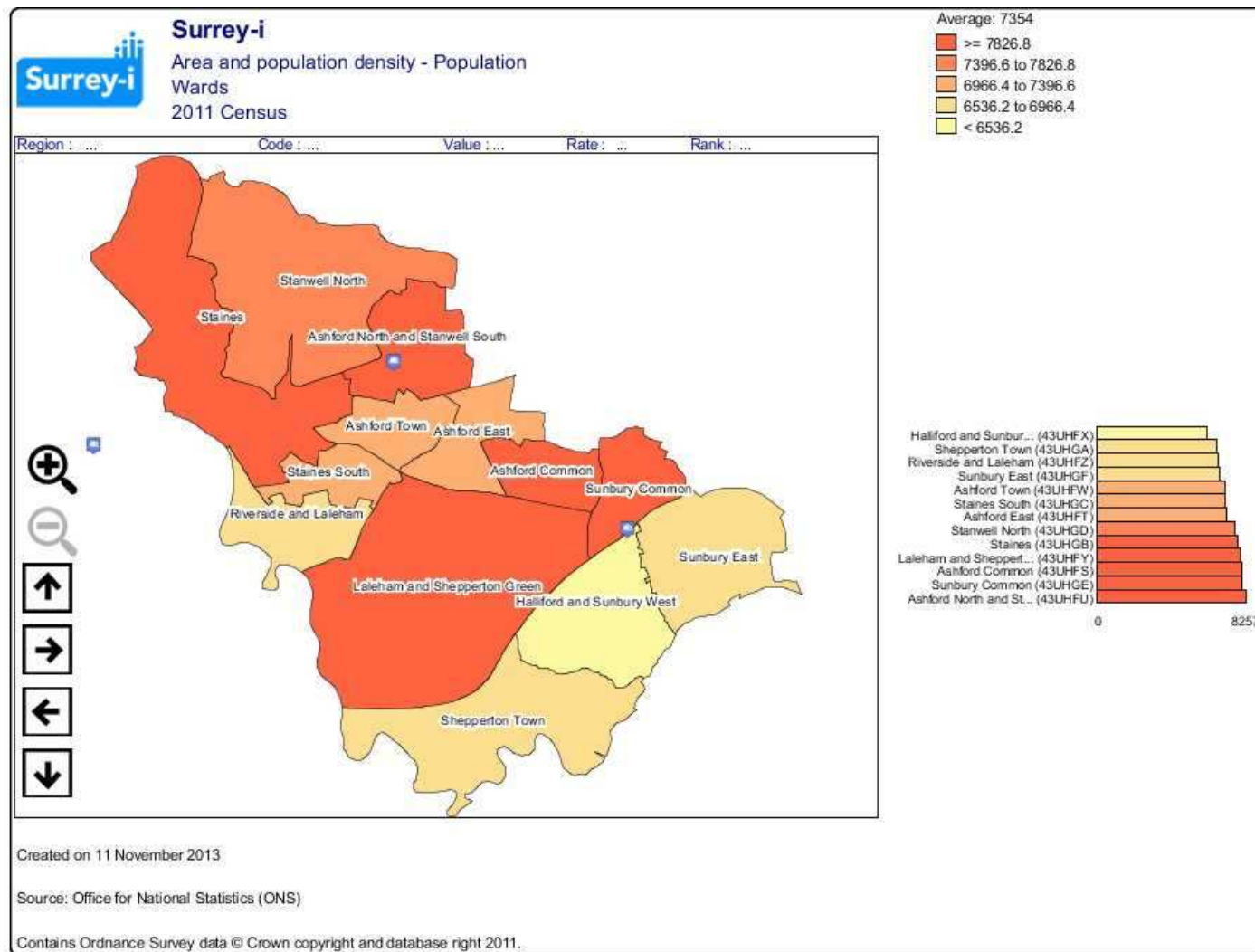
Spelthorne:

Description	Value	Surrey Average	Rank	Source
Total population	95,600	102,900	6	Census, 2011
Population density	21.3 pp hectare	6.8	2 (behind E&E)	Census, 2011
Projected density in 2035	25.2 pp hectare	-	2	Census, 2011
Population Change 2001 - 2011	5.8%	6.9%	8	Census, 2011
Projected Population Change 2010-35	20.6%	18.91%	4 (behind R&B, E&E, Runnymede)	ONS, 2011 ¹³
Overcrowded households	9%	6.8%	11	Census, 2011

¹³ [Surrey-i: Projected Population 2035](#)

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Spelthorne: Population by Ward



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Source: Office for National Statistics (ONS)

Dataset: Census: Population, households and area

This dataset includes data from the 2011 Census released by the Office for National Statistics (ONS)

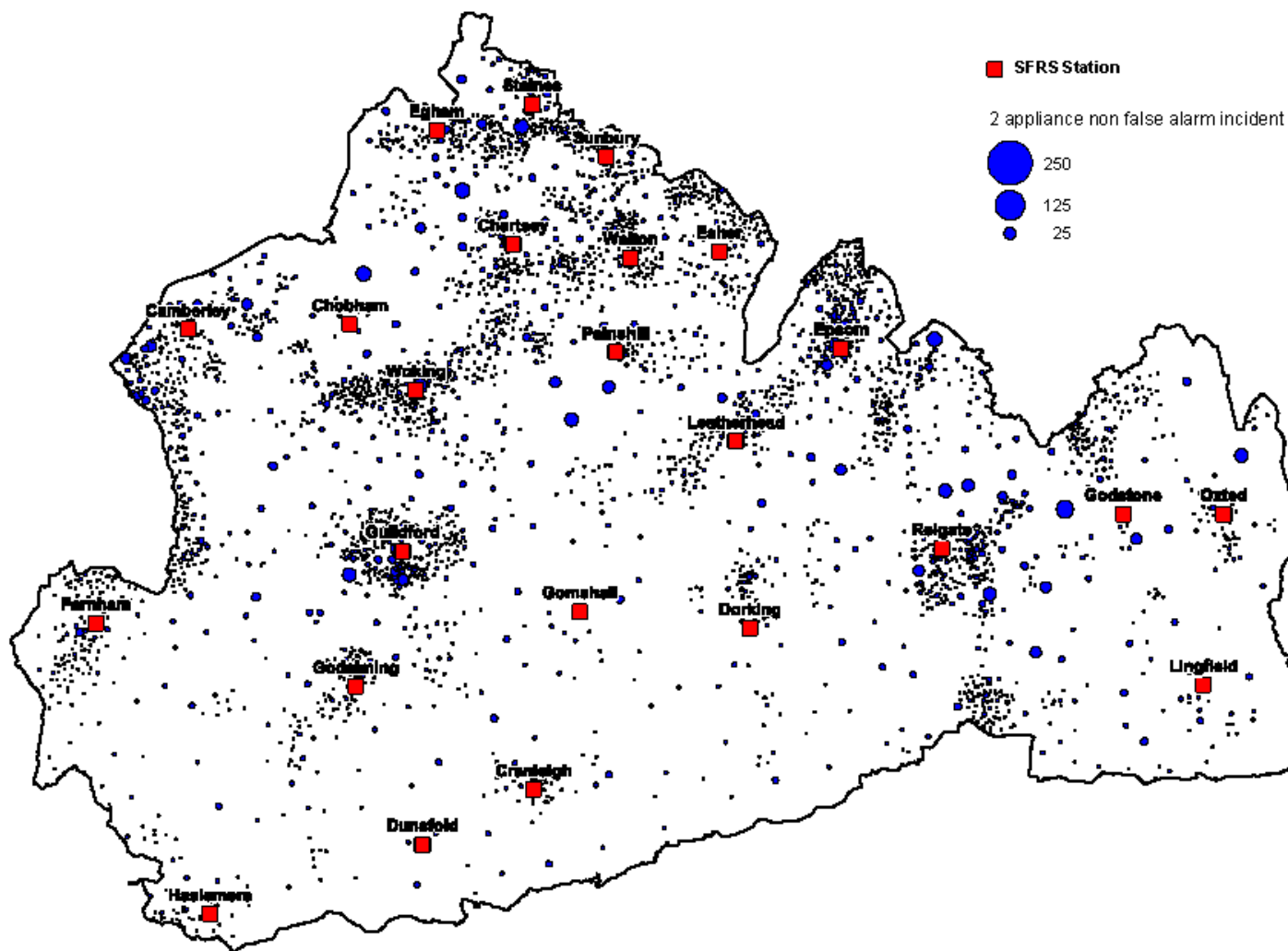
<http://www.surreyi.gov.uk/GeographyDataBrowser.aspx>

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Incident Distributions

The distribution of number of incidents shows that, as expected, frequency is linked to density of population. The key areas for numbers of incidents in Spelthorne are the urban areas of South-West Staines and Sunbury. However, severity of incidents is not linked to population density. An incident is defined as any occasion where a fire officer or fire appliance attends on scene.

Incident distribution (5 year - 2007/08 to 2011/12) - 2 fire engine non false alarm incidents



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b) Building type

Spelthorne has a high number of high rise buildings (5 floors or more) in comparison to other Surrey areas. Escaping a fire from a high-rise can be more difficult than low-rise, particularly for those with disabilities or small children. Once a fire has broken out, the actual process of firefighting poses some unique challenges (i.e. extended lines of communication, falling objects, complexity of internal layout, etc).

'In England and Wales, all buildings over 18m in height must have provisions for firefighting and search and rescue. Basic facilities to be provided include a Firefighting Shaft, Fire Main (with a wet system in buildings exceeding 50m in height (60m prior to 2007) and a Firefighting Lift). Firefighting Shafts including Fire Mains (but not necessarily Firefighting Lifts) may be found in some buildings with floor heights exceeding 7.5m.'¹⁴

Operations involving high-rise building pose certain challenges that need to be reflected in the SFRS risk assessment and training programme.

In terms of residential property, Spelthorne has the lowest percentage of the population 0.8% living in communal establishments compared with Guildford with the highest at 4.6%¹⁵. (A communal establishment resident is a person living in managed residential accommodation who has lived, or intends to live there for six months or more). However, Spelthorne has above average accommodation as unshared apartments in Surrey, at 9,167 with the Surrey average at 8,526. Spelthorne also has the third highest percentage of accommodation as unshared apartments at 23.2%. This is above the Surrey, South East and England average. Between 2001 and 2011, the percentage increase in unshared apartment accommodation in Spelthorne was below the Surrey average.

¹⁴ [Shropshire Fire High Rise Buildings](#)

¹⁵ [Surrey-i Population Communal Establishments](#)

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Table: Unshared Apartment Accommodation in Surrey 2011

Accommodation type - Unshared dwelling: Flat maisonette or apartment			
Region	%	Total	% Increase 2001 - 2011
Reigate and Banstead	24.07	13341	16.27
Woking	23.78	9385	16.32
Spelthorne	23.20	9167	11.12
Epsom and Ewell	22.87	6813	14.26
Elmbridge	22.60	11959	10.73
England	21.16	4668839	12.60
Surrey	20.58	93788	13.43
Runnymede	20.43	6684	25.13
South East	20.27	720703	15.65
Tandridge	20.09	6700	11.92
Mole Valley	19.00	6808	14.35
Guildford	18.26	9856	7.51
Waverley	16.05	7908	6.73
Surrey Heath	15.40	5167	19.81

(Source: Surrey-i; 2011 Census)

c) Indices of Multiple Deprivation (IMD)

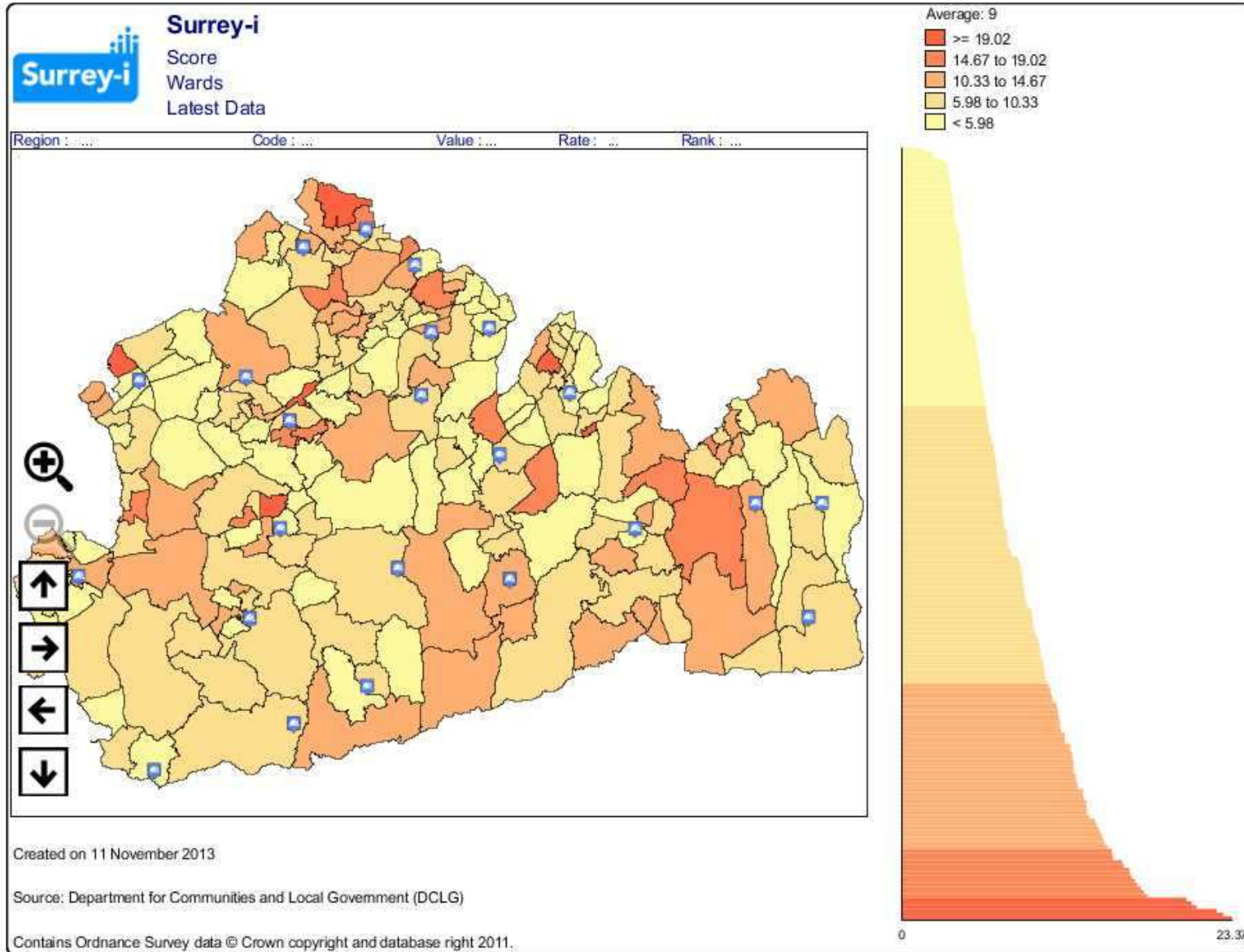
Spelthorne:

- Overall the most deprived borough in Surrey with an IMD overall score of 11.2, followed by Tandridge (10.0). (department for Communities & Local Government, 2010)
- 9% claim working age benefits (average 7%) –ranked 11th (DWP, 2013)
- The local authority with the highest proportion of Lower Super Output Areas (LSOAs) found in the most deprived half of England is Guildford (14.4% of its population) followed by Reigate & Banstead (13.1% of its population). Only 1 Lower Super Output Area in Spelthorne is amongst the top 20 deprived LSOAs in Surrey (Stanwell North) (DLCG, 2010).
- However, there are more pockets of deprivation elsewhere in Surrey (Woking, Reigate and Banstead).

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Surrey Indices of Multiple Deprivation by Ward 2011

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Deprivation and Incident Correlation

SFRS commissioned a research analysis to be carried out on the relationship between IMD and incident demand using a six year sample of incident data (April 2007 - March 2013). Correlation analysis was conducted on the data for the IMD score and rank (within Surrey) against incident demand and rank for all incidents and all primary fire incidents within Surrey.

- Reigate and Banstead with the second highest LSOA IMD score has the highest primary fire demand.
- Guildford has the highest incident demand and average LSOA IMD score.
- Spelthorne is the most deprived ward but has the fourth lowest number of all incidents in the 6 year period and below average primary fires.

For primary fire demand and IMD score there is a weak trend of increasing incident demand with increasing IMD score. The average demand per LSOA, for both incident and primary fire demand, shows a general increase with IMD score, with the relationship for average primary fire demand with IMD score being stronger than for all incident demand.

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SFRS Consultation on Changes to Emergency Response Cover in Spelthorne 2013

Around 77% of respondents were willing to complete all questions in the Equality and Diversity section. Compared to the demographic makeup of Spelthorne, the sample was slightly older, more male and with fewer representatives of the BME section.

Age: The distribution of age groups for the population of Spelthorne and the age distribution for the survey is as follows:

Age	Spelthorne	Applied to sample (18-85+)	Consultation sample (public)
18-24	7%	9%	3%
25-44	28%	35%	28%
45-64	27%	33%	45%
65-84	15%	19%	23%
85+	2%	3%	2%

It is not representative of the demographic makeup of the borough, as respondents of middle and old age are over-represented (45%) and younger residents under-represented (despite using youth centres and schools as communication outlets).

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The survey contains questionnaires that were completed by care home managers, who represent old age pensioners (predominantly 75+). When looking at the postal questionnaires from care home managers, we find that all rejected the proposal outright, the main concern being the safety of the elderly residents.

Only nine members of the public were aged under 25 and they were least supportive of the proposal. The reasoning however reflected the average causes for objection and had no reference to young age.

Also, the older age groups were more likely to oppose the proposal (75%). Amongst the non-supporters, there were 22% 65+, and only 7% in the supporter group.

Age	Sample size		Yes		Not sure		No		No opinion	
	Count	%	Count	%	Count	%	Count	%	Count	%
up to 24	11	2%	1	9%	2	18%	8	73%	0	0%
25-44	142	31%	33	23%	8	6%	99	70%	2	1%
45-64	207	46%	48	23%	12	6%	147	71%	0	0%
65+	93	21%	6	6%	15	16%	70	75%	2	2%
Overall	453	100%	88	19%	37	8%	324	72%	4	1%

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In this survey, 24 comments were left with specific concerns about vulnerable people and how this proposal might impact them. Eight of those comments were non-specific and just mentioned 'vulnerable people'. Eleven comments revolved around old people and their increased risk, while three comments mentioned concerns around young children. For example a care home manager and a former social worker stated the following:

"The current station in Sunbury is nearer to our business which would need attendance as soon as possible. We do not want a potentially slower time for attendance as we deal with old and vulnerable people 24/7."

"When I was working as a social worker in Spelthorne (Now retired) I had several dealings with the fire service in times of flooding, supporting very vulnerable older people etc and I fear this aspect of the work may be cut back."

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Disability: Mobility issues and mental health issues are known to be fire risk factors. The sample reflects the 15% prevalence of disabled population in Spelthorne (Census, 2011). Looking at the 60 respondents stating to have a disability, there was significant shift in support. The main concerns for the disabled group were the longer response times and the likelihood of gridlock on Spelthorne's roads, meaning that their requirement for quick assistance would not be met under the proposal. Also out of the 24 verbatim items received, four mentioned their concern for disabled people and those of ill health:

"I'm not sure if one fire engine will be able to cope. What happens if there is an emergency at the airport, plus a fire in the residential area, say in a block of flats with older residents or disabled people who would need assistance to evacuate the premises." (Spelthorne resident)

Disability	Sample size		Yes		Not sure		No		No opinion	
Yes	60	14%	12	20%	6	10%	41	68%	1	2%
No	366	86%	69	19%	30	8%	266	73%	1	0%
Overall	426	100%	81	19%	36	8%	307	72%	2	0%

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Gender: The survey was completed by more men than women. However, looking at the staff and public cohorts separately, we can see that for public members the ratio of women outweighs men compared to the borough's usual distribution. Also, females are more at risk of injury or death by fire.¹⁶ Females were slightly less supportive of the proposals than men (only 33% of supporters were female, whereas 47% of non-supporters were female). Men had a slightly higher approval rate (reflecting the fact that 95% of SFRS staff, who were more supportive of the proposal, were male).

Gender	Sample size		Yes		Not sure		No		No opinion	
Female	198	46%	28	14%	23	12%	146	74%	1	1%
Male	235	54%	56	24%	11	5%	165	70%	3	1%
Overall	433	100%	84	19%	34	8%	311	72%	4	1%

Ethnicity: We know that the majority of those suffering injuries or death through fire are White British. In the survey, 94% of those members of the public that stated their ethnicity were White British (which is above the overall rate for Spelthorne, 81%). Eight respondents from the public domain came from an Other White background (3%) and five from an Asian background (2%), two (1%)

¹⁶ Community Risk Profile, 2011-12

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from a Mixed Asian-White background. One member of the public came from the Black community. There were no ethnicity-specific comments amongst any of the ethnic groups. The attitude towards the proposal amongst non-White British respondents falls broadly amongst the overall split; the sample is too small to assign any meaning to small variances in support levels.

Ethnicity	Sample size		Yes		Not sure		No		No opinion	
White British	387	94%	75	19%	36	9%	272	70%	4	1%
Not White British	23	6%	6	26%	0	0%	17	74%	0	0%
Overall	410	100%	81	20%	36	9%	289	70%	4	1%

Religion: The majority of respondents that stated their religion classed themselves as Christian (53% of all respondents responding to the question, average for Spelthorne is 64%). 23% said they had no religion (average for Spelthorne is 23%). Two members of the public were Buddhist, two Jewish and one was Muslim. There were no Hindu respondents amongst the sample. There were no religious-specific comments amongst those that held a religion.

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Religion	Sample size		Yes		Not sure		No		No opinion	
Christian	249	67%	57	23%	25	10%	164	66%	3	1%
Other faiths (Buddhist, Muslim, Jewish, Other)	19	5%	1	5%	2	11%	16	84%	0	0%
No religious / faith group	102	28%	21	21%	6	6%	74	73%	1	1%
Overall	370	100%	79	21%	33	9%	254	69%	4	1%

Marital status: Single occupancy is known to be a fire risk factor. Hence, looking at the 120 respondents stating to be single, divorced, separated and widowed, we can say that their level of support is not as positive but also that their negativity is slightly weaker. A considerable part was not sure about the proposal. The main concerns for the single group were reduced resources, longer response times and Spelthorne's urban makeup – however no comments about individual living conditions.

Status	Sample size		Yes		Not sure		No		No opinion	
Married, co-habiting, civil partnership	301	71%	62	21%	16	5%	221	73%	2	1%
Single, widowed, separated, divorced	120	29%	23	19%	19	16%	76	63%	2	2%
Overall	421	100%	85	20%	35	8%	297	71%	4	1%

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Sexual orientation: 10 of 356 respondents that answered that question stated to be lesbian, gay or bisexual (LGB). There is no discernible difference between the level of support amongst this group compared to the heterosexual group. However, it was only a very small sample, which makes this data unrepresentative. The verbatim that the unsupportive respondents gave had no reference to their sexuality or any other lifestyle choice associated with this protected characteristic (single occupancy, etc).

Status	Sample size		Yes		Not sure		No		No opinion	
Heterosexual	346	97%	74	21%	31	9%	240	69%	1	0%
LGB	10	3%	3	30%	0	0%	7	70%	0	0%
Overall	356	100%	77	22%	31	9%	247	69%	1	0%

Pregnancy / maternity: Ten respondents stated that they were pregnant / had been pregnant in the last 12 months (one of whom identified himself as a gay male). Eight of these respondents objected to the proposal (80%), because of the increase of the response times and the growing population in Spelthorne. There was one specific comment about the difficulty of quickly evacuating a high rise flat with small children.

"I live at Sunbury Cross, in a high rise flat with two children under three. The thought of a fire terrifies me, and the thought that there will be just one fire engine operating in Spelthorne is awful. [...]". (Spelthorne resident)

Gender reassignment: Three respondents stated that they had undergone gender reassignment (out of 391 responding to the question) – this would mean nearly 1% of the sample was transgender which is well above the national average of 0.04% (GIRES 2009). Regardless of the truthfulness of the respondents' answers, no comments were made that refer specifically to gender reassignment or issues related to gender reassignment.

For more information on the Consultation, please see Annex 2: Consultation Report

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7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic ¹⁷	Potential Impacts	Evidence
Age	<p>Data Analysis There is a link between fire deaths/injuries people 65 years and over. This risk is compounded in cases where there are other risk factors, e.g living alone, mobility, mental health problems, smoking, etc). There is also an increase in fire deaths during the winter months.</p> <p>Spelthorne has a medium prevalence of older people and older people living at home alone</p> <p>Potential Positive Impacts The overall improved response rates across Runnymede and Surrey as a whole will benefit residents including older people who are at greater risk statistically of being injured or killed as a result of a fire.</p>	<p>Community Risk Profile 2013/14 <i>'Eighteen of the twenty-five people who died in accidental dwelling fires (April 2006-March 2012) were above the statutory retirement age with seven under the retirement age.'</i></p> <p><i>'All the people who were asleep at the time of the fire had additional underlying issues of restricted mobility, mental health and/or alcohol misuse.'</i></p> <p>Community Risk Profile 2011/12 <i>'Between 2006-2009, of 13 people who were asleep at the time of the fire, 7 were under the influence of drugs or alcohol'</i></p> <p><u>Joint Strategic Needs Assessment 2011</u></p> <p>Age and Alcohol Misuse: Different types of drinking and alcohol misuse are associated with different ages. For example, binge drinking is more prevalent in 18-24 year olds while 'increasing risk drinking' (formally hazardous) is more common among 25-44 year olds.¹⁸</p> <p>Age and Mobility: There is a positive correlation between age and mobility limitations, i.e walking and movement difficulties (especially for people aged 70 years and over). Gender (i.e women live longer increasing the likelihood of mobility limitations), marital status, and health behaviours e.g. smoking and alcohol misuse, and changes in health behaviours in smoking and physical activity affect age-mobility relation.</p> <p>Age and Mental Health: Older people are particularly affected by several risk factors for depression: poor physical health, caring responsibilities, loss and bereavement and isolation.¹⁹</p> <p>Age and Smoking (see also disability/health): Children from deprived households are more likely to be exposed to tobacco smoke and to be</p>

¹⁷ More information on the definitions of these groups can be found [here](#).

¹⁸ [JSNA 2011 Alcohol](#)

¹⁹ [JSNA 2011 Mental Health & Age](#)

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	<p>Potential Negative Impacts The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life and that this will have a greater impact on the elderly given their vulnerability statistically to be injured or killed in fires, and on the elderly and parents with young children given that they may have greater difficulty escaping a fire.</p> <p>Please see Section 9 Action Plan for mitigating activity.</p>	<p>smokers than those in more affluent circumstances. This is particularly the case in Surrey, where overall smoking rates are low, but significantly higher in deprived areas and populations. Surrey's Families in Poverty Needs Assessment , 2011 highlights prevalence amongst young people is likely to be geographically concentrated as having higher than average prevalence: Spelthorne, Reigate & Banstead and Runnymede²⁰</p> <p>Age and Substance Misuse Among younger people, 'groups identified as more vulnerable to substance misuse include: children of substance misusing parents; young offenders; young people in care; homeless young people; excluded pupils or frequent non-attenders; sexually exploited young people; young people from BME groups.'²¹</p> <p>Children Young children and their Parents maybe at greater risk in the event of evacuating from a fire, particularly in high rise buildings.</p> <p>Spelthorne:²²</p> <ul style="list-style-type: none"> • Fourth highest % of people aged 65+: 17.4% (average: 17.2%) – ranked 4th. • 21 residential care homes (743 beds) (6% of Surrey – below average) • Average % of households with people aged 65+ only: 22% – ranked 7th • Average % of one person households aged 65+: 12.7% – ranked 6th • The Wards of Shepperton Town, Staines South and Ashford Common have the highest numbers of people aged 65 and over in one person households with Spelthorne. This is 17.5% of all households in Shepperton Town.²³ • Lowest expected percentage increase in Surrey of people aged over 65 between 2013-2020.²⁴ • Slightly above average % of those open to ASC considered High Risk in a fire situation. • Slightly lower than average numbers of young children between 0-10 years of age, and the lowest number of children per family.²⁵
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²⁰ [JSNA 2011 Smoking](#)

²¹ [JSNA 2011 Substance Misuse](#)

²² [Surrey-i: Local Area Profiles/Census 2011/Key statistics & Household characteristics](#)

²³ [Surrey-i: Data by Geography/Census 2011 Household composition/Household type](#)

²⁴ [JSNA 2011 Older People](#)

²⁵ [Surrey-i:Census 2011](#)

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Consultation feedback:

Care home managers for the providers in the Spelthorne area opposed the proposal, voicing their concerns with regards to evacuating the elderly, frail and those with mobility difficulties when a fire breaks out at their establishment.

Respondents across the age ranges were opposed to the proposals, with the older (65+) and younger (up to 24) age groups most opposed. The reasoning however in the younger age group reflected the average causes for objection and had no reference to young age.

Eleven comments revolved around old people and their increased risk, while three comments mentioned concerns around young children. Concerns were raised about the impact on evacuating high rise flats, particularly for children, and for those with mobility problems. Comments were made about the possible impact on less essential services such as dealing with flooding and the impact this might have on the elderly, children and disabled. There was one specific comment about the difficulty of quickly evacuating a high rise flat with small children.

Please see Section 9 Action Plan for mitigating activity.

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<p>Disability / health</p>	<p>Data Analysis The Community Risk Profile 2013/14 identifies a link between fire deaths/injuries and mobility. This risk is compounded in cases where there are one or multiple other risk factors, for example, people who are older, living alone, have mental health needs or are smokers.</p> <p>Spelthorne has a high prevalence of poor health and risky behaviour (smoking, alcohol), compared with other boroughs in Surrey. Mobility issues and physical impairments, however, occur at an average level in the borough. Also, the state of the population's mental health and prevalence of learning disability is average or below average in Spelthorne.</p>	<p>Census 2011 In 2011, 13.5% of residents in Surrey reported a health problem, with 7.8% limited a little and 5.7% limited a lot. The overall proportion reporting a health problem was unchanged from 2001. The proportion of the Surrey population reporting a health problem is highest in Spelthorne (14.9%) and lowest in Elmbridge (12.1%). Fewer Surrey residents reported a health problem than the national average. In England as a whole 17.6% reported a health problem with 9.3% limited a little and 8.3% limited a lot.</p> <p>Disability and Mobility: Between April 2006 and March 2012, of the 16 people who died in a fire in Surrey, 7 (45%) were known to have mobility issues that affected their ability to escape the fire. All the people who were asleep at the time of the fire had additional underlying issues of restricted mobility, mental health and/or alcohol misuse. (CRP 2013/14)</p> <p>In addition to the large body of literature on mobility limitations among older adults, there are also a number of studies on mobility limitations among the intellectually and developmentally disabled and the visually impaired (Cleaver, Hunter, and Ouellette-Kuntz, 2008; Salive, Guralnik, Glynn, and Christen, 1994).</p> <p>Mental Health: Between April 2006 and March 2012, of the 16 people who died in fire, 11 (70%) were known to have mental health and/or depression issues. In addition to this 8 of the 10 people who died in fires outside the home were suffering from mental health issues and started these fires as a deliberate act. (CRP 2013/14)</p> <p>Race and ethnic Differences in the levels of mental well-being and prevalence of mental disorders are influenced by a complex combination of socio-economic factors, racism, diagnostic bias and cultural and ethnic differences and are reflected in how mental health and mental distress are presented, perceived and interpreted.</p> <p>Gender: Gender impacts significantly on risk and protective factors for mental health and expression of the experience of mental distress. Neurotic disorders including depression, anxiety, attempted suicide and self-harm are more prevalent in women than men, while suicide, drug and alcohol abuse, anti-social personality disorder, crime and violence are more prevalent among men.</p> <p>Gay, lesbian, bisexual and gender reassignment people are at increased risk for some mental health problems – notably anxiety, depression, self-harm and substance misuse – and more likely to report psychological distress than their heterosexual counterparts.</p>
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EQUALITY IMPACT ASSESSMENT TEMPLATE

	<p>Potential Positive Impacts The overall improved response rates across Runnymede and Surrey as a whole will benefit residents including people with mobility and mental health issues who are at greater risk statistically of being injured or killed as a result of a fire.</p>	<p>Smoking (and Mental Health): Surrey's Joint Strategic Needs Assessment (JSNA) also identifies that mental health service users exhibit rates of smoking at least twice that found among the general population.</p> <p>Between April 2006 and March 2012, in 44% of the fire deaths smoking material was the primary cause of the fires. Of the 8 people who smoked, the primary cause in 5 of these incidents was smoking related. Although relevant, this is the primary cause of fire and all of these victims had additional underlying issues of mobility, mental health and alcohol problems. (CRP 2013/14).</p> <p>The JSNA also states that: 'the latest smoking prevalence for the county is 17% however research at parliamentary ward level has suggested that some areas have prevalence levels as high as 40%. At local authority level, data suggests the highest smoking rates can be found in Spelthorne (25.2%), Runnymede (23.4%) and Reigate & Banstead (18.8%)' (JSNA 2011²⁶).</p> <p>Spelthorne:</p> <p>Highest rates per population 2013:</p> <table border="1" data-bbox="846 794 2067 1142"> <thead> <tr> <th>Description</th> <th>Value per population</th> <th>Average per population</th> <th>Rank pp</th> <th>Rank (total population)</th> </tr> </thead> <tbody> <tr> <td>Bad or very bad health²⁷</td> <td>4.1%</td> <td>3.5%</td> <td>1</td> <td>5</td> </tr> <tr> <td>Limiting long term illness²⁸</td> <td>14.9%</td> <td>13.6%</td> <td>1</td> <td>5</td> </tr> <tr> <td>Smoking²⁹</td> <td>23.9%</td> <td>14%</td> <td>1</td> <td>-</td> </tr> <tr> <td>Disability Living Allowance³⁰</td> <td>3.3%</td> <td>3%</td> <td>1</td> <td>4</td> </tr> <tr> <td>Alcohol Related Hospital Admissions³¹</td> <td>1.8</td> <td>1.5</td> <td>2</td> <td>5</td> </tr> </tbody> </table> <p>Smoking:</p> <ul style="list-style-type: none"> Mapping³² of smoking prevalence suggests that the following wards in Spelthorne have the highest smoking rates: Stanwell North, Sunbury Common, Ashford North and 	Description	Value per population	Average per population	Rank pp	Rank (total population)	Bad or very bad health ²⁷	4.1%	3.5%	1	5	Limiting long term illness ²⁸	14.9%	13.6%	1	5	Smoking ²⁹	23.9%	14%	1	-	Disability Living Allowance ³⁰	3.3%	3%	1	4	Alcohol Related Hospital Admissions ³¹	1.8	1.5	2	5
Description	Value per population	Average per population	Rank pp	Rank (total population)																												
Bad or very bad health ²⁷	4.1%	3.5%	1	5																												
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Alcohol Related Hospital Admissions ³¹	1.8	1.5	2	5																												

²⁶ [JSNA 2011 Smoking](#)

²⁷ [Surrey-i: Data by Geography/Health & Wellbeing/People Characteristics/General Health /Census 2011](#)

²⁸ [Surrey-i: Data by Geography/Long term illness or disability/ Census 2011](#)

²⁹ [Surrey-i: Data by Geography/Smoking prevalence NHS London Health Observatory 2011](#)

³⁰ [Surrey-i: Topics/ Health & Wellbeing/Disability Living Allowance Claimants/DWPQ22013](#)

³¹ [Surrey-i: Topics/Health & Wellbeing/JSNA 2013 Data Alcohol/Alcohol related hospital admissions](#)

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The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life and that this will have a greater impact on those with mobility or mental health issues given their vulnerability statistically to be injured or killed in fire, and on the disabled given that they may have greater difficulty escaping a fire.

Please see Section 9 Action Plan for mitigating activity.

Stanwell South, Staines, and Staines South.

Suicides:

- Average number of suicides per 100,000 population:4.9 (average: 5) – ranked 4th ³³

Lower than average numbers predicted 2020:

Description	Value	Average	Rank
Mobility / PSD³⁴			
Unable to manage one mobility activity on their own (aged 65+)	3,886	4,248	7
Physical Disability: Moderate (aged 18-64)	4,887	5,262	5
Hearing Impairment: Moderate or severe (aged 65+)	8,870	9,614	6
Visual Impairment: Moderate or severe (aged 75+)	1,240	1,346	7
Mental Health / Dementia			
Common Mental Disorder (aged 18-64)	9,715	10,406	6
Learning Disability (aged 18-64)	1,471	1,566	6
Dementia (% increase) (aged 65+)	28%	31%	8

Mental Health:

- Lowest hospital admissions on grounds of Mental Health³⁵

Consultation feedback:

Care home managers for the providers in the Spelthorne area opposed the proposal, voicing their concerns with regards to evacuating the elderly, frail and those with mobility difficulties when a fire breaks out at their establishment.

³² <http://www.mapsinternational.co.uk/subroot1/ash/ash.html>

³³ [ONS 2008-10](#)

³⁴ [Surrey-i:Topics/Health & Wellbeing/Population 18 + Predicted etc./POPPI &PANSI](#)

³⁵ [JSNA 2011 Mental Health Related Admissions](#)

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		<p>Concerns were also raised about the impact on evacuating high rise flats, particularly for children and for those with mobility problems including wheelchair users. Particular issues were raised about the unfamiliarity of fire fighters from other areas having to attend these buildings.</p> <p>There were also concerns about the vulnerability of those who use hearing aids when they switch these off at night.</p> <p>The Disability Empowerment Board made reference to the possible increased number of callouts as a result of false alarms from Telecare.</p> <p>The Board also made reference to the potential for reduced preventative fire safety work that might be done as a result of these proposals – and the impact on potentially increasing the risk to the elderly and disabled.</p> <p>Please see Section 9 Action Plan for SFRS mitigating activity.</p>
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EQUALITY IMPACT ASSESSMENT TEMPLATE

<p style="text-align: center;">Gender reassignment</p>	<p>Potential Positive Impacts The improved response rates across Runnymede and Surrey as a whole will benefit residents overall.</p> <p>Potential Negative Impacts The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life for people generally in the Borough but there is no indication that this would have a particular adverse effect on people with this protected characteristic.</p>	<p>Gender Variance in the UK: Prevalence, Incidence, Growth and Geographic Distribution Report for Gender Identity Research Organisation (GIREs), June, 2009³⁶</p> <p>According to the GIREs report, in Surrey the prevalence of people, 16 or over, who have presented with gender dysphoria is 37 per 100,000, %, but there is no validated estimate of the population of transgender people in the UK.</p> <p>‘A high degree of stress accompanies gender variance with 34% of transgender adults reporting at least on suicide attempt.’</p> <p><u>Consultation feedback:</u> Consultation has not produced any specific issues related to gender reassignment. There was no feedback from the gender reassignment population.</p>
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³⁶ [Report for Gender Identity Research Organisation \(GIREs\), June, 2009](#)

EQUALITY IMPACT ASSESSMENT TEMPLATE

<p>Pregnancy and maternity</p>	<p>Potential Positive Impacts The improved response rates across Runnymede and Surrey as a whole will benefit residents overall.</p> <p>Potential Negative Impacts The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life for people generally in the Borough but there is no indication that this would have a particular adverse effect on people with this protected characteristic.</p>	<p>Expectant and new mothers could potentially be more at risk when escaping from a fire, as emergency evacuation may be difficult due to reduced agility, dexterity, co-ordination, speed, reach and balance. Mothers will also face the additional difficulty of evacuating babies and/or young children.</p> <p><u>Spelthorne:</u></p> <ul style="list-style-type: none"> • Below average births in 2012: 1,224 (average 1,294) – ranked 6th • Above average under 5s: 6.3% (average 6%) – ranked 4th <p><u>Consultation feedback:</u> From those that engaged with the consultation process, it was highlighted that those with young children expressed concern of the difficulty of evacuating young children in the event of a fire incident, this was not however raised as a particular issue for pregnant women or those caring for babies.</p>
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Race

Data Analysis

The CRP 2011-12 found that:

- The majority of those injured in fires (68 of 91) were white.

The second highest group was White Other (3 of 91)

Potential Positive Impacts

The improved response rates across Runnymede and Surrey as a whole will benefit residents overall.

Potential Negative Impact

Census 2011: Spelthorne Ethnic Profile

% Population of Spelthorne								
White: British	White: Irish	White: Gypsy or Irish Traveller	White: Other White	White and Black Caribbean	White and Black African	White and Asian	Other Mixed	Indian
80.98	1.43	0.20	4.69	0.60	0.33	0.95	0.61	4.20

% Population of Spelthorne								
Pakistani	Bangladeshi	Chinese	Other Asian	African	Caribbean	Other Black	Arab	Any other ethnic group
0.69	0.27	0.65	1.83	1.02	0.44	0.16	0.34	0.63

The three largest minority ethnic groups in Spelthorne are Other White, Indian and Other Asian. It is in the North of Spelthorne in the wards of Staines; Stanwell North; and Ashford North and Stanwell South that these populations are resident.

Community Risk Profile 2011-12

The CRP found that:

- The majority of those injured in fires (68 of 91) were white.
- The second highest group was white other (3 of 91).

Surrey Police

In 2012 there was only one recorded Arson offence with a hate flag against it (racial flag). This offence was in Mole Valley. Prevention work needs to take into account possible requirements for translation and other culturally sensitive approaches.

(Source: D10 Partnership Product, Surrey Police Incident Recording System, March 2012)

Age and ethnicity:

People living alone are at higher risk of accidental fires. The proportion of White men aged 85

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	<p>The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life for people generally in the Borough but there is no indication that this would have a particular adverse effect on people with this protected characteristic.</p>	<p>and above living alone is around 42%, which is much higher than for other ethnic groups.³⁷</p> <p>Gypsy, Roma and Traveller (GRT) communities: The JSNA indicates that GRT communities can be more likely to display some of the factors that place people more at risk of fire:</p> <ul style="list-style-type: none"> • There is a high prevalence of mental health issues within the GRT community including anxiety and depression. • Alcohol consumption and substance misuse are a concern as GRT young people assume adult roles and responsibilities earlier in life than their non GRT peers.³⁸ <p>The JSNA identifies 7 GRT sites within Spelthorne, with further sites in neighbouring Elmbridge and Runnymede, some of which are on the district/borough boundaries.</p> <p>Ethnicity and substance misuse: JSNA indicates that young people from BME groups are more at risk of substance misuse³⁹</p> <p>Spelthorne:</p> <ul style="list-style-type: none"> • Prevalence of White British / travellers • 0.1% cannot speak English (Surrey average: 0.1%) – ranked 8th (Census, 2011) <p>Consultation feedback: Consultation has not produced any specific issues related to ethnicity. All ethnic groups' concerns were similar and reflected those of the general population.</p>
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³⁷ [ASC Outcomes Framework Equality Analysis, DoH 2010](#)

³⁸ [JSNA Gypsy Roma and Travellers](#)

³⁹ [JSNA Substance Misuse 2011](#)

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Religion and belief

Data Analysis

The 2011 Census indicates a changing borough profile in terms of religion. The percentage of people identifying themselves as Christian decreased from 75% in 2001, to 64% in 2011, and the percentage saying they had no religion increased to 23% in 2011, from 14% in 2001. The proportion of residents with non-Christian religions doubled, to 7%, over the same period. The proportion of Christian people, and those with no religion is roughly in line with the Surrey average⁴⁰, and the proportion of non-Christian religions is slightly higher than average.

Within Spelthorne there is a significant degree of variation between wards of those from non-Christian religions. In Stanwell North and Staines wards, the percentage of people is relatively high at 12% whilst in Shepperton Town and Halliford and Sunbury West it is just 3%.

Census 2011: Faith and Belief in Spelthorne

% Population of Spelthorne							
Year	Christian	Hindu	Muslim	All other Religions	No Religion	Religion Not Stated	Non Christian Religions
2001	75.3	1.0	0.9	1.5	14.1	7.2	3.4
2011	63.8	2.4	1.9	2.4	22.5	7.0	6.7

In Stanwell North and Staines wards, the percentage of people from non Christian religions is 12%. And in Ashford North and Stanwell South ward it is 11%. This compares to just 3% in Shepperton Town and Halliford and Sunbury West.

Surrey Residents Survey 2012/13

In the annual Surrey Residents Survey⁴¹ in 2012/13, 84% of respondents indicated that they either strongly agree, or tend to agree, that their neighbourhood is a place where people from different backgrounds get on well together. This is in line with the county average, and the proportion of these responses has increased year on year from 79% since the survey started in 2008/09. The proportion of those who strongly disagreed, or tended to disagree with this statement was 5% in 2012/13, down from 8% the year before.

Joint Strategic Needs Assessment

Surrey's Joint Strategic Needs Assessment states that: 'higher levels of deprivation were associated with higher proportions of people thinking that racial or religious harassment is a very or fairly big problem. For example, 3% of people in England in the 10% least deprived areas said that racial or religious harassment is a very or fairly big problem in their local area, compared with 21% of people in the 10% most deprived areas. Although this survey was not undertaken with Surrey residents, it is reasonable to suggest that these figures might also apply to this community.⁴² It is possible therefore that concerns around arson attacks based on religious hate crime will be highest in the most deprived areas of the borough. However, there were no crimes recorded qualified by religion or faith in any Spelthorne ward.

⁴⁰ [Surrey-i: Ethnicity & Religion Census 2011](#)

⁴¹ The Surrey Residents' Survey is a telephone interview survey conducted throughout the year with randomly selected Surrey residents. It began in April 2008.

⁴² [JSNA Religion & Belief 2013](#)

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	<p>Potential Positive Impacts The improved response rates across Runnymede and Surrey as a whole will benefit residents overall.</p> <p>Potential Negative Impact The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life for people generally in the Borough but there is no indication that this would have a particular adverse effect on people with this protected characteristic.</p>	<p>Surrey Police In 2012, in Surrey, only one arson incident was recorded as hate crime with a racial or religious motivation. This was in Mole Valley. (Source: D10 Partnership Product, Surrey Police Incident Recording System, March 2012)</p> <p><u>Consultation feedback:</u> Consultation has not produced any specific issues related to ethnicity. All ethnic groups' concerns were similar and reflected those of the general population.</p>
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<p style="text-align: center;">Sex</p>	<p>Data Analysis The data suggests that the individuals most at risk of fire are White British males and females in the 30 - 60 year age range. Across all the age ranges, White British females are shown to be the biggest groups at risk from injury and/or rescue from fire. In England, alcohol misuse is greater among men than women.</p> <p>Potential Positive Impacts The improved response rates across Runnymede and Surrey as a whole will benefit residents overall.</p> <p>Potential Negative Impact The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life for people generally in the Borough. As regards this protected characteristic the Community Risk Profile indicates that more women than men were injured and/or rescued in fires in 2011/12, and 72% of road casualties were male.</p>	<p>Community Risk Profile 2011/12 52 of the 91 people who were injured and/or rescued in accidental dwelling fires were female and 39 were male. The average age of the males who were injured and/or rescued was 45 years, and for females it was 53 years.</p> <p>Of road casualties, 72% were male. And in terms of slight casualties 56% were male.</p> <p>Gender and alcohol consumption: In England, 38% of men and 16% of women consume more alcohol than is recommended by the Department of Health (3-4 units per day for men, 2-3 units per day for women).⁴³</p> <p>Spelthorne: Overall, 50.7% of Spelthorne's population are female. However this proportion varies according to age.</p> <p>Consultation feedback: Consultation has not produced any specific issues related to gender. Both genders' concerns were similar and reflected those of the general population.</p>
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⁴³ [JSNA Alcohol 2011](#)

EQUALITY IMPACT ASSESSMENT TEMPLATE

<p style="text-align: center;">Sexual orientation</p>	<p>Potential Positive Impacts The improved response rates across Runnymede and Surrey as a whole will benefit residents overall.</p> <p>Potential Negative Impact The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life for people generally in the Borough but there is no indication that this would have a particular adverse effect on people with this protected characteristic.</p>	<p>The JSNA states that ‘The UK Government estimates that 7% of the population are lesbian, gay, bisexual, transgender or questioning (LGBTQ) (1). Applying this to mid-2009 population estimates for Surrey, there may be around 5,700 people aged 11 to 16 in Surrey who are LGBTQ.’⁴⁴</p> <p>The JSNA suggests that ‘LGBTQ young people are likely to experience some degree of identity-related stigma’, and this can contribute to, in some instances, issues that put them more at risk of fire including – poor mental health, self-harm and suicide, smoking and substance abuse⁴⁵.</p> <p>There may be an associated risk relating to living alone. People living alone at higher risk of accidental fires. National research has found that Gay men and women in Britain are far more likely to end up living alone and have less contact. It has been found that 75% of older LGBT people live alone, compared to 33% of the general population.</p> <p>Of the 25 victims, 18 lived on their own in the property and 19 were alone in the property at the time of the fire, (CRP 2013/14).</p> <p>Spelthorne:</p> <ul style="list-style-type: none"> • 28.5% are one person households (average 27%) – ranked 3rd • 12.7% are one person households where resident is 65+ (average 13%) – ranked 6th • 2.6% of residents are recorded as being in a same-sex civil partnership in Spelthorne. The highest proportions are in the wards of Staines and Shepperton Town.⁴⁶ • There is a youth club for young LGBTQ people aged 13-19 in Spelthorne. <p>Consultation feedback: Consultation has not produced any specific issues related to sexual orientation. Concerns from all groups were similar and reflected those of the general population.</p>
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⁴⁴ [JSNA 2011 Lesbian, Gay, Bisexual and Transgender](#)

⁴⁵ [JSNA 2011 Lesbian, Gay, Bisexual and Transgender](#)

⁴⁶ [Surrey-i: Data by Geography/Census 2011 Marital & Civil Partnership Status](#)

EQUALITY IMPACT ASSESSMENT TEMPLATE

<p>Marriage and civil partnerships</p>	<p>Potential Positive Impacts The improved response rates across Runnymede and Surrey as a whole will benefit residents overall.</p> <p>Potential Negative Impact The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life for people generally in the Borough but there is no indication that this would have a particular adverse effect on people with this protected characteristic.</p>	<p>People who live alone, rather than those who live with partners, are at higher risk of accidental fires.</p> <p>“The increase in those living alone also coincides with a decrease in the percentage of those in this age group who are married – from 79 per cent in 1996 to 69 per cent in 2012 – and a rise in the percentage of those who have never married or are divorced, from 16 per cent in 1996 to 28 per cent in 2012.” Labour Force Survey 2012.</p> <p>Spelthorne:</p> <ul style="list-style-type: none"> • 28.5% are one person households (average 27%) – ranked 3rd <p>Consultation feedback: Consultation has not produced any specific issues related to status of marriage or civil partnership. Concerns from all groups were similar and reflected those of the general population.</p>
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EQUALITY IMPACT ASSESSMENT TEMPLATE

<p style="text-align: center;">Carers⁴⁷</p>	<p>Potential Positive Impacts The improved response rates across Runnymede and Surrey as a whole will benefit residents overall.</p> <p>Potential Negative Impact The increase in response times for Spelthorne will align with the County average for other areas and will still be below the average for Surrey and well within the targeted response times. It has been argued that the increase in response times will mean greater risk to life for people generally in the Borough and on Carers and the children of people they are caring for in particular given that they may have greater difficulty escaping a fire.</p>	<p>As people with mobility and health issues are at higher risk of fire and / or injury from fire, carers are linked to that risk, mainly by being the enabling factor to prevent fires and to evacuate in case of emergencies.</p> <p>Carers themselves can also be at risk of poor health, as a result of their caring responsibilities. This is documented in the JSNA: 'The impact of caring can be detrimental to carers health. Carers UK's analysis of the 2001 Census findings, 'In Poor Health', found that those caring for 50 hours a week or more are twice as likely to be in poor health as those not caring (21% against 11%). (6) This can be due to a range of factors including stress related illness and physical injury⁴⁸.</p> <p>Many carers are older people, caring for their spouse or partner. There is therefore a link between caring and age. As the general population ages, the number of older people providing unpaid care is also expected to increase. Estimates have been produced of the number of older carers in Surrey, Spelthorne is expected to have the lowest increase in unpaid Carers over the age of 65 between 2013-2020.⁴⁹</p> <p>Spelthorne:</p> <ul style="list-style-type: none"> • 9,844 estimated number of carers in Spelthorne (ranked 2nd % providing unpaid care)⁵⁰ • Reflecting the population with long-term illness or disability, Mole Valley (10.4%), Spelthorne (10.3%) and Tandridge (10.3%) have the highest proportion of carers and Elmbridge (8.9%) the lowest. (Census, 2011) • Shepperton Town has the highest number of people aged 65 and over living in households and also the highest number of people aged 65 and over providing unpaid care (238 people). • 4 other wards in Spelthorne also each have 200 or more people over 65 providing unpaid care, as per the 2011 Census: Riverside and Laleham, Laleham and Shepperton Green, Sunbury East and Ashford Common. As a proportion of the population, Ashford North also has higher levels of older people providing unpaid care.⁵¹
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⁴⁷ Carers are not a protected characteristic under the Public Sector Equality Duty, however we need to consider the potential impact on this group to ensure that there is no associative discrimination (i.e. discrimination against them because they are associated with people with protected characteristics). The definition of carers developed by Carers UK is that 'carers look after family, partners or friends in need of help because they are ill, frail or have a disability. The care they provide is unpaid. This includes adults looking after other adults, parent carers looking after disabled children and young carers under 18 years of age.'

⁴⁸ [JSNA 2013 Carers](#)

⁴⁹ [JSNA Older People 2013](#)

⁵⁰ [Surrey-i: Local Area Profiles/Census 2011 key statistics \(carers\)/All People Providing Unpaid Care](#)

⁵¹ [Surrey-i: Data by Geography/Census 2011 Provision of unpaid care by age & gender](#)

EQUALITY IMPACT ASSESSMENT TEMPLATE

7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence																																							
Age	The new station in Spelthorne may be a more convenient location for some staff to access. .	The new station in Spelthorne may be a less convenient location for some staff to access.	<p>Due to the nature of the Service and retirement age, the bulk of staff are between 30- 50 years old (over 70%).</p> <p>% of Staff by Age Group</p> <table border="1"> <thead> <tr> <th>Age</th> <th>SFRS %</th> <th>SCC %</th> </tr> </thead> <tbody> <tr><td>15-19</td><td>0.12</td><td>1.03</td></tr> <tr><td>20-24</td><td>2.20</td><td>4.69</td></tr> <tr><td>25-29</td><td>8.29</td><td>9.51</td></tr> <tr><td>30-34</td><td>14.15</td><td>11.68</td></tr> <tr><td>35-39</td><td>16.10</td><td>12.34</td></tr> <tr><td>40-44</td><td>23.66</td><td>15.32</td></tr> <tr><td>45-49</td><td>19.51</td><td>16.96</td></tr> <tr><td>50-54</td><td>9.88</td><td>16.35</td></tr> <tr><td>55-59</td><td>3.66</td><td>13.06</td></tr> <tr><td>60-64</td><td>1.95</td><td>7.70</td></tr> <tr><td>65-69</td><td>0.49</td><td>2.41</td></tr> <tr><td>70-75</td><td>0.00</td><td>0.42</td></tr> </tbody> </table>	Age	SFRS %	SCC %	15-19	0.12	1.03	20-24	2.20	4.69	25-29	8.29	9.51	30-34	14.15	11.68	35-39	16.10	12.34	40-44	23.66	15.32	45-49	19.51	16.96	50-54	9.88	16.35	55-59	3.66	13.06	60-64	1.95	7.70	65-69	0.49	2.41	70-75	0.00	0.42
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Disability	The new station in Spelthorne may be a more convenient location for some staff to access.	<p>The new station in Spelthorne may be a less convenient location for some staff to access.</p> <p>Reasonable adjustments may need to be considered in relevant cases.</p>	<p>% of Staff with a Disability</p> <table border="1"> <thead> <tr> <th>Staff</th> <th>SFRS %</th> </tr> </thead> <tbody> <tr><td>Headcount</td><td>1.34</td></tr> <tr><td>Front Line Staff</td><td>1.49</td></tr> <tr><td>Team Leaders</td><td>0.82</td></tr> <tr><td>Middle Mgr</td><td>6.67</td></tr> <tr><td>Senior Mgr</td><td>0.00</td></tr> </tbody> </table>	Staff	SFRS %	Headcount	1.34	Front Line Staff	1.49	Team Leaders	0.82	Middle Mgr	6.67	Senior Mgr	0.00																											
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EQUALITY IMPACT ASSESSMENT TEMPLATE

Gender reassignment	No specific issues have been identified.	No specific issues have been identified.	No specific concerns have been raised on grounds of a protected characteristic during the Consultation.																		
Pregnancy and maternity	The new station in Spelthorne may be more accessible to some staff, e.g in terms of changing rooms, etc.	The new station in Spelthorne may be less accessible to some staff.	No specific concerns have been raised on grounds of a protected characteristic during the Consultation.																		
Race	The new station in Spelthorne may be a more convenient location for some staff to access.	The new station in Spelthorne may be a less convenient location for some staff to access	<p>% of BME Staff</p> <table border="1"> <thead> <tr> <th data-bbox="1377 598 1630 662">Staff</th> <th data-bbox="1630 598 1800 662">SFRS %</th> <th data-bbox="1800 598 1955 662">SCC %</th> </tr> </thead> <tbody> <tr> <td data-bbox="1377 662 1630 703">Headcount</td> <td data-bbox="1630 662 1800 703">1.95</td> <td data-bbox="1800 662 1955 703">7.58</td> </tr> <tr> <td data-bbox="1377 703 1630 745">Front Line Staff</td> <td data-bbox="1630 703 1800 745">0.75</td> <td data-bbox="1800 703 1955 745">7.87</td> </tr> <tr> <td data-bbox="1377 745 1630 786">Team Leaders</td> <td data-bbox="1630 745 1800 786">2.46</td> <td data-bbox="1800 745 1955 786">7.61</td> </tr> <tr> <td data-bbox="1377 786 1630 828">Middle Mgr</td> <td data-bbox="1630 786 1800 828">0.00</td> <td data-bbox="1800 786 1955 828">6.67</td> </tr> <tr> <td data-bbox="1377 828 1630 869">Senior Mgr</td> <td data-bbox="1630 828 1800 869">0.00</td> <td data-bbox="1800 828 1955 869">5.29</td> </tr> </tbody> </table>	Staff	SFRS %	SCC %	Headcount	1.95	7.58	Front Line Staff	0.75	7.87	Team Leaders	2.46	7.61	Middle Mgr	0.00	6.67	Senior Mgr	0.00	5.29
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EQUALITY IMPACT ASSESSMENT TEMPLATE

<p>Sex</p>	<p>The new station in Spelthorne may be a more convenient location for some staff to access.</p>	<p>The new station in Spelthorne may be a less convenient location for some staff to access.</p>	<p>Due to the makeup of the workforce, more males will be affected by the proposals than females.</p> <p>Some firefighters may need to be relocated which might mean increased travelling times and cause potential childcare/caring issues.</p> <p>% of Staff by Gender</p> <table border="1"> <thead> <tr> <th>Gender</th> <th>SFRS %</th> <th>SCC %</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>9.51</td> <td>73.00</td> </tr> <tr> <td>Male</td> <td>90.49</td> <td>27.00</td> </tr> </tbody> </table> <p>% of Male/Female Staff Full and Part Time</p> <table border="1"> <thead> <tr> <th>Male/Female Full Time/Part Time</th> <th>SFRS %</th> <th>SCC %</th> </tr> </thead> <tbody> <tr> <td>Female FT</td> <td>83.33</td> <td>38.26</td> </tr> <tr> <td>Female PT</td> <td>16.67</td> <td>61.74</td> </tr> <tr> <td>Male FT</td> <td>84.64</td> <td>72.48</td> </tr> <tr> <td>Male PT</td> <td>15.36</td> <td>27.52</td> </tr> </tbody> </table> <p>% of Female Staff</p> <table border="1"> <thead> <tr> <th>Female Staff</th> <th>SFRS %</th> <th>SCC %</th> </tr> </thead> <tbody> <tr> <td>Front Line Staff</td> <td>8.96</td> <td>80.73</td> </tr> <tr> <td>Team Leaders</td> <td>9.51</td> <td>57.78</td> </tr> <tr> <td>Middle Mgr</td> <td>8.33</td> <td>68.41</td> </tr> <tr> <td>Senior Mgr</td> <td>18.75</td> <td>46.47</td> </tr> </tbody> </table>	Gender	SFRS %	SCC %	Female	9.51	73.00	Male	90.49	27.00	Male/Female Full Time/Part Time	SFRS %	SCC %	Female FT	83.33	38.26	Female PT	16.67	61.74	Male FT	84.64	72.48	Male PT	15.36	27.52	Female Staff	SFRS %	SCC %	Front Line Staff	8.96	80.73	Team Leaders	9.51	57.78	Middle Mgr	8.33	68.41	Senior Mgr	18.75	46.47
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EQUALITY IMPACT ASSESSMENT TEMPLATE

<p>Sexual orientation</p>	<p>The new station in Spelthorne may be a more convenient location for some staff to access.</p>	<p>The new station in Spelthorne may be a less convenient location for some staff to access.</p>	<p>% of Staff by Sexual Orientation</p> <table border="1"> <thead> <tr> <th>Sexual Orientation</th> <th>SFRS %</th> <th>SCC %</th> </tr> </thead> <tbody> <tr> <td>Bisexual</td> <td>0.61</td> <td>0.60</td> </tr> <tr> <td>Gay Man</td> <td>0.61</td> <td>0.43</td> </tr> <tr> <td>Heterosexual</td> <td>55.49</td> <td>47.18</td> </tr> <tr> <td>Lesbian</td> <td>0.12</td> <td>0.32</td> </tr> <tr> <td>Prefer Not to Say</td> <td>19.88</td> <td>24.47</td> </tr> <tr> <td>Not Stated</td> <td>23.29</td> <td>27.00</td> </tr> </tbody> </table>	Sexual Orientation	SFRS %	SCC %	Bisexual	0.61	0.60	Gay Man	0.61	0.43	Heterosexual	55.49	47.18	Lesbian	0.12	0.32	Prefer Not to Say	19.88	24.47	Not Stated	23.29	27.00									
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<p>Religion and belief</p>	<p>The new station in Spelthorne may be more accessible to some staff, e.g in terms of prayer space, etc.</p>	<p>The new station in Spelthorne may be less accessible to some staff. However such accessibility will need to be ensured as part of the relocation.</p>	<p>% of Staff by Religion/Belief</p> <table border="1"> <thead> <tr> <th>Religion</th> <th>SFRS %</th> <th>SCC %</th> </tr> </thead> <tbody> <tr> <td>Any other religion</td> <td>3.90</td> <td>5.34</td> </tr> <tr> <td>Buddhist</td> <td>0.73</td> <td>0.57</td> </tr> <tr> <td>Christian - all faiths</td> <td>33.78</td> <td>32.98</td> </tr> <tr> <td>Hindu</td> <td>0.12</td> <td>0.67</td> </tr> <tr> <td>Jewish</td> <td>0.12</td> <td>0.12</td> </tr> <tr> <td>Muslim</td> <td>0.37</td> <td>0.84</td> </tr> <tr> <td>No Faith / Religion</td> <td>17.20</td> <td>17.89</td> </tr> <tr> <td>Sikh</td> <td>0.00</td> <td>0.22</td> </tr> <tr> <td>Not Stated</td> <td>43.78</td> <td>41.36</td> </tr> </tbody> </table>	Religion	SFRS %	SCC %	Any other religion	3.90	5.34	Buddhist	0.73	0.57	Christian - all faiths	33.78	32.98	Hindu	0.12	0.67	Jewish	0.12	0.12	Muslim	0.37	0.84	No Faith / Religion	17.20	17.89	Sikh	0.00	0.22	Not Stated	43.78	41.36
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<p>Carers</p>	<p>The location of the new station venue could decrease staff travel time.</p>	<p>The location of the new station venue could increase staff travel time.</p>	<p>No specific concerns were raised by staff during the Consultation.</p>																														

EQUALITY IMPACT ASSESSMENT TEMPLATE

8. Amendments to the proposals

Change	Reason for change
<p>Impact on Residents and Users Prevention and protection arrangements will remain in place to reduce the risk from fire incidents and other emergencies, and these are targeted to vulnerable groups. Evidence demonstrates that suitable prevention arrangements have the most positive affect on enabling vulnerable people to live safely in the community rather than relying solely on emergency response once an incident has occurred.</p> <p>As a result of the consultation, the original proposals have been amended, with Option 5 proposing the use of an additional appliance with “on-call” staff.</p> <p>Impact on Staff The project will pursue a cooperative and voluntary approach where possible to minimise negative impact. The Service may need to post staff to locations where they do not chose to work, but this is within current contractual terms & conditions and will be avoided if possible. Furthermore, union representatives will be involved throughout the project.</p>	

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9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
<p>The change in fire cover will allow the service to even out response times in Surrey, enabling an equalising effect. This improved balance of service provision will result in some areas having improved first fire engine response times, with other areas a longer first response time for 2 plus fire engine incidents.</p> <p>The average first response for two plus fire engine incidents in Surrey will be 7 minutes 33 seconds and in Spelthorne the average first response time, although lengthened by the changes, will be below this at just over six and half minutes for both Options. In all these cases the response times come within the Surrey standards.</p> <p>In Runnymede the first response as a result reduces from over 8 minutes 30 seconds to over a minute less in Option 4 and by over two minutes in Option 5.</p> <p>Any potential negative impact of an increased response time is likely to have the greatest effect on the vulnerable elderly, those with disabilities, parents with small children and those with caring responsibilities in Spelthorne. As identified in Section 7, the older population, those with mobility difficulties and mental health issues are statistically more likely to be affected by a fire related incident either fatal or injury and similar to those with disabilities or parents with small children they may experience greater difficulty in escaping a fire. There are statistically also more women than men involved injured or rescued from fires, and significantly more men than women injured in road accidents.</p> <p>The consultation identified concerns including the impact of the increased risk on those residents occupying high rise buildings, particularly for those with small children, and residents of care homes with mobility difficulties.</p>	<p>Prevention work takes place from a range of organisations across Surrey, including SFRS, Adult Social Care, Emergency Planning and Public Health to mitigate the risk of those groups identified as high risk, this includes work with vulnerable adults and through the public health agenda, the negative impacts of smoking, alcohol and drugs are addressed.</p>	<p>Ongoing</p>	<p>Strategic Director for Adult Social Care</p>

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However, the increase in response times for all types of incidents will still be below the average for Surrey and well within the targeted response times. In addition it will improve the overall figures for Surrey for the percentage of first and second responses, and significantly so in Runnymede.

Other issues raised in the consultation include the risk of those who turn off their hearing aids at night, and the possibility of increased false alarms or call outs from an increasing use of telecare. These are legitimate concerns with regard to fire safety but are not negative impacts directly resulting from this proposal.

Option 4 and 5 will not have a detrimental impact on the preventative work of SFRS. The reconfiguration of SFRS will ensure that resources continue to be directed into targeted preventative work with those identified as vulnerable and at risk in Surrey, particularly if emergency service partners as indicated, also relocate to the new fire station premises. The “on-call” arrangements of Option 5 will protect front line services and through efficiencies allow for an improvement in having the appropriate staffing levels and enhance effective use of resources. Option 5 also facilitates greater resident involvement and influence on the design and provision of services.

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10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
Potential negative impacts will be mitigated so far as possible given the actions referred to in Section 9.	

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11. Summary of key impacts and actions

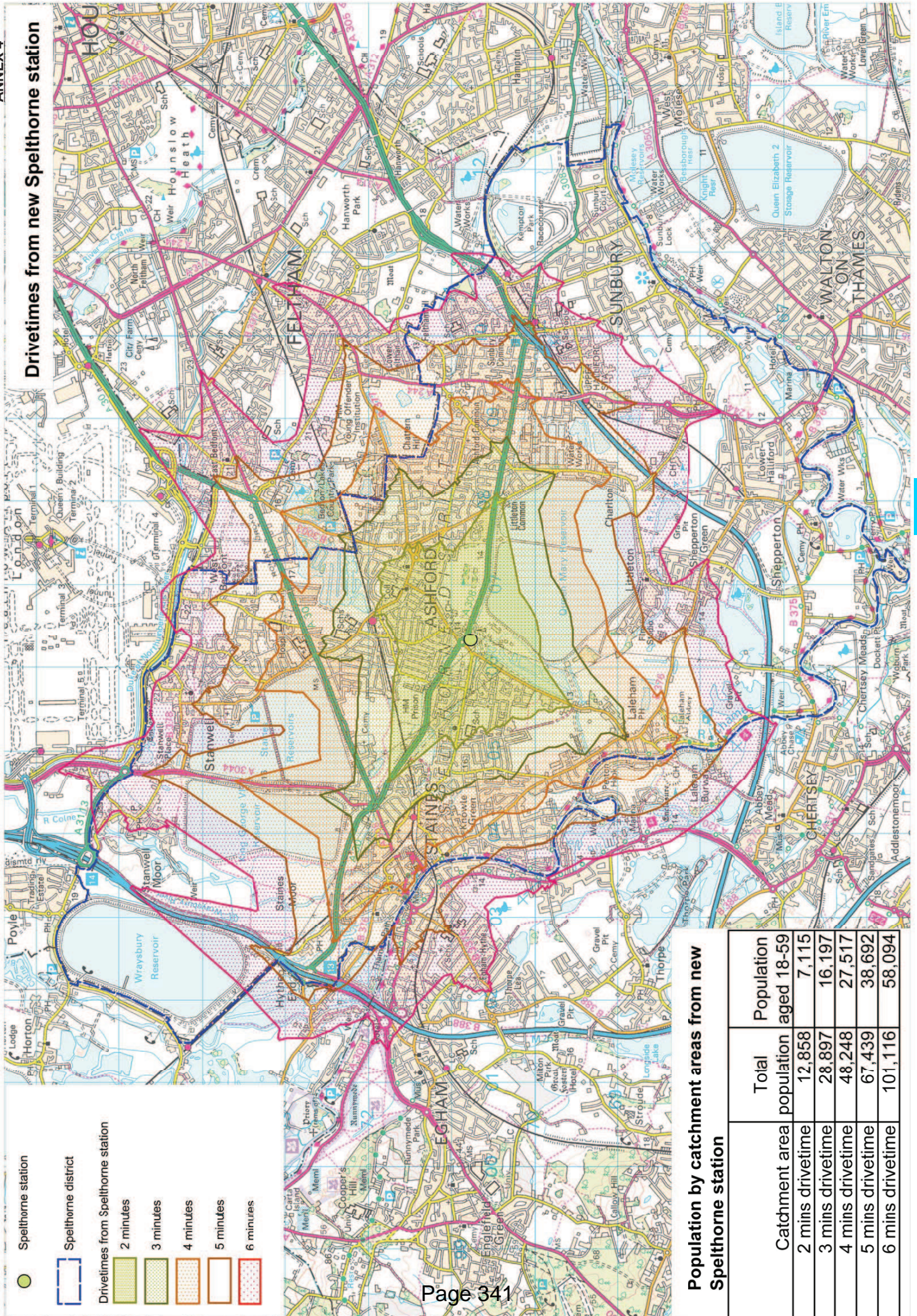
Information and engagement underpinning equalities analysis	<p>Consultation process JSNA, GIREs 2009, Community Risk Profile, Census 2011</p>
Key impacts (positive and/or negative) on people with protected characteristics	<p>Option 4 and 5: Modelling predicts;</p> <ul style="list-style-type: none"> • Throughout Surrey more fire engines will reach emergencies within the response standard than they do now and greater equality in average response times between Boroughs to be achieved. • A decrease in the average first response time to all 2 plus fire engine incidents in Runnymede. • In Elmbridge and Spelthorne an increase in the average first response to all 2 plus fire engine incidents, and a reduction in the proportion of first responses within 10 minutes. While the change is slight for Elmbridge, it is greater in Spelthorne, but both will remain within the Surrey Response Standard of 10 minutes. <p>Additional in Option 5: Modelling predicts;</p> <ul style="list-style-type: none"> • A decrease in the average first response time to all 2 plus fire engine incidents in Runnymede by over 2 minutes. • The provision of a second “On-call” fire engine compared to one whole-time fire engine improves in Spelthorne the average first response to all 2 plus fire engine incidents by 8 seconds compared to Option 4 and the second response times by just over 1 minute. <p>Any potential negative impact of an increased response time is likely to have a greater effect on the vulnerable elderly, those with disabilities, parents with small children and those with caring responsibilities in Spelthorne. As identified in Section 7, the older population, those with mobility difficulties and mental health issues are statistically more likely to be involved in a fire related incident either fatal or injury and similar to those with disabilities or parents with small children they may experience greater difficulty in escaping a fire. There are statistically also more women than men involved injured or rescued from fires, and significantly more men than women injured in road accidents.</p> <p>The consultation identified concerns including the impact of the increased risk on those residents occupying high rise buildings, particularly for those with small children, and residents of care homes with mobility difficulties.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

Changes you have made to the proposal as a result of the EIA	<p>As a result of the consultation the Service is proposing Option 5 as a change to the original proposal, ie. retaining a second appliance to be crewed by an “on-call” team if possible.</p>
Key mitigating actions planned to address any outstanding negative impacts	<p>An increased risk in Spelthorne is mitigated by the response time remaining within the Surrey standard response and is also still below the average for Surrey. Prevention work takes place from a range of organisations across Surrey, including SFRS, Adult Social Care, Emergency Planning and Public Health to mitigate the risk of those groups identified as high risk, this includes work with vulnerable adults and through the public health agenda, the negative impacts of smoking, alcohol and drugs are addressed.</p>
Potential negative impacts that cannot be mitigated	<p>Potential negative impacts will be mitigated so far as possible given the actions referred to in Section 9.</p>

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Drivetimes from new Spelthorne station



Population by catchment areas from new Spelthorne station

Catchment area	Total population	Population aged 18-59
2 mins drivetime	12,858	7,115
3 mins drivetime	28,897	16,197
4 mins drivetime	48,248	27,517
5 mins drivetime	67,439	38,692
6 mins drivetime	101,116	58,094

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SURREY COUNTY COUNCIL**CABINET****DATE: 4 FEBRUARY 2014****REPORT OF: MRS MARY ANGELL, CABINET MEMBER FOR CHILDREN AND FAMILIES**

LEAD OFFICER: NICK WILSON, DIRECTOR OF CHILDREN SCHOOLS AND FAMILIES
DIANE MCCORMACK, HEAD OF CHILDREN WITH COMPLEX AND SPECIALIST HEALTH NEEDS INCLUDING CAMHS

SUBJECT: JOINT STRATEGIC REVIEW OF SHORT BREAKS FOR CHILDREN AND YOUNG PEOPLE WITH DISABILITIES**SUMMARY OF ISSUE:**

The Joint Strategic Review of Short Breaks is a joint project between Surrey County Council (SCC) and NHS Guildford and Waverley Clinical Commissioning Group (CCG) on behalf of Surrey CCGs. The scope of the Review (from the Terms of Reference May 2013) is to look at the provision of short breaks for children and young people with disabilities in Surrey, including; -

- Funding and provision of short breaks for Children and young people with disabilities in Surrey;
- Residential services at the Beeches and Applewood;
- Other residential services in Surrey and out of county;
- Community based services;
- Value for money from services commissioned in all settings.

The Review has focused on options for the future use and funding of Applewood (SCC) and Beeches (NHS) as other areas of residential short break services were found to be working well.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Endorses the Joint Strategic Review of Short Breaks for children and young people with disabilities.
2. Approves the options for consultation.

REASON FOR RECOMMENDATIONS:

Recommendations will be put to Cabinet for decision on 27 May 2014 based on a comprehensive consultation process taking place in February and March 2014.

DETAILS:**Business Case**

1. Short breaks are a lifeline for many families of children and young people with disabilities and act as a preventative service helping to stop the breakdown of families and the need for more specialist, social care support.
2. Short breaks are intended to provide children and young people with disabilities with an opportunity to spend time away from their parents, relax and have fun with their peers.

They can promote positive experiences for children and young people, by encouraging friendships, social activities, new experiences and support relationships with parents and carers. Short breaks also give parents the opportunity to have a break from the demands of day and night care responsibility for their child.

3. Key drivers for this work are: -

National Drivers

- Short Breaks Regulations 2011.
- Children and Families Bill 2013 - Special Educational Needs and Disability (SEND) in particular personal budgets and Education Health Care Plans and a duty for Special Educational Needs (SEN) and social care services to work more closely with Health.

Local Drivers

- Health and Wellbeing Strategy 2013. Improving Children's Health and Wellbeing – Children with Complex Needs.
- Surrey County Council's Corporate Strategy.
- Surrey County Council's Children's Strategy.
- Children Schools and Families Public Value Programme – Disabilities.

4. Surrey County Council has a statutory duty to provide short breaks under the Short Breaks Regulations 2011. This legislation states that local authorities have to offer short breaks as a preventive, early intervention service; offer a range of services for parents and publish a statement of those services to parents and families.

5. Surrey County Council's Children's Services spends over £8m per year on short breaks for children and young people with disabilities and Surrey CCGs currently fund approximately £1.3m per year. Surrey County Council invests significantly more in short breaks than many other local authorities and it continues to be a priority for the Council.

6. The review has identified that both Applewood and Beeches are currently under occupied offering poor value for money. Neither Applewood nor Beeches services are meeting the needs of children with complex behavioural needs.

7. Options for public consultation are:

	Options	Detail
Beeches Options	Option B1:	Beeches remains open and responsibility for future commissioning and funding of the service transfers to Surrey County Council.
	Option B2:	NHS decommissions Beeches, funding is reallocated to meet the health needs of children and young people with disabilities in the community. Care packages for children using the service transfer to alternative providers.
Applewood Options	Option A1:	Applewood remains open and Surrey County Council develops an improved in-house service.
	Option A2:	Surrey County Council closes Applewood and makes alternative provision for children and young people who use the service.
	Option A3:	Surrey County Council outsources the management of Applewood, to a private or voluntary organisation.
Combined Option	Option C1:	Decommission both Beeches and Applewood and develop a new service based on Applewood or an alternative site.
Other Option:		Option for public to recommend an alternative option

8. All options are based on the assumption that: -

- The outcome of the consultation may be the approval of more than one option.
- Surrey County Council will retain Ruth House with mix of short breaks and longer term placements (52 weeks) and continue to commission services from the voluntary and private sector.
- Any options will include future working with Adult Services to develop inclusive residential short breaks for 0-25 year olds based on assessed needs.
- Any future services will be developed to meet the need for services for children with complex health needs and challenging behaviour.

CONSULTATION:

9. Consultation so far includes a questionnaire for parents carried out in July 2013 and which had 63 responses.
10. An offer was made to visit 11 Surrey maintained Special Schools to meet with parents, two schools invited the Review Team to visit: Ridgeway School in Farnham and Brooklands School in Reigate.
11. A Parent/Carer Panel of parents who attend Beeches and Applewood. The Panel was set up to ensure that parents and carers views are fully considered within the Review and to allow us to work together, co-designing the proposals for the full public consultation.

RISK MANAGEMENT AND IMPLICATIONS:

Risk	Mitigation
Any changes to families short break provision could result in negative feedback.	We have set up a parent/carers panel to involve parents/carers in this Review.
Some of the options suggest outsourcing the services to the voluntary sector. There is a risk that there may not be provision, capacity or quality in the private or voluntary sector to meet this need.	Currently developing a new framework for Short Break providers to help to stimulate the private or voluntary sector.
CQC report from an inspection of Beeches in July identified a number of actions required. This could have implications on some of the options within this Review.	Team Manager and Short Break Manager have conducted a service review. We will revisit options after this review has been completed.
One of the options could be to develop a new service based from Beeches however the building is owned by Surrey and Borders Partnership NHS Trust.	We have asked Surrey and Borders Partnership NHS Trust if the Beeches building would be available to rent .

Financial and Value for Money Implications

12. Surrey County Council's Children's Services spends over £8m per year on Short Breaks for Children and young people with disabilities and Surrey CCGs currently spend approximately £1.3m per year.

13. Neither Applewood nor Beeches are fully used. Both services are unable to deliver services for children with severe learning disabilities and challenging behaviour and are therefore under occupied.
14. At this stage of the project, the financial implications can only be used as a guide and further work will be required as the options are developed. The options regarding Applewood should save the County Council money. However, it would also appear that the plans NHS Surrey have regarding funding short breaks at Beeches, will mean additional costs to Surrey County Council. It is not yet known whether the investment in community services NHS Surrey will make in the future, will create savings to the Council.

Section 151 Officer Commentary

15. The Section 151 Officer confirms that options for consultation have been developed, but that the potential costs and savings benefits need further development and analysis before decisions can be made following the consultation period.

Legal Implications – Monitoring Officer

16. The Council has a duty to meet the needs of children with disabilities, which includes providing a range of services that will enable those who care for them to take a break from their caring responsibilities. The Joint Strategic Review has identified options for public consultation that will shape future service provision in this area, but at present the details of the proposed consultation are not known. Members will need to be satisfied, when making a final decision on the options.

Equalities and Diversity

17. An Equalities Impact Assessment has been completed and no adverse impact was identified in carrying out the Review so far. A copy of the EIA is attached as Appendix 6 to Annex 1 and a summary of the impacts is included below.

Key impacts (positive and/or negative) on people with protected characteristics	The Review is to achieve best outcomes for children and young people with disabilities and their families.
Changes you have made to the proposal as a result of the EIA	None
Key mitigating actions planned to address any outstanding negative impacts	Not applicable
Potential negative impacts that cannot be mitigated	None

18. Once the public consultation has been completed and recommendations have been made the Equalities Impact Assessment will be updated.

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Corporate Parenting/Looked After Children implications

19. There are currently children and young people who are Looked After under Section 20 who use residential short breaks. Any options which are recommended that change a child or young persons short breaks provision will ensure that there is a seamless transfer to another provider.

WHAT HAPPENS NEXT:

Timescale	Milestone
February 2014	Cabinet/CCG Collaborative
February - March 2014	Public Consultation
May 2014	Recommendations to Cabinet/CCGs for decision
May 2015 ¹	New service in place

Contact Officer:

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Joint Strategic Review Group:

- Ian Banner Head of Commissioning, Children’s Social Care and Wellbeing, Children Schools and Families Directorate, Surrey County Council
- Diane McCormack Head of Children with Complex and Specialist Health Needs including CAMHS
- Sandy Thomas, Service Manager for Children with Disabilities

Consulted:

Individuals:

- Caroline Budden – Assistant Director of Childrens Services and Safeguarding/Deputy Director of Children Schools and Families, SCC
- Sheila Jones – Head of Countywide Services, SCC
- Garath Symonds – Assistant Director of Services for Young People, SCC
- Diane McCormack – Health Commissioner, Guildford and Waverley CCG
- Sarah Parker – Associate Director for Children’s Health Commissioning, Guildford and Waverley CCG
- Angela Mann – Finance, SCC
- Kerry Middleton – Communications, SCC
- Carmel McLoughlin – Legal, SCC
- Keith Barker – Estates, SCC
- Gurbax Kaur – HR, SCC
- Yasi Siamaki – Procurment, SCC

Groups:

- Children Services Management Team
- Children Schools and Families Directorate Leadership Team
- Children Schools and Families Directorate Equalities Group

¹ Surrey and Borders Partnership NHS Trust would need 12 months notice if Beeches were decommissioned.

- Parent/Carer Panel – parents of children and young people who use Beeches and Applewood
- Surrey CCG Collaborative: Children’s Clinical Leads Group

Annexes:

Annex 1: Joint Strategic Review of Short Breaks

Sources/background papers:

None



**Joint Strategic Review:
Short Breaks for Surrey Children and Young People with Disabilities**

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**Report for
NHS Guildford and Waverley Clinical Commissioning Group
and Surrey County Council**

Diane McCormack Head of Children with Complex and Specialist Health Needs including CAMHS
Ian Banner Head of Commissioning, Children's Social Care and Wellbeing, Children Schools and Families Directorate, Surrey County Council

January 2013
Version 2.3

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Joint Strategic Review of Short Breaks

1 Executive Summary

- 1.1 The Joint Strategic Review of Short Breaks is a joint project between Surrey County Council and NHS Guildford and Waverley CCG on behalf of Surrey CCGs. The scope of the Review (from the Terms of Reference May 2013) is to look at the provision of short breaks for children with disability in Surrey, including: -
- Funding and provision of short breaks for children and young people with disabilities in Surrey
 - Residential services at Beeches and Applewood
 - Other residential services in Surrey and out of county
 - Community based services
 - Value for money from services commissioned in all settings.
- 1.2 The Review has focused on options for the future use and funding of Applewood and Beeches short break residential units and will make recommendations for options to be considered in a comprehensive consultation process.
- 1.3 Children and young people with disabilities and their families are supported with a range of services including short breaks. This Review presents options for consideration in regard to short breaks, so that services are meeting the needs of each individual child and their family (personalised), value for money (making the best use of tax payer funding), and meeting the requirements of the government legislation for children with Special Educational Needs and Disability (SEND) contained in the Children and Families Bill 2013. We want to ensure that we commission a range of services that enable parents to have a choice of short break provision where their child is eligible for support and that these provisions can effectively meet their child's needs.

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2 Introduction

- 2.1 Short breaks are intended to provide children and young people with disabilities an opportunity to spend time away from their parents, relax and have fun with their peers. They can promote positive experiences for children and young people, by encouraging friendships, social activities, new experiences and support relationships with parents and carers. Short breaks also give parents the opportunity to have a short break from the demands of daily and overnight care for their child with disabilities. Short breaks are a lifeline for many families of children and young people with disabilities and act as a preventative service helping to stop the breakdown of families.
- 2.2 The Review focuses on residential short break provision. We believe this will deliver better outcomes for children, best value for public money and improved clarity for parents/carers.

Joint Strategic Review of Short Breaks

- 2.3 Short Breaks are predominantly funded through Surrey County Council Children with Disabilities Service. Local Clinical Commissioning Groups have had responsibility for commissioning local NHS care since April 2013. Other health commissioning responsibilities lie with NHS England (for more specialised services and health visiting) and Public Health. NHS Guildford and Waverley on behalf of Surrey CCGs is committed to review access to health services that would enable families and children to make effective use of short break facilities offered by the local authority. In addition from 2014 onwards Surrey CCGs are required by legislation to develop an option for parents to receive payments in the form of personal health budgets.
- 2.4 Short break provision is usually arranged through Local Authorities. Beeches is commissioned and funded by Surrey CCGs and 1:2:1's are funded by SCC. We wish to find an option through review of the use and commissioning of all our short breaks provision that would enable us to release this funding stream back to the CCGs to enable reinvestment in additional medical and nursing services across all respite and domiciliary provision for children in Surrey. We believe this will deliver better outcomes for children, best value for public money and improved clarity regarding short breaks for parents/carers.
- 2.5 The Children and Families Bill which will come into effect in September 2014 is transforming the system for children and young people with Special Educational Need and disabilities, including the introduction of a birth to 25 years Education, Health and Care Plan, offering families a personal budget and requirement for Local Authorities and Health to work together. This includes the NHS developing an option for parents to receive payments in the form of personal health budgets alongside personal budgets from social care that have already enabled families to take more control and develop new choices about how they support their child.

3 Background and Scope

3.1 Background

- 4.8.1 Following a Surrey County Council Public Value Review (PVR) of Children Services, a paper went to Cabinet on 27th September 2011 which recommended the reconfiguring the Council's provision of residential short breaks. This was part of a review of disabilities with a savings target of £2.48 million over 2011- 2015.
- 4.8.2 In order to achieve these savings a Member Reference Group for the PVR agreed the recommendation to outsource the management of Applewood to a voluntary or private provider. This work was taken forward by a separate working group.
- 4.8.3 Applewood

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Joint Strategic Review of Short Breaks

The tender for the management of Applewood went out to the market in May 2012. Although 11 organisations submitted a Pre-Qualifications Questionnaire, only 1 organisation submitted a final bid which was unaffordable. Informal feedback from the providers suggests that their decision not to tender was influenced by the current economic climate and the risks presented to their organisation in taking on the service at the time. Transfer of Undertakings Protection of Employment (TUPE) considerations also made the service very expensive as Applewood staff would have to transfer to the new provider on their existing terms and conditions of employment. It was considered that the project was not financially viable at the time.

4.8.4 Beeches

In February 2012 NHS Surrey proposed to decommission Beeches, a short stay residential unit in Reigate, Surrey, then commissioned by Surrey Primary Care Trust (PCT) and operated by Surrey Borders and Partnership NHS Foundation Trust (SABP). NHS Surrey and subsequently NHS Guildford and Waverley (on behalf of the 6 CCGs) consider short break provision such as Beeches should be commissioned by the local authority in line with Surrey County Councils commissioning of short break provision for children in Surrey and the national legislation (Short Breaks Duty 2011).

4.8.5 Following concerns expressed by parents of children using the unit, it was agreed by the PCT that a Joint Strategic Review would be undertaken by NHS Guildford and Waverley Clinical Commissioning Group (the CCG leading on children's health services commissioning on behalf of the six CCG's replacing NHS Surrey on 1st April 2013) and Surrey County Council.

3.2 **Scope of the Review**

3.2.1 The scope of the Review was to look at the provision of short breaks for children with disability in Surrey, including: -

- Funding & provision of short breaks for Children with Disabilities in Surrey
- Residential services at Beeches and Applewood
- Other residential services in Surrey and out of county
- Community based services
- Value for money from services commissioned in all settings.

3.2.2 The Review has focused on options for the future use and funding of Applewood and Beeches short break residential units and will make recommendations for options to be considered in a comprehensive consultation process.

3.3 **Linked Projects**

3.3.1 These include:

- SEND Pathfinder (piloting new legislation and personal budgets);

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- Improve the value for money of services commissioned or delivered by Surrey County Council Children's Services, Surrey CCGs, Surrey County Council Public; Value Programme for Children with Disabilities, and Surrey CCGs Quality, Innovation, Productivity and Prevention (QIPP) requirements;
- Building asset utilisation;
- The existing and developing market for short breaks services in Surrey;
- The development of a new short breaks and personal support framework in Surrey.

3.4 Timescales

3.4.1 The scope and terms of reference were signed off by lead officers in advance of the first meeting of the Children's Health and Wellbeing Group which is a sub group of the Health and Wellbeing Board.

Timescale	Milestone
March-September 2013	Options and evaluation of options
Oct - Nov 2013	Internal governance Surrey County Council and Surrey CCGs
December 2013	Report to cabinet/CCG with options for consultation
January -February 2014	Consultation
March 2014	To cabinet/CCG for decision
April 2015 ¹	New service in place

3.5 Key Drivers

Aiming High for Disabled Children 2007

- Empowerment: Offering parents and their disabled children choice and the power to take decisions about their own care
- Responsiveness: Early interventions, coordinated and timely support, to bring up standards of provision across the country, easier for families to access holistic support, and prevent conditions deteriorating
- Service Quality & Capacity: Boosting provision of services which are vital for improving outcomes for disabled children and their families such as specialist services such as short breaks, equipment and therapists

Short Breaks Regulations 2011

- Offer breaks as a preventive early intervention
- Offer a range of services for parents
- Publish a statement of those services to parents

Children and Families Bill 2013 - Special Educational Needs and Disability (SEND)

The Government is transforming the system for children and young people with

¹ Surrey and Borders Partnership NHS Trust would need 12 months notice if Beeches were decommissioned.
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special educational needs (SEN), including those who are disabled, so that services consistently support the best outcomes for them. The Bill will extend the SEN system from birth to 25, giving children, young people and their parents' greater control and choice in decisions and ensuring needs are properly met. It takes forward the reform programme including:

- Replacing old statements with a new birth-to-25 education, health and care plan;
- Offering families personal budgets; and
- Improving cooperation between all the services that support children and their families, particularly requiring local authorities and health authorities to work together.

4 Qualitative and Quantitative Data

4.1 Financial Information

4.1.1 Whilst Surrey CCGs do not hold the responsibility for the provision of short breaks, they currently have funding of approximately £1.3m per annum (see **Appendix 1**). £565k of this is currently allocated to Beeches which the CCGs would like to reallocate to provide further medical and nursing support for children and young people with disabilities.

4.1.2 Spend by Surrey County Council on short breaks services is over £8m per annum in 2013/14 (detailed in **Appendix 2**).

4.2 Service User Information

4.2.1 Details of the numbers of service users funded by Surrey CCGs is contained in **Appendix 3** and those funded by Surrey County Council are contained in **Appendix 4**.

4.2.2 Children and young people accessing short breaks have a wide range of needs. In the 12 months April 2012 to March 2013, the council provided approximately 155,000 hours of short break play and leisure services.

- Approximately 2,375 children and young people access short breaks;
- Currently there are 785 (June 2013) children and young people with disabilities who access the specialist services of the Surrey County Council Children with Disabilities Teams;
- There are over 500 children and young people with disabilities who access overnight short breaks (2010-11) funded by Children's Services;
- 52 children with a disability are Looked After (Sep 2013);
- There are 43 (July 2013) children and young people with severe complex health and social care needs requiring joint funding for residential school placement to meet their needs

4.2.3 At present, the biggest pressure on services in Surrey is the increasing number of children and young people with Autism, severe learning disabilities and/or challenging behaviour.

4.2.4 For further detail please see Joint Strategic Needs Assessment for Children with Disabilities.

(<http://www.surreyi.gov.uk/ViewPage1.aspx?C=resource&ResourceID=665>)

4.3 Eligibility Criteria for Surrey County Council Services Children with Disability Teams

4.3.1 The Children with Disabilities Teams in Surrey provide a specialist service to those children and young people with permanent and substantial disabilities. In this context, to be eligible for a service from the Children with Disabilities Teams a child must be regarded as disabled for the purposes of assessment under the Children Act 1989 and other related legislation. The definition used by the service is as follows:

4.3.2 *'A child/young person aged between 0 and 18 years, who has a physical or mental impairment that has a substantial and long-term adverse effect on their ability to perform normal day-to-day activities.'*

4.3.3 For example they may experience significant delays in cognitive development, communication, sensory or physical development, or have a serious life threatening or life limiting condition that has lasted (or is likely to last) at least 12 continuous months or more.

4.3.4 To be eligible for assessment for services, in addition to their disability, other factors must be present beyond their diagnosis, which relate to the child's developmental needs, parenting capacity and/or family and environmental factors, such as: -

- Severe challenging behaviour, e.g. behaviour that puts the child or young person or others at risk
- Imminent danger of family breakdown
- Parents or carers capacity to parent impaired by their own health/mental health problems or disability
- Family difficulties e.g. substance misuse.

4.4 Referral Pathway for Surrey County Council Services

4.4.1 Short breaks are available for children:

- Who have a disability and/or additional needs and require support to access social, play and leisure services
- Are aged between 0 – 19 years
- Live in Surrey

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- 4.4.2 However, recognising that not all disabled children and families will require the same level of support, services are delivered under the following categories:
- Universal Services – Services that are provided to, or routinely available to, children, young people and their families. Universal services are accessed by families directly.
 - Targeted Services – Services that are aimed at disabled children and young people that require additional support, or may need groups and services that are specifically designed to meet their needs. Targeted services are accessed directly by families who meet the criteria outlined by the provider. Families may also be referred to targeted services by a professional.
 - Specialist Services – services for disabled children and young people and their families that are commissioned following a social care assessment and are part of an individual care plan.
- 4.4.3 Disabled children and young people may access a combination of universal, targeted and specialist services at any one time or move between them according to their age, support needs and family circumstances.
- 4.4.4 The majority of disabled children and young people will be supported to have their individual needs met by their family and will be able to access short break services directly without the need for a social care referral or assessment. These services are universal and targeted services.
- 4.4.5 Disabled children and young people and their parents and carers in receipt of direct payments may choose to purchase short breaks from any of the above categories in order to meet their assessed needs.

4.5 What happens when a baby is born with disability/disabilities?

- 4.5.1 The child and their family would first receive a service from Health, for example through a paediatrician or a health visitor. If parents are unable to cope or there is a safeguarding issue, the child/family will be referred to the Children with Disabilities Teams.
- 4.5.2 There is also support through Surrey Early Support Service (SESS), in Early Years, for families who need extra help to raise a young child with disabilities and special needs and anyone who works regularly with these children and their families.
- 4.5.3 They deliver services for children with disabilities aged from 0 to 5 years, who live in Surrey who; -
- Is experiencing significant developmental impairment or delays, in one or more of the areas of cognitive development, sensory or physical development, communication development, social, behavioural or emotional development, or

Joint Strategic Review of Short Breaks

- Has a condition, which has a high probability of resulting in developmental delay.

4.6 What is the process for a social care assessment?

4.6.1 Once a referral is made to the Children with Disabilities Teams, an initial assessment is completed. At this stage either the case is closed and the family are referred to other services or a core assessment takes place. This would result in a child's individual care plan which sets out the provision of services. From April 2014 the initial and core assessments will be replaced by a single assessment called a Child and Family Assessment.

4.7 Why is the principle in place that children under 10 should not access residential short breaks?

4.7.1 Research has shown that younger children do better (thrive) when placed within family based care, relating to a stable care. Residential care settings, however good, are not able to offer the same continuity of care that is achieved in a family setting, such as short break foster care placements.

4.7.2 However we do recognise that for some children with complex multiple needs, it may appropriate to offer them overnight short breaks in a residential care setting. There are a number of children under the age of 10 years in Surrey who receive overnight short breaks in residential settings (~10 children). All service which are put in place to support children with disabilities and their families are based on individual assessments needs

4.8 Combining finance and activity data, and key information

4.8.1 The budget for overnight residential short breaks for 2013/14 (includes Ruth House for comparison) is:

Budget	Ruth House £'000	Applewood £'000	Beeches £'000
Staffing	864	470	-
Non-staffing	72	31	-
Income	- 175	-	-
Total	761	501	595

The above excludes overhead costs such as premises, utilities and depreciation for Applewood and Ruth House.

4.8.2 Cost per night for residential short break services 2012/13:

Joint Strategic Review of Short Breaks

	Cost per hour	Day care (6 hours, 10am-4pm)	Tea visit (3 hours, 4pm - 7pm)	Weekday overnight (18 hours, 4pm-10am)	24 Hour Stay
Beeches	£57	£343	£171	£1,029	£1,372
Applewood	£45	£267	£134	£802	£1,069
Ruth House		£282	£141	£0	£564
Tadworth					£433-543 ²
Cherry Trees					£222
Pastens					£325
White Lodge					£294

4.8.3 Parents do not pay for short breaks which are part of a child's individual care plan. Other targeted services, such as play and youth schemes are subsidised by Children's Services. For example, the true cost of a play scheme is £80 – 90 per day; however parents are only required to pay £18 day.

4.9 Review Team Visits

4.9.1 Surrey County Council In-House Provision:

- Applewood, Surrey County Council
- Ruth House, Surrey County Council

4.9.2 NHS Surrey Contract:

- Beeches Bungalow, Surrey and Borders Partnership

4.9.3 Voluntary Organisations in Surrey:

- Tadworth Court
- White Lodge Centre
- Pastens Action for Children
- Cherry Trees
- Shooting Star CHASE

4.10 Previous Reviews

4.10.1 The messages highlighted from previous review include:

- Residential short break provision is the most expensive provision for children and young people with disabilities and should only be used for those children assessed as having the greatest need.

² This is a service for children with the most complex health needs with profound and multiple disabilities.

Joint Strategic Review of Short Breaks

- Children under 10 years of age should not access residential short break provision unless there are exceptional circumstances detailed in their support plan.
- We must utilise and further develop the use of externally commissioned short break provision.
- Short break residential provision needs to be provided as equitable as possible across the county.

4.10.2 Other local and national research material on short breaks:

4.10.3 Social Care Institute: *Having a Break: Good practice in short breaks for families with children who have complex health needs and disabilities*. 2008

- Disabled children want to lead ordinary lives and relationships with their families and friends are very important to them. They do not always want to have breaks away from home without their families close by.
- Parents want practical, flexible help and may express the desire for a 'breather' from the physical and emotional demands of caring for their child. At the same time, they often express the wish that relationships between themselves and their disabled child could be more 'ordinary' and they did not always have to perform caring, nursing and other role.

4.10.4 Rather than the traditional model of break focusing on residential care solely for the disabled child, the guide describes new types of short breaks which offer the following positive characteristics:

- Flexible and responsive to the whole family's needs.
- Based at home if preferred or in the community to allow the disabled child to feel they are living a more 'ordinary life'.
- Ensuring continuity of care, allowing good relationships to be built with staff.
- Offering stimulating and educational activities so that the children benefit as much from the break as parents.
- Family-centred, developed with input from the families using the services.
- Supporting and working with parents.
- Distinct from healthcare services.

5 Opinions of families

5.1 Engagement and Listening Events

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5.1.1 A questionnaire for parents was carried out in July 2013 and there were 63 responses (details set out in **Appendix 5**).

5.1.2 An offer was made by the Review team to visit 11 Surrey maintained Special Schools, two have invited the Review Team to visit:

- The Strategic Review team visited Ridgeway School in Farnham on Thursday 11th July 2013. The Chair of Governors, the Head Teacher and parents attended the meeting.
- A meeting took place in Brooklands School, Reigate on Tuesday 15th October 2013.

5.2 Feedback from Listening Events and Surveys (Details in Appendix 5)

5.2.1 Key opinions, this includes responses by email, paper forms returned and notes of meetings :

- Majority of children and young people who access services are between 5-16 years
- The most common primary disability of children accessing services is children with Autistic Spectrum Disorder (35% compared with 14.5% children with Severe Learning Disability which was the second highest group).
- **30%** of respondents rated the choice of short breaks in Surrey as 'okay' and **28%** rated short breaks as 'good' or 'very good' 41.5% of respondents felt the choice of short breaks were 'poor' or 'very poor'.
- **27%** of respondents 'strongly agree', 'agree' that children under 10 should usually receive overnight care within a family environment, **11%** 'neither agree nor disagree' and **13%** 'strongly disagree' or 'disagree' with this statement.
- 81% of families felt that the price they paid for short breaks was fair or cheap.

5.2.2 This mirrors previous regular surveys conducted annually by Surrey County Council

5.2.3 NHS Guildford and Waverley remains committed to working with Surrey County Council to ensure that short breaks are funded consistently across the county and NHS resources are deployed to the medical and nursing requirements to support children in these provisions. This includes sharing parents opinions of the Beeches and any opportunities there may be in keeping this or similar provision open.

6 Equalities Impact Assessment

Joint Strategic Review of Short Breaks

- 6.1 No adverse impact was identified in carrying out the review.
- 6.2 The full Equalities Impact Assessment is contained in **Appendix 6**.

7 Commissioning Services

7.1 Commissioning Outcomes

- Families are supported through receiving services which help to build resilience.
- Families receive good quality services, the majority of which deliver good value for money.
- Families are able to access a good range of services to meet their individual needs.
- The physical and emotional health needs of children and young people with disabilities are met.
- Children and young people feel safe, secure and are protected from harm, abuse and bullying.
- Children and young people are happy and have experience of a range of fun, enjoyable and age appropriate activities.
- Children and young people are supported to reach their full potential.

7.2 Residential Services for Children and Young People with Disabilities in Surrey

Name of Provider	Description of Service
Applewood, Surrey County Council	<p>Service: Provides 6-bed short break services to meet the needs of children with a wide range of disabilities across the whole of the Surrey, ages 5-19 years. The service is currently used by 30 families whose children receive a range of overnight sessions, day care sessions and tea visits.</p> <p>Location: Tadworth</p> <p>Number of children: 30 (Nov 13)</p>

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	Capacity used: 23% (2012/13)
Beeches, Surrey and Borders Partnership NHS Foundation Trust	<p>Service: 5-bed unit catering for children and young people with various disabilities including challenging behaviour from 5-18 years. Younger children can be placed on an emergency basis. Surrey and Borders Partnership NHS Foundation Trust is the trust responsible for the running of Beeches.</p> <p>Location: Reigate</p> <p>Number of children : 16 (Jan 2014)</p> <p>Capacity used: 29% (2012/13)</p>
Ruth House, Surrey County Council	<p>Service: Residential children's home providing short breaks for children and young people aged 5-19 yrs on the autistic spectrum. The building comprises of 4 flats. The building is adjacent to Freemantles School a Surrey County Council (SCC) maintained day special school in Woking, which provides education for children and young people with Autistic Spectrum Disorder (ASD)</p> <p>Location: Woking</p> <p>Number of children: 67 (2012/13)</p> <p>Capacity used: 67%</p>
Children's Trust Tadworth Court, Voluntary Organisation	<p>Service: The Children's Trust in Tadworth is a national charity working with children and young people aged 5-19 years with brain injuries, multiple disabilities, complex health needs and profound and multiple disabilities. Range of short breaks services including overnights, palliative care, holiday schemes and Saturday clubs. It also provides nursing and medical care, rehabilitation (both residential and in the child's local community), outreach nursing and special education.</p> <p>Location: Tadworth</p> <p>Number of children: Spot purchased as required (9)</p> <p>Capacity used: Not applicable because purchased as required</p>
White Lodge Centre, Voluntary Organisation	<p>Service: White Lodge is a registered charity providing a range of activities and services for children, young people and adults with disabilities. As well as support for their families and carers. 6-Bed</p>

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	<p>short breaks service; day care; overnights; tea visits; and holiday play schemes in Runnymede, Chertsey, Walton and Spelthorne.</p> <p>Location: Chertsey.</p> <p>Number of children: 53 (2012/12)</p> <p>Capacity used: Not applicable because purchased as required</p>
Pastens Action for Children, Voluntary Organisation	<p>Service: Action for Children (Pastens) provides short breaks service children and their families. They help families deal with complex needs and challenging behaviour. 3-bed short breaks service, overnights and 1: 1 support.</p> <p>Location: Oxted</p> <p>Number of children: Spot purchased as required</p> <p>Capacity used: Not applicable because purchased as required</p>
Cherry Trees, Voluntary Organisation	<p>Service: Cherry Trees provides 14-beds short breaks service for children with a disability. It can also accommodate an additional 4 children in the day. This organisation provides a service for children up to 19 years of age. Some of the bedrooms are shared which can reduce the flexibility of use. They provide range of short breaks, day care, tea visits and overnights.</p> <p>Location: East Clandon (near Guildford).</p> <p>Number of children: 77 (2012/13)</p> <p>Capacity used: Not applicable because purchased as required</p>
Shooting Star CHASE, Voluntary Organisation	<p>Service: Shooting Star is a registered charity offering hospice services for children and young people with life limiting conditions. Planned short breaks; hospice at home; day care, education and special activities; family support and therapies; symptom management and paediatric palliative care; short notice support for families in a crisis; care at the end of a child's life; bereavement care and support for all the family.</p> <p>Location: Shooting Star has 2 hospices, Christopher's in Guildford and Shooting Star House in Hampton.</p> <p>Number of children: Spot purchased as required</p> <p>Capacity used: Not applicable because purchased as required</p>

7.3 Value for money concerns

- Neither Applewood nor Beeches are currently offering value for money.
- Neither Applewood nor Beeches services are able to meet the needs of children with complex behavioural needs.

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- Both services are costly to run and limited in scope.
- In comparison the voluntary sector is delivering high quality services which deliver better value for money.

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8 Options for Consultation

- 8.1 The Joint Strategic Review highlights that the voluntary sector is delivering high quality services which deliver good value for money. Ruth House has a separate project focusing on the future use of services. Therefore the Review will focus on options for the future use and funding of Applewood and Beeches.
- 8.2 Any future changes to residential short breaks will need to meet the current need in services for children and young people with autism, severe learning disabilities and/or challenging behaviour.
- 8.3 All options are based on the assumption that: -
- Surrey County Council will retain Ruth House with mix of short breaks and longer term placements (52 weeks) and continue to commission services from the voluntary and private sector.
 - Any options will include future working with Adult Services to develop inclusive provision for 0-25 year olds.
 - The current need is for children with complex health needs and challenging behaviour.
 - The outcome of the consultation may be the approval of more than one option.

	Options	Detail
Beeches Options	Option B1:	Beeches remains open and responsibility for future commissioning and funding of the service transfers to Surrey County Council.
	Option B2:	NHS decommissions Beeches, funding is reallocated to meet the health needs of children and young people with disabilities in the community. Care packages for children using the service transfer to alternative providers.
Applewood Options	Option A1:	Applewood remains open and Surrey County Council develops an improved in-house service.
	Option A2:	Surrey County Council closes Applewood and makes alternative provision for children and young people who use the service.
	Option A3:	Surrey County Council outsources the management of Applewood, to a private or voluntary organisation.
Combined Option	Option C1:	Decommission both Beeches and Applewood and develop a new service based on Applewood or an alternative site.
Other Option:		Option for public to recommend an alternative option

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9 Option Appraisal

Option	Description	Strengths/ Advantages	Weaknesses/ Disadvantages	Implications
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 367</p> <p>B1</p>	<p>Beeches remains open and responsibility for future commissioning and funding of the service transfers to Surrey County Council.</p>	<ul style="list-style-type: none"> Children and Families of Beeches could continue to use existing services. 	<ul style="list-style-type: none"> Continued inability to place Children and Young People with Severe Learning Disabilities and challenging behaviour or complex health needs in Beeches. Additional £595k pressure per year to SCC. £595K for 5 beds does not represent good value for money SCC would be unable to fund both Applewood and Beeches. The Beeches Bungalow is not suitable for teenagers and offers limited scope and opportunities. The services would continue to provide poor value for money. Unable to free funding resources to create alternatives to high cost of spot purchase arrangements. 	<p>Financial: Additional pressure £595,000 SCC. NHS Surrey saves £595000.</p> <p>Services: Current services would continue to fail to meet the need of children with complex needs. NHS Surrey would be able to invest money saved in community health services.</p> <p>Children and Young People affected: 0</p>
<p>B2</p>	<p>NHS decommissions Beeches, funding is reallocated to meet the health needs of children and young people with</p>	<ul style="list-style-type: none"> Children and young people could receive overnight short breaks in Applewood or other provision in the voluntary sector or receive a direct payment. 	<ul style="list-style-type: none"> Public perception regarding the closure of Beeches. Lack of provision in voluntary sector would mean that there would be 	<p>Financial: Cost to SCC of providing Beeches care packages in voluntary sector. Estimate ~ £200,000 to £500,000.</p>

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Option	Description	Strengths/ Advantages	Weaknesses/ Disadvantages	Implications
	disabilities in the community. Care packages for children using the service transfer to alternative providers.	<ul style="list-style-type: none"> • CCGs could re-invest the money from the closure of Beeches in community nurses and training for staff in the voluntary sector to work with children with complex health needs. • Savings to revenue budget by commissioning care packages from private/voluntary providers who provide better value for money. 	<p>limited alternative choice.</p> <ul style="list-style-type: none"> • Reduction of service in east of the county where there is already a lack of provision. • Change for parents could be significant depending on location of new services. • Negative reaction from parents who use Beeches. • SCC would need to fund alternative provision in the voluntary sector. 	<p>NHS Surrey saves £595,000.</p> <p>Services: NHS Surrey able to invest more money in community services</p> <p>Children and Young People affected: 16</p>
A1	Applewood remains open and Surrey County Council develops an improved in-house service.	<ul style="list-style-type: none"> • Could commission a different service from Applewood to meet current gaps in services, e.g. short breaks for CYP with Complex Health Needs. • Improve services for children young people and their families. • Children and Families of Applewood could continue to use existing services. 	<ul style="list-style-type: none"> • Applewood building is purpose built for children and young people with severe physical disabilities. However small living area means that it would be difficult to accommodate more than a couple of children and young people with autism and behavioural problems at any one time. 	<p>Financial: Not financially modelled, but could result in cost avoidance or savings depending on the services the children and young people were previously in receipt of.</p> <p>Services:</p> <p>Children and Young People affected: 0</p>
A2	Surrey County Council	<ul style="list-style-type: none"> • Children and young people could 	<ul style="list-style-type: none"> • Public perception regarding the 	<p>Financial: potential to</p>

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Option	Description	Strengths/ Advantages	Weaknesses/ Disadvantages	Implications
Page 369	closes Applewood and makes alternative provision for children and young people who use this service.	<p>receive overnight short breaks in Beeches or other provision in the voluntary sector or receive a direct payment.</p> <ul style="list-style-type: none"> • Savings to revenue budget by commissioning care packages from private/voluntary providers who provide better value for money. 	<p>closure of Applewood.</p> <ul style="list-style-type: none"> • Lack of provision in voluntary sector would mean that there would be limited alternative choice. • Limited market for Direct Payments. • Reduction of service in east of the county where there is already a lack of provision. • Change for parents could be significant depending on location of new services. • Negative reaction from parents who use Applewood. • SCC would need to fund alternative provision in the voluntary sector. 	<p>make savings/avoid future costs through placing CYP in alternative provision.</p> <p>SCC may need to pay dual costs during transition period.</p> <p>Services: Further work would need to be done</p> <p>Children and Young People effected: 30</p>
A3	Surrey County Council outsources the management of Applewood to a private or voluntary organisation.	<ul style="list-style-type: none"> • New services could provide more flexible and creative packages of care enabling more children and young people with disabilities to benefit from short break provision. • Expansion of services offered will enable a wider range of 	<ul style="list-style-type: none"> • This option was tried in 2012; only one provider bid and the prices were unaffordable. • Management structure if top heavy compared to voluntary sector. • Voluntary sector could be put off 	<p>Financial: Unknown until go out to open market but estimate at least £500,000.</p> <p>Services: NHS Surrey able to invest more money in community</p>

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Option	Description	Strengths/ Advantages	Weaknesses/ Disadvantages	Implications
		<p>disabilities to be accommodated.</p> <ul style="list-style-type: none"> • Use of direct payments with the new provider will offer greater choice and freedom to the service user when booking services. • The option to expand to young adults market may be provided. • An opportunity could be given for service users to become actively involved in the re-commissioning process. 	<p>by TUPE costs.</p> <ul style="list-style-type: none"> • Staff and Unions would be concerned about risk to jobs. • Service could be destabilised by staff leaving. • Families could be concerned that services will be delivered by a new provider. • Potential political reputational risk around the outsourcing of a Surrey asset. 	<p>services.</p> <p>Children and Young People affected: 30</p>
C1	Decommission both Beeches and Applewood and develop a new service based on Applewood or an alternative site.	<ul style="list-style-type: none"> • New services could provide more flexible and creative packages of care enabling more children and young people with disabilities to benefit from short break provision. • Expansion of services offered will enable a wider range of disabilities to be accommodated. • Use of direct payments with the new provider will offer greater choice and freedom to the service user when booking services. 	<ul style="list-style-type: none"> • Potential change for both children and families who use Beeches and Applewood. • Risk that an alternative site would not be available or too costly. • Staff from both Beeches and Applewood would have major change to their jobs and risk that they may lose their jobs. 	<p>Financial: Economies of scale could be greater through combining these services but not financially modelled as too many variables at this stage. Could improve occupancy rates which should reduce costs, but SCC likely to pick up full costs of new services, previously paid for by NHS Surrey. Capital costs not known (or who</p>

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Option	Description	Strengths/ Advantages	Weaknesses/ Disadvantages	Implications
		<ul style="list-style-type: none"> • The option to expand to young adults market may be provided. • An opportunity could be given for service users to become actively involved in the re-commissioning process. • TUPE and Employee Assistance Programme provide protection and support for staff. 		<p>would pay for them). NHS Surrey saves £595,000.</p> <p>Service: Opportunity to design a new service which meets current and future needs of children and young people with disabilities.</p> <p>CYP Effected: 46</p>

10 Recommendations and Next Steps

- 10.1 The options for public consultation are approved by the CCG Collaborative and Surrey County Council.
- 10.2 Consultation arrangements to be agreed with a timetable for feedback to NHS Guildford and Waverley CCG / Surrey County Council.
- 10.3 The public consultation is conducted in February and March 2014.
- 10.4 Preparation of a joint report with recommendation/s following consideration of the consultation responses.
- 10.5 CCG Collaborative and Surrey County Council Cabinet agree implementation plan for the recommended option/s including communication plan in May 2014.

11 Appendices

- Appendix 1
Surrey CCGs budgeted spend on short breaks for children with disabilities 2013/14
- Appendix 2
Surrey County Council spend on short breaks for children with disabilities 2013/14
- Appendix 3
Occupancy Data for Beeches 2002 - 2013
- Appendix 4
Occupancy Data for Applewood 2012/13
- Appendix 5
Summary of Feedback
- Appendix 6
Equalities Impact Assessment

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12 Glossary of Terms

CCG	Clinical Commissioning Group
CWD	Children with Disabilities
CWD with complex needs	Children with profound and multiple disabilities, challenging behaviour
CYP	Children and Young People
EIA	Equalities Impact Assessment
LAC	Looked after children
PCT	Primary Care Trust
QIPP	Quality, Innovation, Productivity and Prevention
SABP	Surrey and Borders Partnership NHS Trust
SEND Pathfinder	Special Education Needs and Disability Pathfinder: Local Authority, Health and community organisations working together to test core elements of reforms within the Children and Families Bill 2013
Transfer of Undertakings (Protection of Employment) TUPE	Requirement that staff carrying out the same work transfer to the new employer with the same terms and conditions of employment.
Tender	A public body buying a service or product from a private or voluntary organisation for the benefit of the local population.

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Appendix 1 – Surrey CCGs budgeted spend on short breaks for children with disabilities 2012/13

Current funding allocations to 'short breaks' - funded by the NHS are detailed here:

NHS Services Budget 2013/14	£'000
Currently allocated to short breaks where children require nursing and medical care on site	607
Allocated via the Short Breaks team to contribute to health support	99
The Beeches Bungalow	595
Total Spend	1,301

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Appendix 2: Surrey County Council Spend on Short Breaks and support for Looked After Children excluding placement costs (Children's Services) 2013-14

Short Break Spend 13/14 - as at 31st October 2013	(£'000)
CWD Spend on Short Breaks (including LAC, Non LAC, Team Spend and Short Breaks Contracts)	6,377
Surrey Dom Care Service	390
Applewood	473
Ruth House	1,030
Total	8,270

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Appendix 3: NHS Service Users using Beeches

	Number of children and young people accessing service	Children aged under 10	Overnights	% Occupancy Overnights (Based on 50 week availability)	Day Care	Tea Visits	1-1s
2002	57	13	1217	70%	381	229	11
2003	54	10	1088	62%	393	223	11
2004	50	8	876	50%	395	184	15
2005	52	5	947	54%	395	192	11
2006	41	3	808	46%	368	114	12
2007	46	6	921	53%	397	158	15
2008	34	6	687	39%	410	42	15
2009	35	8	753	43%	367	38	15
2010	30	5	660	38%	334	50	15
2011	29	3	632	36%	328	38	15
2012	24	1	502	29%	316	59	12
2013	16	0	*	*	*	*	*

* Data not available yet.

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Appendix 4: Surrey County Council Service Users using Occupancy Summary Applewood for 20/13

Stays	Overnight (16:00-10:00)	Day Care (10:00-16:00)	Tea Visits (16:00-19:00)	Occupancy %
Apr-12	37	56	12	21%
May-12	32	34	17	18%
Jun-12	19	26	11	22%
Jul-12	31	39	18	18%
Aug-12	44	62	0	29%
Sep-12	27	41	7	20%
Oct-12	30	52	21	18%
Nov-12	47	51	13	38%
Dec-12	33	35	20	22%
Jan-13	22	33	21	24%
Feb-13	35	45	20	28%
Mar-13	37	37	26	26%
Total	395	512	186	23%

Appendix 5: Summary of Feedback

Questionnaire re: Joint Strategic Review of Short Breaks

A questionnaire for parents of children that access the short breaks service was carried out in July 2013. 62 responses were provided and an overview of these is provided below.

- The **majority** of respondent's children who access short breaks are aged between 5 and 16 years of age.
- The majority of respondents had a child with **autism spectrum disorder** (35.5%, compared with 14.5% with severe learning disabilities, which was the second highest group). It should, however, be noted that it was not possible for respondents to list more than one disability so these figures may not be fully reflective of service users' disabilities.
- **30%** of respondents rated the choice of short breaks in Surrey as 'okay' and **28%** rated short breaks as 'good' or 'very good' 41.5% of respondents felt the choice of short breaks were 'poor' or 'very poor'.
- **27%** of respondents 'strongly agree', 'agree' that children under 10 should usually receive overnight care within a family environment, **11%** 'neither agree nor disagree' and **13%** 'strongly disagree' or 'disagree' with this statement.
- Respondents who felt that short breaks in Surrey were 'poor' or 'very poor' gave a variety of reasons for this scoring. **Key feedback** from these respondents included insufficient access to respite services, lack of services in their area and during holidays, and difficulties in accessing medical support.
- **89%** of respondents rate the support provided by staff at the short breaks service they use as 'okay', 'good', or 'very good'. **11%** rated the support as 'poor' or 'very poor'.
- Nearly **three quarters** of those who responded think the price of the short breaks service they use is 'fair'.
- The **majority** of respondents felt that information available on short breaks in Surrey is 'okay'. However, **over a third** felt that information is 'poor' or 'very poor'. When asked to expand on this response several **key issues** emerged. Respondents felt information could be more proactively provided and more widely and consistently distributed. It was suggested that information could be distributed via email, post, in doctor's surgeries and schools and through utilising existing distribution lists. It is perhaps telling that **almost 30%** of respondents access information on short breaks from other parents. Respondents also called for more clarity over the eligibility criteria for Carers Break Payments and for a reduction in bureaucracy in this process.
- When asked if there is anything they would like the services to do differently respondents often gave very specific requests. **Key themes** that emerged were the need for respite care *before* parents/carers had a breakdown, more availability of services, especially during holidays, and the need for an improved booking process for Disability Challengers. **Positive feedback** on the service was also received: *"The staff vary at each location. On the whole very good", "LinkAble is well*

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organised”, “We have been given a Merlin Pass for our daughter, which was wonderful and a huge help to us as a family, so please do not stop that.”

- **53%** of respondents answered ‘okay’ when asked how well they thought that short breaks in Surrey are meeting the needs of children and young people with disabilities, **20%** felt that short breaks met the need ‘quite well’ or ‘very well’ and **27%** of respondents chose ‘not well’ or ‘not well at all’. When given the opportunity to expand on this answer several respondents gave **positive feedback**: *“Short Breaks in Surrey is very good for children with Disabilities and is well organised and professional meeting the needs of the children.”*, *“The Fun Days are brilliant, it is so nice to do something that includes the whole family. They are always well planned with lots to do.”* Most other feedback was similar to that given throughout the rest of the questionnaire; however, a number of respondents did take the opportunity to call for more overnight care.

Engagement Roadshows for Children and Young People August 2013

Listening events were held during August 2013 to seek the views of Children and Young People to find out their views of Short Breaks Services. These were facilitated by Barnardos through a series of road shows across Surrey.

Key opinions:

- Most popular activities children and young people like are;- bowling, music, cooking, trampolining, theme parks, cinema, walking and seeing friends
- Things which are important to young people are; -
 - Having fun
 - Making friends
 - Making decisions
 - Being listened to
- The majority of children and young people wanted to go to places for disabled and non-disabled children.

Aiming High Consultation on Short Breaks (2009)

- The biggest need of disabled CYP is to have safe places to meet where they can just have fun and socialise with each other. CYP people with a Disability/special needs are often still living with parents
- Parents and carers are not able to access as many short break services for their disabled child as they would like
- They feel that there are insufficient places available at play schemes to meet demand. They would like to access more short break services
- They felt that it was important for their child to learn to develop independence skills, and to develop their own interests with their peer group. The child builds confidence and learns independence whilst in the play settings and this helps with their development and transition to adulthood

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- Parents and carers find it difficult to access information about services available to them. Most families either do their own research, or find out from other parents and carers with disabled children
- The most popular short-term break activities for CYP are: swimming, trampolining and bowling. The most popular outing is the cinema, eating out, and going to the seaside
- Parents value the offer of social interaction, fun time for children with their peers, meeting friends/peers outside family structure
- Parents value 1:1 support
- Siblings benefit as parents are able to spend more time with them
- Summer activities were praised as making a welcome break from routine for their children
- The respite for parents helps to avoid family breakdown and the need for more acute services such as out of county placements. Overnight care is particularly valued

2012 NHS Surrey Listening Event

NHS Surrey hosted a listening event for parents of children attending Beeches who were concerned as the proposal to close Beeches.

- 20 parents of children who used Beeches at that time in addition other supporters of the Beeches provision attended. Whilst the number of children accessing this provision is relatively small the parents of children who do use this provision expressed their confidence in the provision and the value that having such a short break was to their family.
- Parents also raised concern that short break provision is not routinely available for children under 10.
- These findings were shared with Surrey County Council

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Appendix 6: Equalities Impact Assessment

1. Topic of assessment

EIA title:	Joint Strategic Review - Short Breaks for Children with a Disability
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EIA author:	Diane McCormack, Head of Complex Needs including CAMHS NHS Guildford and Waverley CCG; Ian Banner Head of Commissioning Children's Social Services Surrey CC
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2. Approval

	Name	Date approved
Approved by³	CSF Directorate Equalities Group	Endorsed 09/12/13

3. Quality control

Version number	3	EIA completed	
Date saved	Nov 2013	EIA published	

4. EIA team

Name	Job title (if applicable)	Organisation	Role
Ian Banner	Head of Children's Social Care and Well-being Commissioning	Surrey CC	
Diane McCormack	Head of Children with Complex Needs including CAMHS	NHS G&W CCG	
Sandy Thomas	Service Manager, Children with Disabilities	Surrey CC	
Holly Beaman	Commissioner	Surrey CC	

³ Refer to earlier guidance for details on getting approval for your EIA.
Holly Beaman 23/01/14

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5. Explaining the matter being assessed

<p>What policy, function or service is being introduced or reviewed?</p>	<p>This is an equality impact assessment of the Joint Strategic Review of Short Breaks for Children and young people with disabilities in Surrey. The review terms of reference include detail of the scope of the review. The purpose of the Review is to develop options for consultation on the future commissioning of short breaks services for children and young people with disabilities by Surrey County Council and the six Clinical Commissioning Groups in Surrey.</p> <p>The service covers:</p> <ul style="list-style-type: none"> • Preventative and universal access services for 2375 children accessing short breaks, funded by Surrey County Council (July 2013); • Specialist support services for 785 (open cases June 2013) more severely disabled children including residential short breaks, short breaks in the child's own home or fostering, and day support services. <p>The former services are discretionary the latter statutory following assessment of needs and meeting threshold for eligibility for health and /or social care support by health and/ or social care professional staff.</p>
<p>What proposals are you assessing?</p>	<ul style="list-style-type: none"> • The specific changes being consulted on are detailed in the review. • The implications of commissioning new services and possible closures/changes to some services depending on what decisions are agreed (following consultation on options). • The review recognises that the responsibility to meet individual child's assessed health and social care needs must be met in accordance with the legislation in the Children & Families Bill sections in children with special education needs and disabilities. In particular the requirement for an Education, Health and Care Plan with a personal budget that meets the disabled child's assessed needs.
<p>Who is affected by the proposals outlined above?</p>	<ul style="list-style-type: none"> • People affected by the joint strategic review are Children and young people with disabilities and their families in Surrey. • Other affected people are Council staff, and staff employed in public, private and voluntary sector organisations providing short breaks services.

Strategic Review of Short Breaks

6. Sources of information

Engagement carried out
<p>Evidence from previous strategic reviews of the need for short breaks, the cost benefits of short breaks and the evidence of better quality of life for children and their families, using surrey data and national reports and research evidence.</p> <p>The Joint Strategic Review terms of reference includes seeking the views of parents; -</p> <ul style="list-style-type: none">• A questionnaire for parents was carried out in July 2013 and there were 63 responses.• SCC also offered to meet parents in 10 Surrey Special Schools. Two schools have taken up the offer so far; -<ul style="list-style-type: none">- The Ridgeway School, Farnham – July 2013- Brooklands School, Reigate – Oct 2013 <p>Options arising from the review will be consulted on before decision by Surrey County Council and NHS Clinical Commissioning Groups in Surrey.</p> <p>The review looks at the needs for short breaks for all children and young people with disabilities , but particularly those children with complex needs - autism, challenging behaviour or profound and multiple disabilities.</p>
Data used
<p>In addition to data gathered from engagement activity, there is extensive qualitative and quantitative data regarding the needs for short breaks services for children and young people with disabilities. We have used:</p> <ul style="list-style-type: none">• National research by charities, think tanks or lobby groups.• <u>Surrey-i</u>, the local data and information portal and Joint Strategic Needs Assessment,• Service monitoring reports.• User feedback from previous consultations• Questionnaires to parents/families

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7. Impact of the new/amended policy, service or function

In the tables below we have brought together our equality analysis and set out how the new/amended policy, service or function will affect children and young people with disabilities and their carers and staff. This analysis considered how the policy, function or service would:

- advance equal opportunities;
- eliminate discrimination; and
- foster good relations between people that share protected characteristics and those that do not.

Strategic Review of Short Breaks

You should think about the potential equality impact on all of the protected characteristics listed. Remember that:

- Our analysis and evidence gathered was proportionate to the likely scale of impact on children and young people with disabilities, their families and staff sharing protected characteristics.
- Analysis was based on the information gathered from the data and engagement activities listed in section six. The options in the joint strategic review and this draft equality impact assessment will be consulted on and the results of any consultations will be taken into account in finalising the EIA and subsequent reports on implementing the decision taken. Specific details and comments that are relevant for protected characteristics are included in the EIA.
- We have listed every possible way the change might conceivably impact on children and young people with disabilities and their families.
- Our analysis did not identify that the proposal needs to be amended in order to deal with the equalities implications identified in this EIA.
- Our analysis identified mitigating actions or ongoing monitoring required when the consultation is completed, and decision on the options is agreed.
- We consider that there will be no impact on particular protected characteristics for the reasons stated.

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Annex 1 contains detailed guidance about the issues we considered when assessing impact of the joint strategic review.

Strategic Review of Short Breaks

7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic ⁴	Potential positive impacts	Potential negative impacts	Evidence
Age	<ul style="list-style-type: none"> Ensure a range of short break services are available to children and young people up to 18 years of age. Any options will include future working with Adult Services to develop inclusive provision for 16-25 year olds. 	none	
Disability	<ul style="list-style-type: none"> The review objective is to achieve better outcomes for children and young people with disabilities and their families. Working together with NHS Guildford and Waverley Clinical Commissioning Groups, should lead to a more co-ordinated service. 	If proposals put forward lead to the closure of a service this could have an adverse impact on CYP with disabilities and their families such as increased travel etc.	
Gender reassignment	none	none	

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⁴ More information on the definitions of these groups can be found [here](#).
Holly Beaman 23/01/14

Strategic Review of Short Breaks

Pregnancy and maternity	none	none	
Race	none	none	
Religion and belief	none	none	
Sex	none	none	
Sexual orientation	none	none	
Marriage and civil partnerships	none	none	

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7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Age	none	none	
Disability	none	none	
Gender reassignment	none	none	

Strategic Review of Short Breaks

Pregnancy and maternity	none	none	
Race	none	none	
Religion and belief	none	none	
Sex	none	none	
Sexual orientation	none	none	
Marriage and civil partnerships	none	none	

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Strategic Review of Short Breaks

8. Amendments to the proposals

Change	<i>Reason for change</i>
No changes were identified by the Equality Impact Assessment	

9. Action plan

Potential impact (positive or negative)	<i>Action needed to maximise positive impact or mitigate negative impact</i>	By when	Owner
<p>11 If proposals put forward lead to the closure of a service, this could have an adverse impact on CYP with disabilities and their families.</p>	<ul style="list-style-type: none"> • Parent/Carer Panel set up to ensure that the views of parents and carers are fully considered and to work together to agree proposals for wider consultation in the New Year. • Wide public consultation process • Options appraisal to understand full impact of any options put forward. 		

10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
None identified	

11. Summary of key impacts and actions

Strategic Review of Short Breaks

Information and engagement underpinning equalities analysis	National and Local Data from previous reviews and the Joint Strategic Review
Key impacts (positive and/or negative) on people with protected characteristics	The Review is to achieve best outcomes for children and young people with disabilities and their families.
Changes you have made to the proposal as a result of the EIA	None
Key mitigating actions planned to address any outstanding negative impacts	Not applicable
Potential negative impacts that cannot be mitigated	None

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SURREY COUNTY COUNCIL**CABINET****DATE: 4 FEBRUARY 2014****REPORT OF: MRS MARY ANGELL, CABINET MEMBER FOR CHILDREN AND FAMILIES****LEAD OFFICER: MR NICK WILSON, STRATEGIC DIRECTOR OF CHILDREN, SCHOOLS AND FAMILIES****SUBJECT: CONTRACT AWARD – PROVISION OF EMOTIONAL WELLBEING & MENTAL HEALTH SERVICES FOR CHILDREN AND ADOLESCENTS IN SURREY****SUMMARY OF ISSUE:**

Surrey County Council (SCC) and Surrey Clinical Commissioning Groups (CCGs), have a statutory responsibility to provide and ensure the residents of Surrey have access to, and receive the safest needs based Emotional Wellbeing & Mental Health Services.

The Cabinet is asked to approve the award of one year contracts from 1 April 2014 to 31 March 2015, to four existing providers for the provision of Children and Adolescent Mental Health Services (CAMHS) & HOPE (Integrated service including Education, Social Care & Health, working with children and young people with complex mental health needs).

Due to the commercial sensitivity involved in the contracts award process, the financial details are included as confidential information (Part 2 Annex 1 attached as agenda item 19) for Members to review how the proposed new contracts will contribute towards the development and delivery of a holistic social care and value driven Emotional Wellbeing & Mental Health Service for Surrey residents.

RECOMMENDATIONS:

It is recommended that Cabinet agrees:

1. The Council awards contracts for a period of one year, from 1 April 2014 to 31 March 2015 for the continued safe provision of CAMHS & HOPE.
2. That these contracts be awarded to the four existing Providers:
 - a) Surrey & Borders Partnership (SaBP) NHS Foundation Trust
 - b) Virgin Care Limited
 - c) CSH Surrey (formerly Central Surrey Health)
 - d) First Community Health

REASON FOR RECOMMENDATIONS:

The existing contracts will end on 31 March 2014. The Council is the host partner for the pooled budget used to commission these services. The Council is therefore

responsible for ensuring services are delivered in line with best practice and commissioned in compliance with procurement requirements to secure best value for Surrey residents. Awarding one year contracts to the four existing providers will ensure the Council:

- Adheres to statutory requirements regarding the safeguarding of children by securing the provision of Emotional Wellbeing and Mental Health Services by contractually bound providers.
- Facilitates the implementation of changes in legislation and recommendations from authorised bodies whilst maintaining continuity of service and minimising risk to service delivery.
- Enables the joint re-commissioning of a co-designed, outcomes focused, streamlined service model that engages service users in order to deliver improved service quality and a service that is fit for purpose.
- Promotes internal collaboration and builds synergy with partners and providers which will yield efficiency savings and value added benefits.

DETAILS:

Background and options considered

1. The Council and Surrey CCGs have a joint statutory responsibility for the provision of Emotional Wellbeing and Mental Health Services for children and young people in Surrey. In 2008 the Council and Surrey CCGs (then Surrey Primary Care Trust), under a Section 75 agreement, commissioned both targeted and specialist mental health services in parallel to ensure that children and young people had a seamless pathway through the tiered mental services.
2. In September 2013, Members approved the re-negotiation of a new Section 75 Agreement between the Council and Surrey CCGs in order to build on existing achievements, maximise value for money gained through economies of scale from pooling budgets and establish a framework for joint commissioning and/or integrated service provision thus ensuring alignment with Surrey's One Children and Young Peoples Strategy 2012-2017 and the children's priorities of the Health and Wellbeing Board - "Aims and outcomes for improving children's health and wellbeing 2013-18".
3. The new Section 75 Agreement, effective from 1 April 2014, will cover a three year period with the option to extend for a further two years. The award of one year contracts to the four existing providers for CAMHS & HOPE will form part of the new joint commissioning agreement and is the best overall approach for the full term of the partnership agreement.
4. "Health & Social Care Act" (2012): In order not to destabilise the current mental health system, CCG commissioners have informed all incumbent providers a steady state will be maintained for specialist mental health services, with the view to extending contracts previously held with NHS Surrey until March 2015. Under the Section 75 agreement the CCGs contribute 46% of the pooled budget which is used to commission the CAMHS

& HOPE services. (Please refer to Part 2 Annex 1 attached as agenda item 19)

5. There is a need to clarify and define existing care pathways between the four providers and Adult Mental Health services and other services outside of the mental health care system such as substance misuse, services for young people, children services, education, voluntary sector and criminal justice services. Only through a partnership approach between SCC & CCG commissioners, local agencies, children and young people, families and carers, the third sector and communities, can change happen to provide a holistic care service encompassing wellbeing, which will deliver the national strategy outlined in "No Health without Mental Health" (2011).
6. SCC & CCG commissioners are currently engaging all stakeholders to collaboratively review, design and re-model an improved Emotional Wellbeing and Mental Health Service with the intention of tendering for the new service in 2014 and having it operational from 1 April 2015. The most recent Joint Service Needs Assessment (JSNA) completed in January 2014 will inform the re-design of the new service.

Procurement Strategy

7. The primary consideration in developing and implementing the procurement strategy was to ensure minimal disruption to the CAMHS & HOPE service in terms of access and delivery for children and young people in Surrey.
8. The following options were explored in terms of benefits and risks to the Council when completing the procurement exercise to outline the best route to market for the period from 1 April 2014 to 31 March 2015:
 - Award new contracts to the four existing providers for one year and initiate tender process in 2014 for an improved emotional wellbeing and mental health service operational from 1 April 2015.
 - Award a three month extension to existing providers and initiate the tender process.
 - Dissolve the Section 75 agreement with Surrey CCGs and initiate tender process immediately.
9. A joint project team was set up to include representatives from Procurement, Commissioning, Finance and Legal. After engaging in detailed options / needs / gap analysis it is recommended that Members approve the award of one year contracts to the four existing providers for the delivery of CAMHS & HOPE services as this option provides minimal short-term risk and demonstrates best value (quality and price).
10. This will be demonstrated and delivered through a contractually bound agreement securing commitment from providers to collaborate on the following which are aligned with the Social Value Act (2012):
 - Innovative prevention and demand management
 - Improving Community Well-being
 - Engaging with the VCS to identify synergies
 - Developing a strong and competitive local economy

11. Ultimately this recommendation was made to ensure that the most vulnerable residents in Surrey are protected as the lives of many children and young people depend on the stability of this service. Awarding new contracts to the four existing providers for a period of one year will contractually secure stability to this service, comply with statutory requirements and yield value added benefits for the Council and Surrey residents.

Key Implications

12. These contracts deliver critical services that protect the children and young people in Surrey and contribute to enhancing the health and wellbeing of all Surrey residents through Early Intervention initiatives and Parent & Family Support.
13. Alignment between the Council & Surrey CCGs will strengthen the partnership and enable the implementation of the Joint Emotional Wellbeing and Mental Health Strategy 2013 – 2016.
14. Commissioners have an opportunity to work collaboratively to remodel an emotional wellbeing and mental health service using a process that actively engages all stakeholders.
15. Improved quality resulting from a jointly designed framework for performance management and reporting which will be monitored through a series of agreed Key Performance Indicators (KPI's) detailed in the contracts and reviewed at monthly operational meetings.

CONSULTATION:

16. SCC & CCG Commissioners and colleagues from Procurement, Finance and Legal have been involved in the project.
17. Service users have informed the commissioning intentions of these services through representative groups, surveys and feedback.
18. Extensive engagement is taking place with the Voluntary and Community Sector to encourage participation in the intended re-commissioning of emotional wellbeing and mental health services for April 2015.

RISK MANAGEMENT AND IMPLICATIONS:

19. The contracts will include a termination provision which protects Surrey County Council in the case of an unsatisfactory performance of service and/or any significant changes in legislation or Council Policy which will impact on the existing services. These provisions allow the Council to amend the contract with three months notice or if termination is required, six months notice will be given to the provider.
20. The following key risks associated with the contracts and contracts award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	a) An increase in demand for services could result in an increased cost for the Council to deliver these services.	<ul style="list-style-type: none"> The service specification will be informed by the January 2014 JSNA and reliable national data which captures numbers of people accessing services Monthly operational and quarterly contract review meetings will be held to monitor the performance of the service and the numbers of people accessing the service in order to predict and manage future demand.
Service	a) Potential risk that the current levels of service quality may decline and the service does not deliver National and/or Local Objectives.	<ul style="list-style-type: none"> Effective contract management and review meetings will mitigate the risk of a decline in service quality. Engagement with the voluntary, community and faith sector and service users and their families will inform the continuous improvement of this service. The contracts terms and conditions enable early termination from the contracts if providers fail to deliver a satisfactory service.

Financial and Value for Money Implications

21. Full details of the contract breakdown and financial implications are set out in Part 2 Annex 1 (attached for Members as agenda item 19).
22. The awarding of one year contracts to the four existing providers will work towards delivering efficiency savings, an improvement in quality, one fully funded apprenticeship for one year and a performance reporting framework that meets the requirements of both SCC and CCG commissioners.
23. The value of contracts to be awarded from 1 April 2014 to 31 March 2015 will be £2,659,000.

Section 151 Officer Commentary

24. The Section 151 Officer acknowledges that these contracts are requesting a one year extension to ensure continuity of service provision whilst a full review of these services is undertaken. The figures quoted in annex 1 are an accurate reflection of the current contract costs.

Legal Implications – Monitoring Officer

25. Legal Services confirms that the new contracts for the proposed one year period will support the Council's statutory responsibility to provide and ensure the Children and Adolescents of Surrey with mental and emotional problems have access to, and receive Emotional Wellbeing & Mental Health Services in accordance with the Procurement Strategy (paragraphs 7 – 11) and the Key Implications (paragraphs 12 – 15).

Equalities and Diversity

26. The use of the pooled budget to commission services will comply with the general duty imposed upon public authorities by the Equality Act 2010. Any case for change to services as identified through the relevant chapters of Surrey's JSNA will require consideration to be given to the potential impact of any proposals on the protected groups.
27. An Equalities Impact Assessment has been completed for the delivery of Targeted Child & Adolescent Mental Health Services 2014 – 2015. A copy is attached to this report as Annex 2 and a summary of key impacts is included below.

Key impacts (positive and/or negative) on people with protected characteristics	The proposal is for the four incumbent providers to continue to deliver the targeted CAMHS for a further 12 months and will not impact negatively on children, young people and their families currently receiving these services.
Changes you have made to the proposal as a result of the EIA	Changes to current specifications and key performance indicators. Update to terms and conditions of contract
Key mitigating actions planned to address any outstanding negative impacts	N/A
Potential negative impacts that cannot be mitigated	N/A

Other Implications:

28. Procurement & Commissioning have endeavoured to ensure the chosen strategy is aligned internally with:
- The Children's and Young People's Strategy 2012 – 2017
 - SCC Procurement Strategy 2012 – 2017
 - SCC Business Services Directorate Strategy 2013 - 2018
 - SCC Chief Executives Office Directorates Strategy 2013 – 2018
 - SCC Corporate Strategy 2013 – 2018

Corporate Parenting/Looked After Children implications

29. There are currently children and young people who are Looked After under Section 20 of the Children Act 1989 (as amended by the Children and Young Persons Act, 2008) who use CAMHS & HOPE services. Awarding contracts to the existing providers will continue to support positive outcomes for Looked After children in Surrey.

Safeguarding responsibilities for vulnerable children and adults implications

30. The terms and conditions of the contracts stipulate that the Providers will comply with all Children and Young People Safeguarding Multi - Agency procedures, legislative requirements, guidelines and good practices as recommended by the Council. This is monitored through contractual arrangements.

WHAT HAPPENS NEXT:

31. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call-in' period)	04/02/2014
Standstill Period	2 weeks
Contract Signature	March 2014
Contract Commencement Date	01/04/2014

Contact Officer:

Cindy Nadesan - Category Specialist, Procurement

Tel: 020 8213 2741

Karina Ajayi - Commissioner, Children's Social Care and Wellbeing Commissioning

Tel: 013 7283 3941

Consulted:

Ian Banner – Head of Children's Services Commissioning

Angela Sargeant - CAMHS Service Development Manager

Laura Langstaff - Head of Procurement

Paul Davies – Category Manager, Children and Young People

Paula Chowdhury - Strategic Finance Manager for Children, Schools and Families

Louise Simpson - Senior Principal Accountant (Projects)

Carmel McLoughlin – Principal Solicitor, Contracts and Procurement Team

Diane McCormack - Head of Children with Complex Mental Health Needs including CAMHS

Sarah Parker - Associate Director for Children's Commissioning (Surrey)

Annexes:

Part 2 Annex 1 – Commercial Details and Contract Award

Annex 2 – Equalities Impact Assessment

Sources/background papers:

<http://www.surrey-camhs.org.uk/en/content/cms/professionals/annual-report-2012/>

http://www.surreycc.gov.uk/data/assets/pdf_file/0006/680190/Comm-Plans-presentation-HWB-for-publishing.pdf

<http://www.jcpmh.info/wp-content/uploads/10keymsgs-camhs.pdf>

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1. Topic of assessment

EIA title:	The delivery of Targeted Child & Adolescent Mental Health Services 2014 - 2015
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EIA author:	Karina Ajayi, Commissioner, Children's Commissioning Team
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2. Approval

	Name	Date approved
Approved by¹	Ian Banner	20/1/2014

3. Quality control

Version number	2	EIA completed	
Date saved	21/1/2014	EIA published	

4. EIA team

Name	Job title (if applicable)	Organisation	Role
Sheila Jones	Head of Countywide Services	SCC, CSF	CAMHS Commissioning member
Ian Banner	Head of Children Services Commissioning	SCC, CSF	CAMHS Commissioning Group Chair
Angela Sargeant	CAMHS Development Manager	SCC,CSF	Pooled Budget Manager
Diane McCormack	Head of Complex Needs and Mental Health	Guildford and Waverly CCG	CAMHS Commissioning member
Kelly Morris	Public Health Principal	SCC,CSF	CAMHS Commissioning member
Karina Ajayi	Commissioner	SCC,CSF	Commissioner

THE DELIVERY OF TARGETED CHILD & ADOLESCENT MENTAL HEALTH SERVICES 2014 - 2015

5. Explaining the matter being assessed

<p>What policy, function or service is being introduced or reviewed?</p>	<p>There is currently a section 75 agreement between Surrey County Council and Surrey Clinical Commissioning Groups for the commissioning of targeted CAMHS and integrated service provision for HOPE Services. The Council is the host partner for the pooled budget and is therefore responsible for ensuring the targeted Child & Adolescent Mental Health services (CAMHS) are tendered in line with Council standing orders and procurement legislation. Currently all contracts with our four incumbent providers have been extended and are due to end on 31 March 2014. As these contracts have already been extended the Council is seeking to award new contracts to all incumbent providers from 1 April 2014 to 31 March 2015. The total value of these contracts will be £2,659,000.</p> <p>These targeted CAMHS are the bridge between the universal access services and the specialist CAMHS services funded by the Clinical Commissioning Groups (CCGs). These targeted services provide early intervention for children and young people who have mild to moderate mental health needs or at risk of developing mild to moderate mental health needs.</p> <p>The targeted services are provided by CSH Surrey; Virgin care limited; Surrey & Borders NHS Foundation Trust and First Community Health. The services commissioned from these providers are as follows;</p> <table border="1" data-bbox="450 1200 1406 2029"> <thead> <tr> <th>Providers</th> <th>Targeted Services Commissioned</th> </tr> </thead> <tbody> <tr> <td>CSH Surrey (formally Central Surrey Health)</td> <td> <ul style="list-style-type: none"> • CAMHS Community Nurses • You and Your Baby Connecting Service </td> </tr> <tr> <td>Virgin Care Ltd</td> <td> <ul style="list-style-type: none"> • CAMHS Community Nurses • Parent Infant Mental Health Service • You and Your Baby Connecting Service </td> </tr> <tr> <td>Surrey & Borders NHS Foundation Trust</td> <td> <ul style="list-style-type: none"> • Primary Mental Health Service • Targeted Clinical Service • HOPE Service • Parent Infant Mental Health Service (Clinical Service) • Children in Care Service • CAMHS Extended Hours Service • Weekend Assessment Service • Sexual Trauma and Recovery Service (STARs) • Targeted Mental Health in schools </td> </tr> </tbody> </table>	Providers	Targeted Services Commissioned	CSH Surrey (formally Central Surrey Health)	<ul style="list-style-type: none"> • CAMHS Community Nurses • You and Your Baby Connecting Service 	Virgin Care Ltd	<ul style="list-style-type: none"> • CAMHS Community Nurses • Parent Infant Mental Health Service • You and Your Baby Connecting Service 	Surrey & Borders NHS Foundation Trust	<ul style="list-style-type: none"> • Primary Mental Health Service • Targeted Clinical Service • HOPE Service • Parent Infant Mental Health Service (Clinical Service) • Children in Care Service • CAMHS Extended Hours Service • Weekend Assessment Service • Sexual Trauma and Recovery Service (STARs) • Targeted Mental Health in schools
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THE DELIVERY OF TARGETED CHILD & ADOLESCENT MENTAL HEALTH SERVICES 2014 - 2015

		(TaMHS)
	First Community Health	<ul style="list-style-type: none"> • CAMHS Community Nurses
	<p>The reason for the new contract awards is to prevent the destabilisation of the current child and adolescent mental health system. CCG commissioners have informed all incumbent providers a steady state will be maintained for specialist child and adolescent mental health services, till March 2015.</p>	
What proposals are you assessing?	<p>The proposal the Council is assessing is to issue new short-term contracts with all four providers named above for an additional 12 months to enable the Council and CCGs to agree a joint commissioning approach based on need, national evidence and guidance.</p>	
Who is affected by the proposals outlined above?	<ul style="list-style-type: none"> • Children, young people and their families who currently access mental health services will be affected. • Providers who currently deliver these services. • Stakeholders who refer and work in partnership with commissioned providers e.g. schools, GPs, Social workers, voluntary sector providers and Youth Support Services 	

THE DELIVERY OF TARGETED CHILD & ADOLESCENT MENTAL HEALTH SERVICES 2014 - 2015

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6. Sources of information

Engagement carried out
Incumbent providers Stakeholder engagement events
Data used
<ul style="list-style-type: none">• CAMHS needs assessment 2009 and draft CAMHS needs assessment 2013• Annual report for Parent Infant Mental Health, Sexual Trauma and Recovery Service and Targeted approach to Mental Health in Schools• CAMHS Community Nurses audit• CAMHS Extended Hours annual report• Parent Infant Mental Health Service annual report• Surrey and Borders Partnership Board NHS Foundation Trust performance report

7. Impact of the new/amended policy, service or function

THE DELIVERY OF TARGETED CHILD & ADOLESCENT MENTAL HEALTH SERVICES 2014 - 2015

7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic ²	Potential positive impacts	Potential negative impacts	Evidence
Age	No identified impact	No identified impact	None
Disability	No identified impact	No identified impact	None
Gender reassignment	No identified impact	No identified impact	None
Pregnancy and maternity	No identified impact	No identified impact	None
Race	No identified impact	No identified impact	None
Religion and belief	No identified impact	No identified impact	None
Sex	No identified impact	No identified impact	None
Sexual orientation	No identified impact	No identified impact	None
Marriage and civil partnerships	No identified impact	No identified impact	None

7b. Impact of the proposals on staff with protected characteristics

² More information on the definitions of these groups can be found [here](#).

THE DELIVERY OF TARGETED CHILD & ADOLESCENT MENTAL HEALTH SERVICES 2014 - 2015

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Age	No identified impact	No identified impact	None
Disability	No identified impact	No identified impact	None
Gender reassignment	No identified impact	No identified impact	None
Pregnancy and maternity	No identified impact	No identified impact	None
Race	No identified impact	No identified impact	None
Religion and belief	No identified impact	No identified impact	None
Sex	No identified impact	No identified impact	None
Sexual orientation	No identified impact	No identified impact	None
Marriage and civil partnerships	No identified impact	No identified impact	None

8. Amendments to the proposals

Change	Reason for change
Change to the current specification	Following service reviews, the current specifications do not provide a clear overview of what the providers are expected to deliver
Key performance Indicators	Providers submit an annual service report, which covers outputs but not outcomes that children and young people have achieved

9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
Specifications	Review and update specifications for targeted CAMHS	14 Feb 2014	Karina Ajayi
Key Performance Indicators	Providers to sign off on the performance requirements and to be reported on a quarterly basis	20 Feb 2014	Karina Ajayi & Diane McCormack
Agree dates for joint contract management meetings	Strengthen partnership arrangements via the Supplier Relationship Management programme	19 Mar 2014	Zarah Lowe / Kelly Morris/ Karina Ajayi & Diane McCormack

10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
None Identified	None Identified

11. Summary of key impacts and actions

Information and	Discussions and papers to:
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engagement underpinning equalities analysis	<p>Joint CAMHS Commissioning group</p> <p>Incumbent providers</p> <p>Annual reports</p> <p>Stakeholder Engagement events</p>
Key impacts (positive and/or negative) on people with protected characteristics	<p>The proposal is for the four incumbent providers to continue to deliver the targeted CAMHS for a further 12 months and will not impact negatively on children, young people and their families currently receiving these services.</p>
Changes you have made to the proposal as a result of the EIA	<p>Changes to current specifications and key performance indicators. Update to terms and conditions of contract</p>
Key mitigating actions planned to address any outstanding negative impacts	<p>N/A</p>
Potential negative impacts that cannot be mitigated	<p>N/A</p>

SURREY COUNTY COUNCIL

CABINET

DATE: 4 FEBRUARY 2013

REPORT OF: MR TONY SAMUELS, CABINET MEMBER FOR ASSETS AND REGENERATION PROGRAMMES

LEAD OFFICER: JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS SERVICES

SUBJECT: APPROVAL TO DELEGATE AUTHORITY TO AWARD FUTURE CONSTRUCTION CONTRACTS PROCURED THROUGH BUILDSURREY



SUMMARY OF ISSUE:

In response to an increasing demand for school places across Surrey the Council has established, in its Medium Term Financial Plan 2013-2018, a Capital Programme to fund the provision of additional places in a number of schools.

As part of this some 30 school capital construction projects will be procured over the next few years, along with a variety of non-school capital works. Procurement and Property Services have developed a Strategy to engage local building contractors to tender for schools and other projects through the BuildSurrey portal.

Cabinet has delegated authority to award contracts under the existing Framework Agreements in the past. In order to engage with local building contractors outside of the Framework Agreement a new delegated authority is sought.

RECOMMENDATIONS:

It is recommended that the Cabinet approves a new delegation of authority to award future construction contracts above £500,000 in value, where a competitive tender procedure has been followed through the BuildSurrey portal, to the Chief Property Officer in consultation with the Head of Procurement, Cabinet Member for Assets and Regeneration Programmes, Cabinet Member for Business Services, Cabinet Member for Schools and Learning, the Leader of the Council and Section 151 Officer. Authorisation will be formally minuted with the S151 officer retaining the paperwork.

REASON FOR RECOMMENDATIONS:

The proposed scheme of delegation will ensure that the limited delivery timescales of some 30 School Basic Needs projects are met. The school projects totalling approximately £50m over the next 2 years, and other non-schools capital works up to £10m in aggregate will be tendered through the BuildSurrey portal. This will ensure that as much as possible of over £60m of construction works will be delivered directly through Surrey based contractors.

The requested delegation is in line with the principles established under a previous Cabinet report of 25 September 2012, whereby delegated approval was given for schools capital construction projects above £500k in value, delivered via a Framework Agreement. The consultation and decision recording requirements of the

delegation will provide an appropriate governance structure.

<u>DETAILS:</u>

Surrey Primary Schools Expansion Programme

1. Surrey County Council has a statutory duty to provide school places. In response to an increasing demand for school places across Surrey the Council established, in its Medium Term Financial Plan 2013-2018, a Capital Programme to fund the provision of additional places in a number of schools.
2. Some 30 school capital construction expansion projects of aggregated value approximately £50,000,000 are grouped into the Surrey Schools Programme and will be procured over the next few years to meet the increased demand for primary school places.
3. A variety of other non-school capital works projects of aggregated value up to £10m over the next few years will also be procured. Procurement and Property Services have developed the Strategy to engage local building contractors to tender for schools and other projects through the BuildSurrey portal. This will ensure that as much as possible of over £60m of construction works will be delivered directly through Surrey based contractors.
4. The BuildSurrey portal has been developed in accordance with the Strategy for direct engagement with local small and medium enterprises (SME) as approved by Cabinet on 29 May 2012. Over 600 independently accredited local Small and Medium contractors who can demonstrate suitable experience and capacity to deliver the works have registered on the BuildSurrey portal. Individual projects will be let competitively by seeking four to five tenders from selected panels formed from these contractors. Currently 75 contractors are benefiting from direct tendering opportunities through BuildSurrey.
5. Further opportunities for these accredited contractors will be accessible at a sub-contractor level through the BuildSurrey portal. In total it is estimated that over 60% of Surrey County Council's expenditure on the construction related projects will be delivered by local contractors and suppliers.
6. The majority of the projects need to be completed by September 2015. It is projected that a number of competitive tenders for these works will be undertaken during summer 2014 in order to meet the 2015 delivery timescales.
7. In order to maintain limited timescales in the delivery of projects Cabinet approval is sought to delegate the authority to award future construction contracts above £500,000 in value, where a competitive tender procedure has been followed through the BuildSurrey portal, to the Chief Property Officer in consultation with the Head of Procurement, Cabinet Member for Assets and Regeneration Programmes, the Leader of the Council and Section 151 Officer.
8. The delegated authority will be applicable to some 30 School Basic Needs projects totalling approximately £50m over the next 2 years, and other capital works of aggregated value up to £10m. One of the first of the contracts to be awarded under the proposed delegation will enable the expansion of

Holmesdale Infant School. Notice of the proposed award of all contracts to be made under this delegation will be advertised on an individual basis as part of the Council’s Forward Plan and Notice of Decisions process.

CONSULTATION:

- 9. Consultation took place with schools staff and governors as part of the Schools Programme and a public consultation will be held as part of the pre-planning application process.

Financial and Value for Money Implications

- 10. Individual contracts for works will be competitively tendered via BuildSurrey involving local Small and Medium Enterprises in order to maximise value for money. The proposed delegation arrangements will enable the council to deliver schools expansion projects and other works efficiently and to appropriate timescales.

Section 151 Officer Commentary

- 11. The Section 151 Officer acknowledged the delegation of authority and that under the proposed delegated authority the Section 151 Officer will provide confirmation before individual contracts are awarded.

Legal Implications – Monitoring Officer

- 12. Section 13 of the Education Act 1996 places a general duty on local education authorities to secure that efficient primary education is available to meet the needs of the population in its area. In doing so, the Council is required to contribute to the spiritual, moral, mental and physical development of the community. Section 14 of the Education Act 1996 places a duty on the Council to secure that sufficient schools or providing primary and secondary education are available in its area. There is a legal duty on the Council therefore to secure the availability of efficient education in its area and sufficient schools to enable this.
- 13. The proposed delegation will enable to Chief Property Officer to take timely decisions, in consultation with Cabinet Members and key Council officers. In view of the budget made available for these construction projects and this specific delegation to the Chief Property Officer, subsequent exercise of this delegation will not be treated as a “Key Decision”.

Equalities and Diversity

- 14. All works to the schools will comply with DDA (Disabilities Discrimination Act) regulations. The expanded schools will provide employment opportunities in the area.
- 15. The schools will be for children in the communities served by the schools. If there is sufficient provision available, then it would be beneficial for all children, including vulnerable children.
- 16. The schools will be expected to contribute towards community cohesion and will be expected to provide the normal range of before and after schools clubs as are provided in a typical Surrey County Council school.

Corporate Parenting/Looked After Children implications

17. This proposal would provide increase provision in the County, which would be of benefit to all in the communities served by the schools. This means it would therefore also be of benefit to any looked after children who will attend the schools.

Climate change/carbon emissions implications

18. The design philosophy is to create new build elements that will support low energy buildings to exceed the requirements of Building Regulations in terms of thermal insulation and energy consumption and this will be achieved by a high performance thermal envelope which will reduce the overall heating demand with minimal heating provided to compensate for fabric losses only.

WHAT HAPPENS NEXT:

19. The proposed delegated authority will be applicable to some 30 School Basic Needs projects totalling approximately £50m over the next 2 years, and other non-schools capital works up to £10m in aggregated total.

Contact Officer:

John Hesp - Senior Category Specialist (Property) – Tel 020 8541 7934.
Bill Christie – Senior Project Manager – Tel 020 8541 9509

Consulted:

Surrey officers and the project architects have been consulted but wider consultation is not applicable. Members previously consulted on the business case were:
Ms Denise Le Gal (Cabinet Member Business Services),
Linda Kemeny (Cabinet Member Schools and Learning),
Barbara Thompson, Local Member for Earlswood and Reigate South
David Kelly (Legal Services),
Paula Chowdhury (Finance),

Annexes:

None

Sources/background papers:

None.

SURREY COUNTY COUNCIL**CABINET****DATE: 4 FEBRUARY 2014****REPORT OF: MR MEL FEW, CABINET MEMBER FOR ADULT SOCIAL CARE****LEAD OFFICER: DAVE SARGEANT, INTERIM STRATEGIC DIRECTOR, ADULT SOCIAL CARE****SUBJECT: HOUSING RELATED SUPPORT SERVICES (SUPPORTING PEOPLE)**

14

SUMMARY OF ISSUE:

This report seeks approval to award new contracts for Housing Related Support Services from 1 April 2014.

Supporting People (SP) services provide housing-related support services to a range of people who require support to live independently within Surrey. This includes older people, those with learning disabilities, those with mental health issues, vulnerable young people, those with an offending history, those experiencing domestic abuse and those who are at risk of homelessness – detailed costs are included in Annex 2 (circulated separately for Members as item 20 in Part 2 of the agenda).

RECOMMENDATIONS:

It is recommended that:

1. New contracts for Housing Related Support Services be awarded that will be run on a continuous contract basis with on-going service reviews and fixed annual reviews effective from 1 April 2014. The Contract values are detailed in Annex 2 (circulated with Part 2 of this agenda as item 20); and
2. The information relating to the contract process as set out in this report be noted.

REASON FOR RECOMMENDATIONS:

There is a need for a localised provision that enables individuals to stay in their communities and continue to be supported by friends, family and the community thus reducing costs to the wider social care system. The current block contracts do not enable that flexibility.

The approach of this contracting strategy will align to the wider commissioning intentions of Adult Social Care (ASC) and recognise the needs of individuals who want continuity of providers and the support they receive. The services target the preventative end of support and enable people to remain active in their communities. It also recognises the on-going partnership arrangements with, and objectives of, the District and Borough Councils.

The Contract strategy proposed allows for continuation of supported housing services, but with new efficiencies and remodelling. This will include reviewing how

services are delivered, staffing levels and the amount of support provided. This will be done in partnership working with the District and Borough Councils. This also aligns with the strategy being adopted with Adult Social Care providers, many of whose providers are the same.

To achieve the proposed strategy, contracts for Housing Related Support Services will be on a continuous basis with annual reviews giving the Service the flexibility to develop services and manage links between contracts within both SP and ASC. In addition, the strategy will also make the process of contract issue and renewal more efficient and simple for both parties.

The contracts would be subject to variations in contract price due to alignment with wider ASC contracts (already being delivered at better rates) and/or efficiencies achieved to deliver required savings. In some cases there is also the opportunity for service remodelling to enable more focussed service and VFM delivery.

DETAILS:

1. Supporting People (SP) is a partnership programme, overseen by a multi-agency Management Board which includes District and Borough Councils. As well as preventing the need for more intensive Adult Social Care (ASC) services, SP supports those who do not meet the eligibility of ASC, but who would eventually need more reactive, intensive intervention if these services were not there. SP is there for those people who would otherwise be homeless, reducing acute hospital admissions, prevention of re-offending, supporting those with substance abuse issues to turn their lives around and individuals suffering from domestic abuse
2. There are currently four refuges in Surrey offering 65 places. Supporting People also contribute to an outreach service which provides advice, guidance and support throughout the county. Partnership working is part of this service - partners involved are Surrey County Council's Community Safety Unit, the Police and the Police and Crime Commissioner's Office. All of which helps significantly reduce the future cost and need on ASC and wider care based budgets due to its preventative nature.
3. In 2009 the CLG commissioned the consulting firm Cap Gemini to research the impact of the supporting people programme on other public services. They designed a tool that calculates an approximate estimate, for the whole range of client groups, of the financial benefits of Supporting People (SP) services. The tool is founded on the premise that if supported housing services were not available other public services would have to take on the burden of supporting vulnerable and marginalized people. The cost to these other services, principally the NHS, is considerably in excess of the cost of SP services.
4. The SP programme is a genuine 'invest to save' item of public expenditure throughout the country, every £1 spent on supported housing will save other public services, not least the NHS, £2 by providing not just a cheaper alternative but one that engages the client and provides a route to greater independence and dignity.
5. In 2009 the total savings for Surrey were £33.4 million for expenditure of £18 million and this outcome is replicated for all English Administering Authorities.

With the same rationale for 2014/15 for budgeted expenditure of £12.2 million savings would be £22.5 million.

6. Currently there are ranges of contracts (176) with 80 providers and with annual values ranging from £2,000 – £415,000. The individual Contract values are detailed in Annex 2 (circulated separately as a Part 2 annex).
7. The MTFP Budget commitments which have the planned savings built in for the next three years are:-
 - 2014/15 - £12.6 million
 - 2015/16 - £12.2 million
 - 2016/17 - £11.8 million
8. Almost all housing related support services have integrated housing management and support arrangements. Accommodation is either owned or is on a long-term lease arrangement as supported housing to the provider. If these arrangements were separated out from SP services there are risks to individuals, which could include losing valued accommodation, that may cause major disruption to those receiving services.
9. The existing suppliers are working well with Surrey County Council and are delivering efficiency savings and increased flexibility in line with Adult Social Care (ASC) strategies. In April 2012 commitment was given to a SP Programme for the five years from April 2012 - March 2017 with a savings target of £2 million. Savings of £950,000 have already been delivered.
10. The recommended approach to award new contracts as detailed in this report has been taken to minimise the risk of disruption to individuals receiving the services as well as aligning with the Adults Social Care commissioning strategy. The contracts will be reviewed annually unless otherwise terminated. This gives Adult Social Care the flexibility to develop and review the market thus ensuring value for money, that services remain targeted where required, plus providers also have some element of continuity that enables them to plan, invest and to deliver efficient Value for Money (VFM) services.

Background

11. Funding for housing related support has been provided by the Supporting People (SP) programme since 2003. From April 2014 this support will become part of the mainstream commissioning service provided by ASC under their preventative agenda.
12. The SP Programme has committed to a five year funding programme from April 2012 - March 2017 with a savings target of £2 million and a list of expectations from SCC that included :
 - That the SP Programme remains a key element of preventative agenda;
 - To support the alignment of SP with the wider ASC Commissioning function and the streamlining of processes;
 - Contracts/Services were to be aligned and mainstreamed within the respective areas of Commissioning;
 - Where there was crossover between Supporting People and Adult Social Care, there should be an alignment of rates where appropriate (this mainly

affects services for People with Learning Disabilities & Physical Disabilities);

- A full benchmarking review and rate alignment of all other contracts and work categories that are being provided for by the same Provider;
 - A review of all current/future contract requirements.
13. All current contracts expire on 31 March 2014. This is the final extension year as 3 + 3 year contracts were issued in 2008. There is a range of contracts (c170) with annual values ranging from £2,000- £415,000. In the last six years there has been ongoing programme of strategic reviews, savings, decommissioning and service repositioning. As a result the £2 million saving is on target to be met by March 2017.
14. The Supporting People Procurement Plan for 2012-2014 has a focus of remodelling and piloting services to enable housing-related support to be delivered in a more flexible manner.

Procurement Strategy

15. Several options for procuring the services were considered. These were:
- Option 1: do nothing. This is not viable as contracts expire on 31 March 2014;
 - Option 2: Tender the requirements. Almost all accommodation based supported housing services currently have integrated housing management and support arrangements. To tender effectively the support and accommodation would have to be separated out. This goes against the strategy of aligning and integrating Supporting People with Adults Social Care (ASC) as this would lead to a different delivery model for both services. This would be disruptive both to individuals and to the market and would lead to fragmented services, which would cost more. This was also not the favoured strategy with key partners in the District and Borough Councils.
 - Option 3: Award new contracts on a continuous basis to be reviewed annually from a commercial perspective. This will align with the contracting strategy in ASC and also deliver less bureaucracy and enable continuity as providers can plan on a longer-term basis.
16. After an options analysis, which took account of individuals' feedback and needs, it was agreed that Option 3 is the recommended approach. These contracts will be more dynamic and flexible as they can be tailored to an individual's needs and react to future budget constraints. This will also enable flexibility to consider requirements under the Care Bill (2015).
17. Option three is allowable under European procurement legislation as social care services
18. A key aspect of the service moving forward is that the needs of the Individual must be recognised – simplifying their support arrangements and not increasing the number of providers.
19. The recommended model will provide the flexibility procurement and commissioning need to meet future requirements.

20. Contracts will be simplified and standardized and will be in place from 1 April 2014. If there are several contracts with the same provider they will be consolidated into one contract thus simplifying the process for and engagement with providers for both parties.
21. Procurement & Commissioning have built up a good understanding of the market over the last few years. Supporting People has a long history of working with providers and have built up good and constructive relationships – many of these are reliant on key partnerships with the District and Borough Councils. The view is that the market is stable and more value can be obtained by working with providers as outlined in the procurement plan.
22. The above review and flexibility will make it easier to ensure the best service value, quality and delivery in the right area of prevention on an on-going basis.

Next Steps

23. To continue delivering value for money :-
 - A new / improved service specification will be developed to allow contracts to be personalized and meet an individual's needs that will be fit for purpose and linked with the outcomes model and wider ASC strategies such as Aging Well
 - Through ongoing review continued progress will be made in aligning rates and challenging costs; this will include close scrutiny & budget monitoring from finance to track that efficiencies are on target
 - Decommissioning of services which are no longer deemed necessary
 - There will be focus on locality based commissioning ensuring Providers are local to the individual. Providers will be encouraged to be more flexible and provide support where it is needed rather than being tied to specific premises
 - As part of their continuous improvement Providers will be encouraged to introduce new services at no extra cost
 - Robust contract monitoring will be in place to ensure Providers are delivering best value and meeting the needs of individuals. Service will be monitored
 - Ongoing partnership working with the District and Borough Councils
 - Local, preventative services will help support the Family friends and communities agenda.

CONSULTATION:

24. Co-design has included representatives from the following:
 - The Learning Disability Partnership Board (a small sub-group has inputted to design, planning and evaluation);
 - Current providers of services and wider market providers (input to specification and design and planning);
 - District and Borough housing (officer level input to specification, and commissioning strategy input and sign off with management level through Supporting People Joint Management Board);
 - Adult Social Care Commissioning (officer level input to specification and evaluation, and management sign off);

- Adult Social Care Personal Care and Support (officer level input to specification and management input to planning);
 - Right to Control project team;
 - Finance.
25. Reference is made to the following reports, that have influenced the process leading up to seeking to let these contracts:
- The Learning Disability Public Value Review;
 - A Review of Supporting People for People with Disabilities.

RISK MANAGEMENT AND IMPLICATIONS:
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26. All contracts include a Termination Clause. This will allow the Council to terminate with three months notice should priorities change or funding no longer be available.
27. To mitigate any shortcomings should these arise in delivering services the Terms & Conditions of the Contract include standard provision for:
- Recovery of monies on behalf of the council
 - Default
 - Dispute resolution.
28. As part of the original on boarding process Providers have already successfully completed satisfactory financial checks as well as checks on competency.
29. The following key risks associated with the proposed contract awards have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Budget changes	Specification is designed to facilitate flexibility in service levels if needed.
		The contracts and services delivered will be reviewed annually to ensure they are meeting the need of the individuals accessing the service.
Reputational	Impact for current providers business	The proposed strategy will offer better continuity for providers.
Service	Change in model of delivery	Performance monitoring to ensure service delivery.
		Providers of the services have been consulted with regarding the changes.

Financial and Value for Money Implications

30. Supporting People was previously a ring-fenced budget within Adult Social Care and a partnership programme with District and Borough Councils, and had its own team of commissioners and separate system to monitor work being undertaken in this field. Originally, this service was tendered and had a defined list of suppliers. The ring fence was removed from the budget in 2009. The budget is being reduced through efficiency improvements and prioritisation by £2m over 5 years at £400k per year until 2017.
31. A review was undertaken within Adult Social Care of the Supporting People function and it was decided to bring the Supporting People function and budget into the Adult Social Care Commissioners budget. This means that Adult Social Care Commissioners will be able to take a more holistic approach on how to best to commission services and also help to remove duplication of provision.
32. The total budget is
- 2014/15 - £12.6 million
 - 2015/16 - £12.2 million
 - 2016/17 - £11.8 million
33. The base budget includes a year on year reduction applied through to 2017 as part of the Medium Term Financial plan. The planned reductions have been accounted for in the planning for the three years.
34. The funding comes from a previous partnership programme with District and Borough Councils with joint strategic aims to meet the needs of vulnerable and homeless households. District and Borough Councils were considered equal stakeholders as they have secured funding over the last 30 years to enable the Supported Housing market to develop.
35. From 2003 to now management of the funding for support has been through a Joint Management Board. This approach respects the partnership with District and Borough Councils.
36. Commissioning intentions may well change over the short to medium period with regards to how to use the Supporting People funding, coupled with the fact there is no clarity on future funding from 2017.
37. Full details of the contract values and financial implications are set out in the Annex 2 (Part 2).

Section 151 Officer Commentary

38. This proposal rationalises ongoing arrangements whilst building in the existing savings programme, and so represents a stable, flexible and good Value for Money means of taking these services forward.

Legal Implications – Monitoring Officer

39. Supporting People is a national programme for funding, planning and monitoring housing related support services, which also forms part of Surrey's social care services for vulnerable adults. Its aim is to improve the quality and

effectiveness of the support services at a local level, and the proposed contracts will support this programme. The procurement strategy set out is reasonable in the circumstances and has been approved by PRG.

40. The Terms and Conditions of contract were last reviewed in 2008. We have reviewed these against the generic T & Cs for ASC services and these have been approved by Legal Services.
41. Members' attention is drawn to the Equality Impact Assessment (the EIA) at Annex 1 and the action plan in paragraph 9 of the EIA Under section 149 of the Equality Act 2010 Cabinet must comply with the public sector equality duty, which requires it to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (b) advance equality of opportunity between persons who share a relevant characteristic and a person who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. Members should therefore take account of the matters raised in the EIA in reaching their decision.

Equalities and Diversity

42. An equalities impact assessment has been completed and is attached as Annex 1 to this report. The EIA was reviewed and approved by the Department Equality Group in January 2014. A summary of the key implications is included below.

Key impacts (positive and/or negative) on people with protected characteristics	The far reaching effects of the Procurement Plan may have unforeseen positive & negative impacts across all of the protected characteristics. This EIA will be reviewed at six-monthly intervals, taking into account Provider feedback, to identify areas of inequality. All Supporting People Providers will continue to work to the County Council's Equality & Diversity objectives, as stated in their contracts.
Changes you have made to the proposal as a result of the EIA	The Action Plan has been drawn up to maximise positive impact or mitigate negative impact. The EIA will also be reviewed at six monthly intervals.
Key mitigating actions planned to address any outstanding negative impacts	N/A
Potential negative impacts that cannot be mitigated	N/A

43. The contracts will be managed and monitored in line with Surrey's obligations under the equalities monitoring framework.

Safeguarding responsibilities for vulnerable children and adults implications

44. The terms and conditions of the Contract, which the providers will sign, stipulate that the providers will comply with the Council's Safeguarding Adults and Children's Multi- Agency procedures, any legislative requirements,

guidelines and good practices as recommended by the Council. This is monitored through contractual arrangements.

WHAT HAPPENS NEXT:

45. Following approval by Cabinet, new Contracts to be awarded by 1 April 2014 to the providers as named in Annex 2 – (Part 2) Commercial Details for the value shown on the spreadsheet.
46. For any contracts for new SP services we would come back for separate approval under the requirements of the Procurement Standing Orders.

Contact Officer:

Matthew Lamburn - Commissioning Manager, 01372 832984

Nicola Sinnett - Category Specialist – 0208 541 8746

Consulted:

Learning Disability Partnership Board

Supporting People Joint Management Board

Anne Butler – Assistant Director for Commissioning

Christian George – Category Manager, Adults Procurement and Commissioning

Joanne Parkinson – ASC Commissioning

Carmel McLaughlin – Legal Services

Paul Carey-Kent – Strategic Finance Manager – Adults

Annexes:

Annex 1 – Equality Impact Assessment Summary of Impact and Actions

Annex 2 – (Part 2) Commercial Details

Background papers:

None

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1. Topic of assessment

EIA title:	Procurement Plan for Supporting People Services 2014-17
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EIA author:	Matt Lamburn
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2. Approval

	Name	Date approved
Approved by¹	Directorate Equality Group	7/1/14

3. Quality control

Version number	2.0	EIA completed	
Date saved	03.09.2013	EIA published	

4. EIA team

Name	Job title (if applicable)	Organisation	Role
Matt Lamburn	Commissioning Manager	SCC	Assessor
Jo Parkinson	SP Programme Manager	SCC	
Peter Floyd	Commissioning Manager	SCC	
Danielle Bass	Commissioning Manager	SCC	

5. Explaining the matter being assessed

What policy, function or service is being introduced or reviewed?	<p>Supporting People services in Surrey provide housing-related support services to a range of people who require support to live independently – older people, those with learning disabilities, those with mental health issues, vulnerable young people, those with an offending history, those experiencing domestic abuse and those who are at risk of homelessness, to name but a few.</p> <p>The core objective of the Procurement Plan is to ensure the on-going delivery of valued Supporting People services across Surrey in order to enable those with support needs across a range of client groups to live independently. Supporting People services, in the main, support those who do not meet the eligibility criteria of Adult</p>
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EQUALITY IMPACT ASSESSMENT

14

Social Care, but who would need more reactive, intensive intervention if the services were not there. Supporting People in Surrey is a partnership programme, overseen by a multi-agency Management Board. As well as preventing the need for more intensive Adult Social Care services, Supporting People services aid the prevention of homelessness, reduce acute hospital admissions, prevent re-offending and support those with substance abuse issues to turn their lives around.

In 2011/12, contracts were renewed for one year, pending the production of this Procurement Plan. However, substantial budget reductions were achieved – from an annual spend of around £18.7 million in 2010/11, to a projected spend of just under £15.9 million, with affect from April 2011. There was no reduction of suppliers during this budget reduction.

Supporting People funding has become part of the Adult Social Care budget as it is no longer ring fenced. It is integrating with the Adult Social Care Commissioning Function. As part of a commitment to the Medium Term Financial Plan there is a need for further efficiencies. This is with recognition of the need to maintain quality of service delivery, at a time when costs are rising but the ability to meet inflationary costs are constrained. Four Strategic Commissioning Reviews that have taken place which inform parts of the Commissioning intentions and subsequent Procurement Plan. Alongside this, the Commissioning Managers for each of the respective Commissioning areas have been integrated into the appropriate Commissioning Teams.

The primary scope of the Strategic Reviews was to ensure that Supporting People-commissioned services were effectively meeting identified need and that the funding was being targeted appropriately. This meant, where possible, an alignment of rates across Adult Social Care and Supporting People contracts, a re-assessment of the way that Supporting People structures its contracts to reduce the number held by Commissioning Managers, and to also review arrangements where there might be possibilities for joint commissioning with Adult Social Care and Children, Schools & Families, where responsibilities overlap.

Any future commissioning activity now sits fully within the context and remit of the respective commissioning area(s) i.e. Older People, Disabilities and Socially Excluded, and Youth Support Services.

Given the range of client groups supported by Supporting People services, all of the protected characteristics need to be considered as part of this Equalities Impact Assessment.

Although the Supporting People Programme and Procurement Plan has now been divided into the respective areas of commissioning as outlined above, the Programme itself does not relate to one single contract, but to the delivery of housing-related support services

EQUALITY IMPACT ASSESSMENT

	<p>across Surrey. The core objective is to ensure the on-going delivery of services across Surrey, which have been proven to enable people with housing-related support needs to live independently in the community. The services are a key part of the continuum of care and support services in Surrey, in the main meeting the needs of those who do not meet the County’s eligibility criteria for Social Care Services.</p> <p>Effective preventative services are a key element of the personalisation agenda, and the Supporting People Programme was designed to specifically provide such preventative services to vulnerable adults. Ensuring value for money is a key priority of Surrey County Council for the coming years, with significant savings across the whole of Adult Social Care needing to be made. However, a key priority in commissioning services across the whole of Adult Social Care is around ‘Prevention’ and the ‘Preventative Agenda’. Commissioning key preventative services can delay an individual’s journey along the Care Pathway, meaning less expenditure by the authority and savings to the relevant budget(s).</p> <p>The Supporting People Programme has been integrated with the wider Commissioning Function of Adult Social Care, in order to better support and feed in to the different projects and work streams taking place in each respective area i.e. Older People, Mental Health and Disabilities. This will enable prevention to be placed at the heart of adult Social Care Commissioning.</p>
<p>What proposals are you assessing?</p>	<p>The proposals we are assessing are split amongst the respective commissioning areas as follows:</p> <p>Older People:</p> <ul style="list-style-type: none"> • Implementation of discussions with Providers of housing-related support to deliver a more flexible, needs-led approach including older people living outside of traditional sheltered housing and Extra Care housing. • Implementation of procurement activity to achieve further savings and homogeneity for the Weekly Unit Cost paid for housing-related support to older people. • Standardising the offering of housing-related support through a revised Service Specification • Decommissioning some services that are no longer strategically relevant and/or by mutual agreement with Providers <p>Disabilities:</p> <ul style="list-style-type: none"> • Implementing the hourly rate alignment for those services where this is yet to be achieved. • Standardising the offering of housing-related support through a revised Service Specification • Simplification of contracts and, where possible, merging

EQUALITY IMPACT ASSESSMENT

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	<p>multiple Provider contracts into one agreement</p> <ul style="list-style-type: none"> • Reconfiguring or renegotiation of services to better fit with the aims of the Disabilities Public Value Review, or other appropriate strategies. <p>Socially Excluded:</p> <ul style="list-style-type: none"> • Renegotiation of services to better align with strategic intentions across services • Simplification of contracts and, where possible, merging multiple Provider contracts into one agreement • Standardising the offering of housing-related support through revised Service Specifications • Decommissioning services where it is no longer appropriate to target funding
<p>Who is affected by the proposals outlined above?</p>	<p>There are a number of Positive & Negative impacts that could arise from the delivery of the Procurement Plan across all of the protected characteristics, many of which may not be known until the second or third year of implementation. These impacts are centred, in the main, from the large reduction in available funding for Supporting People services.</p> <p>Immediate Positive Impacts:</p> <ul style="list-style-type: none"> • The remodelling of services to better fit strategic need (as highlighted in the EIA's for the Older People and People with Learning Disabilities Strategic Reviews), will mean that available funding is targeted more appropriately and spread wider, thus supporting more people. For example the retendering for Disabilities Floating Support has led to greater support capacity and increased flexibility of these services. The remodelling of Older People's services has led to a wider reach in terms of support and the reduction of social isolation for some older people. • Changes to service delivery across the client groups, including greater integration of Supporting People services with Adult Social Care services, could lead to more efficient services being delivered in order to maximise an individual's independence. • The mainstreaming of the Right to Control project may lead to greater independence and choice for people with disabilities. • The review of contracting arrangements with Borough & District Councils could mean services are targeted more according to local priorities and need. • Preventative housing related support sits firmly within the scope of support services in place for adults and young people in Surrey. <p>Immediate Negative Impacts:</p> <ul style="list-style-type: none"> • The scale of savings required, coupled with a front-loading of those savings in Years 1 & 2 of the Procurement Plan, could potentially lead to destabilising the Provider Market for Supported Housing, which would negatively impact

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across all of the protected characteristics.

- Early indications show this may be beginning to happen, with some Providers of housing-related support indicating they plan to pull out of the Programme in the future.
- Smaller Providers within the sector may lose valuable funding with which to deliver services, meaning an additional cost burden being passed to Adult Social Care services.

The immediate positive and negative impacts cut across all of the protected characteristics. Whilst the aim is to maintain delivery of highly valued services, reductions in funding levels has the potential to mean less of a service being offered to the individual. Providers have commented that the reductions in funding are affecting their abilities to recruit skilled, committed members of staff, and anticipate that this will affect the quality of their services detrimentally. It will be vital to maintain the strong links already in place with Supporting People Providers to monitor the impact that the Procurement Plan will have, as well as using the annual Outcome Reports to monitor the Outcomes clients are achieving whilst in the services.

6. Sources of information

Engagement carried out

- Supporting People Joint Management Board
- Supporting People Provider Forum
- Older People's Common Interest Group
- Individual Provider Discussions
- SCC Finance & Procurement colleagues

*The stakeholder consultation reflects the sensitive nature of the Procurement Plan – all of the Strategic Reviews and their EIAs have used stakeholder feedback.

The original Procurement Plan was shared with internal and external colleagues and partners to inform the direction of the document. Where the potential for Joint Commissioning was highlighted, Borough & District partners requested involvement in helping to shape the services being commissioned, taking into account their local knowledge of the specific agenda(s). All partners and Provider consulted with highlighted the impact that £2million savings would have on the work of services and the Supporting People Programme, emphasising that the impact could not be underestimated.

We are currently seeking the views and feedback of Partners to inform the direction of the refreshed Procurement Plan for 2014-17, and these views will be incorporated into the EIA.

Provider feedback further highlighted the significant challenges faced by Providers in delivering high quality, preventative services with reduced funding. Overall, the challenges faced by Borough, District, Stakeholder and Provider partners were recognised as having a negative impact on the end user of services.

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Data used

- Strategic Review of Services for People with Learning Disabilities
- Strategic Review of Services for Older People
- Strategic Review of Service for Young People
- Supporting People Joint Management Board
- Supporting People Provider Forum
- Older People's Common Interest Group
- Adult Social Care Commissioning Strategies (various)

The detailed strategic oversight of Supporting People has led to an in-depth knowledge of the supported housing sector in Surrey. This knowledge and experience has directly informed the Procurement Plan.

EQUALITY IMPACT ASSESSMENT

7. Impact of the new/amended policy, service or function

7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic ²	Potential positive impacts	Potential negative impacts	Evidence
Age	The far reaching effects of the Procurement Plan may have unforeseen positive & negative impacts across all of the protected characteristics. This EIA will be reviewed at six-monthly intervals, taking into account Provider feedback, to identify areas of inequality. All Supporting People Providers will continue to work to the County Council's Equality & Diversity objectives, as stated in their contracts.	The far reaching effects of the Procurement Plan may have unforeseen positive & negative impacts across all of the protected characteristics. This EIA will be reviewed at six-monthly intervals, taking into account Provider feedback, to identify areas of inequality. All Supporting People Providers will continue to work to the County Council's Equality & Diversity objectives, as stated in their contracts.	
Disability	As above	As above	
Gender reassignment	As above	As above	
Pregnancy and maternity	As above	As above	
Race	As above	As above	
Religion and belief	As above	As above	

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² More information on the definitions of these groups can be found [here](#).

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Sex	As above	As above	
Sexual orientation	As above	As above	
Marriage and civil partnerships	As above	As above	
Carers³	As above	As above	

7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Age	N/A	N/A	
Disability	N/A	N/A	
Gender reassignment	N/A	N/A	
Pregnancy and maternity	N/A	N/A	
Race	N/A	N/A	

³ Carers are not a protected characteristic under the Public Sector Equality Duty, however we need to consider the potential impact on this group to ensure that there is no associative discrimination (i.e. discrimination against them because they are associated with people with protected characteristics). The definition of carers developed by Carers UK is that 'carers look after family, partners or friends in need of help because they are ill, frail or have a disability. The care they provide is unpaid. This includes adults looking after other adults, parent carers looking after disabled children and young carers under 18 years of age.'

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Religion and belief	N/A	N/A	
Sex	N/A	N/A	
Sexual orientation	N/A	N/A	
Marriage and civil partnerships	N/A	N/A	
Carers	N/A	N/A	

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8. Amendments to the proposals

Change	Reason for change
TBC	

9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
Identification and enhancement/mitigation of unforeseen impacts across services and client groups and protected characteristics	Close monitoring of services to be undertaken by relevant Commissioning Manager using client feedback, Client Record forms and user engagement.	Ongoing throughout 2014-17	All Commissioning Managers
Remodelling services to closer fit with other commissioning agendas to better meet the needs of client groups and protected characteristics	Each Commissioning Manager to identify services and work streams within their respective areas that can be linked with other projects/services internally and externally to Surrey County Council, with an emphasis on co-design with users and carers	April 2014	All Commissioning Managers
Identification and implementation of joint commissioning activity, in conjunction with the remodelling of services in the future (see above)	Each Commissioning Manager to identify services that have the potential to be jointly commissioned within their respective areas	Ongoing throughout 2014-17	All Commissioning Managers

EQUALITY IMPACT ASSESSMENT

10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
N/A	

11. Summary of key impacts and actions

Information and engagement underpinning equalities analysis	<p>Supporting People Joint Management Board Supporting People Provider Forum Older People’s Common Interest Group Individual Provider Discussions</p> <p>The stakeholder consultation reflects the sensitive nature of the Procurement Plan – all of the Strategic Reviews and their EIAS have used stakeholder feedback.</p>
Key impacts (positive and/or negative) on people with protected characteristics	<p>The far reaching effects of the Procurement Plan may have unforeseen positive & negative impacts across all of the protected characteristics. This EIA will be reviewed at six-monthly intervals, taking into account Provider feedback, to identify areas of inequality. All Supporting People Providers will continue to work to the County Council’s Equality & Diversity objectives, as stated in their contracts.</p>
Changes you have made to the proposal as a result of the EIA	<p>The Action Plan has been drawn up to maximise positive impact or mitigate negative impact. The EIA will also be reviewed at six monthly intervals.</p>
Key mitigating actions planned to address any outstanding negative impacts	N/A
Potential negative impacts that cannot be mitigated	N/A

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SURREY COUNTY COUNCIL**CABINET****DATE: 4 FEBRUARY 2014****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES****LEAD OFFICER: JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS SERVICES****SUBJECT: CONTRACT AWARD FOR SURREY COUNTY COUNCIL ASBESTOS CONSULTANCY SERVICES****SUMMARY OF ISSUE:**

It is estimated that asbestos related diseases are responsible for over 4000 deaths a year in the UK. Surrey County Council must discharge its duties under the Control of Asbestos Regulations 2012 by managing the way it deals with asbestos containing materials (ACMs) in the workplace.

The risks posed by asbestos are managed in a number of ways and require the use of a UKAS accredited consultant to carry out inspections on known or suspected ACMs, manage any remedial works where damage has occurred and manage its removal when required.

Following a comprehensive procurement activity, it is proposed to award the contract to the recommended supplier described in the Part 2 Annex 1. Due to the commercial sensitivity involved in the Contract award process, the names and financial details of the suppliers have been circulated as a Part 2 Annex.

RECOMMENDATIONS:

It is recommended that:

1. the background information set out in this report be noted: and
2. following consideration of the results of the procurement process in Part 2 of the meeting (agenda item 21), the award of the contract to the supplier detailed in Part 2 be agreed.

REASON FOR RECOMMENDATIONS:

The overarching aim of the proposed Term contract is the SCC duty to protect its workers, visitors to its buildings, pupils etc., from the effects of asbestos and this is only possible through a risk management approach. The proposed contract is instrumental in supporting this.

The project scope is to carry out asbestos surveys and manage the works undertaken by independent specialist asbestos removal contractors. Works will be of a both planned and responsive nature. Duties include:

- Asbestos Management Surveys

-
- Asbestos re-inspection surveys (annual)
 - Asbestos Refurbishment and Demolition Surveys
 - Management of asbestos remedial works undertaken by asbestos contractors
 - Technical advice regarding asbestos containing materials

A full tender process, in compliance with the EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council.

In addition to delivering savings compared to existing rates the contract will also deliver an improved service with strengthened performance measures and robust contract management.

DETAILS:

Business Case

1. The expiry of existing contracts on 31 March 2014 means that a new contract needs to be in place from 1 April 2014. This contract has been tendered via a competitive tender exercise, compliant with EU procurement legislation.
2. The detailed results of the procurement process are included in Part 2, Annex 1. Of the 46 suppliers who expressed an interest, 11 responded and 10 were short listed to tender.
3. Bidders were evaluated under the following criteria to ensure the most commercial advantageous response.
 - 70% Quality; a detailed Technical Specification was developed by SCC Property Services drawing from the knowledge and experience of the team.
 - 30% Price; based on a comprehensive Price list.
4. The results of the procurement exercise are that a single supplier is recommended to be awarded a 5 year Term Contract.
5. This report recommends that a fixed price contract for the provision of Asbestos Consultancy to commence on 1 April 2014 is awarded to the supplier named in the Part 2 Annex. Together with the Part 2 Annex, the report demonstrates why the recommended contract award delivers best value for money for Surrey County Council.

Background and Options Considered

6. A 5 year term contract was considered so that the asbestos consultant can manage its workload over a reasonable timeframe, assist SCC with its longer term asbestos policy and better manage the data SCC has about asbestos in its premises. The rates tendered are very competitive and one factor for this is thought to be the term of the contract which brings a certain amount of continuity of work to the consultant. It is the intention to use this contract for the management of the majority of SCC's asbestos related works, however the Council does not guarantee the value or volume of instructions it may place with the proposed supplier.

Procurement Strategy

- 7. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These were: Surrey CC Consultancy Framework, Central Government Frameworks, Spot tendering and EU competitive tender.
- 8. After a full and detailed options analysis it was decided to invite tenders through the EU Procurement procedure as this demonstrated best value for money from the options appraisal completed.

Use of e-Tendering and Market Management Activities

- 9. In order to open the tender process to a wider range of suppliers than have previously been involved, an electronic tendering platform was used through the Bravo e sourcing module.
- 10. Use of the electronic platform represents a major change from previous paper based processes and introduced a competitive process that was open and transparent to all involved.

Key Implications

- 11. Non compliance in the appropriate procedures relating to the control of asbestos carries a high risk of prosecution from the Health and Safety Executive and bad publicity for the Council. The asbestos contained within SCCs premises needs careful and robust management. Without an appropriately qualified and experienced consultant SCC would be unable to carry out any works within premises where asbestos was likely to be disturbed without there being a disproportionate risk to operatives, SCC staff and any persons making use of the premises. During the tender exercise each tenderer was asked to submit references, copies of all relevant certification, staff CVs and experience in providing services similar to those required by SCC. Those that best met the Council’s robust standards were awarded the most points in terms of the qualitative analysis ensuring SCC contracts with the consultant most able to deliver the services required.

Competitive Tendering Process

- 12. 10 short listed tenderers successfully completed satisfactory financial checks at the Pre-qualification stage and were thus selected to submit tenders. One further firm was invited to tender but subsequently failed financial checks and was rejected.
- 13. The contracts include a Termination Clause that protects the Contracting authority in case of any breach of the Term Contract
- 14. The procurement activity included selecting firms who had completed a Pre-Qualification stage, where suppliers expressing an interest in the advertised tender opportunity were evaluated to ensure that they had the legal, financial and technical capacity (including their health & safety and equal opportunities policies) to undertake the contract for the Council.

CONSULTATION:

- 15. Officers from both Property Services and Procurement have been involved in the procurement, providing expert knowledge around the design of the

specification and evaluating tenders and agreeing recommended contract award.

16. 'Buy back' arrangements are in place that provides schools with the option to purchase the Asbestos consultancy services or make their own contractual arrangements with a supplier directly.

RISK MANAGEMENT AND IMPLICATIONS:

17. The following key risks associated with the management of asbestos within premises have been identified, along with mitigation activities:

Describe the risks associated with this project	Risk Description	Mitigation Action
Legal Risks	Prosecution by HSE for non compliance with Control of Asbestos Regulations.	UKAS registered consultant monitors contractors for compliance with the regulations
Financial Risks	Apart from potential prosecution for breach of HSAWA SCC could face high environmental cleanup costs dealing with uncontrolled release of asbestos fibres.	Asbestos Consultancy services provider monitors contractor where asbestos is present to ensure it is dealt with in the appropriate manner
Reputational Risks	Adverse publicity for non compliance for what is a very emotive subject.	Consultant monitors contractor and ensures all works on asbestos are carried properly.
Commercial Risks	Building closure or part closure if procedures not followed correctly	Proactive knowledgeable consultant is present during all asbestos works and provides a 24/7 emergency service is required
Service Risks	Building closure or part closure if procedures not followed correctly	Proactive knowledgeable consultant is present during all asbestos works and provides a 24/7 emergency call out service

Financial and Value for Money Implications

18. Full details of the contract values and financial implications are set out in the Part 2 Annex 1 (agenda item 21).
19. The estimated cost over 5 years under the current contract would be £1.8m and the estimated cost of the recommended provider for the same volume is £1.6m, generating a procurement saving of £0.2m (12%) over the 5 year contract term.
20. Higher standards have been set in the new contract which will provide an improvement in service performance and a change in the Key Performance Indicators (KPI) will mean improved output.

Section 151 Officer Commentary

21. The Section 151 Officer supports the recommendation to let the contract to the recommended supplier on the basis it is the best value for money. The new price is likely to generate savings of 12% over 5 years. The recommendation is supported by PRG.

Legal Implications – Monitoring Officer

22. As an employer the Council is required to comply with its health and safety obligations in accordance with the Health and Safety at Work etc Act 1974.
23. Under section 4 of the Control of Asbestos Regulations 2012 the Council has a duty to manage asbestos in non-domestic premises. To ensure compliance with this duty, the Council has undertaken a competitive procurement exercise in accordance with the EU procurement regulations, to engage the services of a Consultant which will discharge this duty on the Council's behalf. The contract offers the Council various measures of protection, including a requirement that the Consultant subscribes for professional indemnity insurance cover at £5,000,000 and public liability insurance cover at £10,000,000.
24. The Consultant is accredited in accordance with United Kingdom Accreditation Services (UKAS) and therefore, qualified to advise accordingly.

Equalities and Diversity

25. The Council has been mindful of its equalities duties under the Equality Act 2010 in carrying out the tender process and letting the contract with due regard to the need to eliminate discrimination in age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
26. The procurement process for the Term Contract was undertaken through an EU Procurement procedure, which was advertised to allow suppliers across the EU to express their interest. An electronic tendering platform was used through the Bravo E-sourcing Portal. The tender was also advertised on the SCC website so as to attract local businesses and SMEs.
27. The contract which the supplier will sign stipulates that the supplier will comply with all relevant equality and diversity legislation (including the Equality Act 2010) whilst performing the services. The contract also requires the supplier to adopt SCC's equal opportunities policy when recruiting and dealing with Safeguarding responsibilities for vulnerable children and adults implications.

Safeguarding responsibilities for vulnerable children and adults implications

28. With regard to the suppliers' personnel who potentially may participate in providing these services to school premises or which may otherwise involve contact with children or vulnerable adults, SCC reserves the right to require the suppliers to ensure that all employees engaged in the performance of the Service have been checked with the Disclosure and Barring Service (DBS) and received a clear Enhanced Disclosure Certificate. SCC may require

persons employed or otherwise engaged by the suppliers to undertake other security checks in accordance with SCC's security procedures.

Climate change/carbon emissions implications

29. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
30. The supplier shall institute and maintain, in relation to its performance of the Services, a system of quality assurance. This will cover improvement planning and operation and an environmental management system designed to ensure that the Services are carried out in accordance with the Specification.

WHAT HAPPENS NEXT:

31. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	12 February 2014
10 Calendar day statutory Standstill Period	24 February 2014
Contract Signature	Week commencing 1 March 2014
Contract Commencement Date	1 April 2014

32. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the Standstill period.

Contact Officer:

Zoran Kahvo - Category Specialist 020 8541 9785,
Nick Layton - Compliance Manager (Property Business Services) 020 8541 9899

Consulted:

No Member or external consultation was necessary in this procurement. The SCC officer asbestos steering group, consisting of officers from Property Services, Children's Schools and Families and Business Services Health and Safety experts were consulted prior to and during tendering.

Annexes:

Part 2 Annex 1 attached as agenda item 21

Sources/background papers:

- Tender Evaluation Summary
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SURREY COUNTY COUNCIL**CABINET****DATE: 4 FEBRUARY 2014****REPORT OF: MR JOHN FUREY, CABINET MEMBER FOR TRANSPORT,
HIGHWAYS AND ENVIRONMENT****MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS
SERVICES****LEAD OFFICERS: TREVOR PUGH, STRATEGIC DIRECTOR ENVIRONMENT AND
INFRASTRUCTURE****JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS
SERVICES****SUBJECT: TRAFFIC CONTROL SYSTEMS - PROCUREMENT OF
INSPECTION AND MAINTENANCE****SUMMARY OF ISSUE:**

The County Council is required to manage its road network to ensure safety and to minimise congestion.

Traffic Control Systems are an essential tool in achieving this. They include: traffic signals at junctions, pelican, puffin, toucan, and equestrian crossings, variable message signs, fire station "wig wags", car park counting equipment, bridge height warning (secret) signs and rising bollards.

This report provides details of the procurement process to award two separate contracts for the Inspection and Maintenance of our Traffic Control Systems, including the results of the evaluation process, and in conjunction with the Part 2 report, demonstrates why the recommended contracts offer best value for money.

Due to the commercial sensitivity involved in the contracts award process, the names and financial details of the potential suppliers have been circulated as a Part 2 report for Members (agenda item 22).

This contract procurement does not relate in any way to the deployment of temporary traffic signals to safely manage traffic through road works activities. The deployment of such temporary signals is approved and coordinated by the Street works team using powers under Surrey's New Permit Scheme

RECOMMENDATIONS:

It is recommended that contracts are awarded to the preferred bidders as agreed on the basis set out in the Part 2 report (agenda item 22).

REASON FOR RECOMMENDATIONS:

Surrey County Council is required to inspect and maintain traffic control systems on its highway network across the county.

TD24/97 "All Purpose Trunk Roads Inspection and Maintenance of Traffic Signals and Associated Equipment" (Volume 8, Section 1, Part 2 of the Design Manual for Road and Bridges 1997), provides specific minimum requirements to which all

Highway Authorities must adhere.

A full tender process for the inspection and maintenance of Traffic Control Systems, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

DETAILS:

Background and Procurement Strategy

1. The procurement objectives are to ensure traffic control systems are safe for use by all road users, vehicles, cyclists, equestrians and pedestrians, fit for purpose, efficient (to keep congestion to a minimum), and provide value for money, with due consideration to the wider highway network and local environment.
2. This is a specialist service, provided by specialist contractors, of which there are a finite number in the UK. Historically within Surrey the contracts have been secured directly with these specialist contractors, apart from a short time within the Highways Partnership Contract when services were procured via Carillion. Substantial financial savings were made when withdrawing from the Carillion Contract and returning to contracts secured directly with the specialist contractors.
3. This contract procurement does not relate in any way to the deployment of temporary traffic signals to safely manage traffic through road works activities. The deployment of such temporary signals is approved and coordinated by the Street works team using powers under Surrey's New Permit Scheme.
4. To accommodate the two separate required terms of contract the preferred option was to let two separate contracts. Lot 1: the annual and electrical inspections of traffic control systems and Lot 2: the day to day maintenance, chargeable repairs and refurbishments, bulk lamp changing and maintenance inspections of traffic control systems, to best meet the periodic inspection regime required by DfT Standards and to enable adequate auditing of the performance of the maintenance contractor.
5. The Inspections contract will be for five years to accommodate the inspection frequency specified in the legislation and standards referred to above. All installations must be subjected to full electrical inspections at intervals of no more than six years. Surrey County Council Highway Services programme these at every five years to allow for slippage and a shorter contract term would not be able to accommodate the required programme.
6. It was also felt beneficial to have a 3+2 year maintenance contract as opposed a combined 5 years contract in order to incentivise maintenance performance
7. As part of the market and procurement analysis, SCC reviewed the opportunity to collaborate with neighbouring local authorities in the SE7 Region. All SE7 authorities were asked if they wished to be included in the tender process but none were in a position to tender at this time.

8. A joint Procurement and Project team was set up including representatives from, Surrey Highways, Surrey Procurement and Commissioning, and Legal Services. The contract(s) has been let as a competitive tendering exercise, using the OJEU Restricted Procedure.
9. Steps were taken to stimulate interest in the market, which was introduced to the supply base through a series of supplier engagements.
10. The procurement activity included a pre-qualification stage, where eight suppliers expressed an interest in the advertised tender opportunity. These suppliers were evaluated to ensure they had the legal, financial and technical capacity (including their health & safety and equal opportunities policies) to undertake the Contract. The results of this process were that of the eight suppliers who expressed an interest, five were short listed for the Maintenance contract and six for Inspections.
11. Given the limited size of the market the option to complete the tendering process by e-auction was rejected.
12. An invitation to tender was sent to all short listed suppliers. These tenders were then evaluated against the criteria and weightings in the part 2 report.

Key Implications

13. By awarding a contract to the supplier(s) recommended in the Part 2 report for the provision of Lot 1 Inspection and Lot 2 Maintenance of Traffic Control Systems to commence in April 2014, the Council will be meeting its duties and ensuring value for money.
14. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract, recorded on the Fault Management System and reviewed at monthly operations meetings;

Lot 1 KPIs	Type	Detail
KPI 1	Annual Inspections	Timely completion and administration
KPI 2	Electrical Inspections	Timely completion and administration
KPI 3	Street Works	Permit Application/adherence compliance
KPI 4	Street Works	Signing, lighting & guarding of works
KPI 5	Street Works	Reinstatement of the Highway

Lot 2 KPIs	Type	Detail
KPI 1	Routine Maintenance	Timely attendance and resolution
KPI 2	Routine Maintenance	Completion of jobs
KPI 3	Works	Timely attendance and resolution

KPI 4	Works	Completion of jobs
KPI 5	Maintenance Inspections	Timely completion and administration
KPI 6	Scheduled Optical Maintenance	Timely completion and administration
KPI 7	Street Works	Permit Application/adherence compliance
KPI 8	Street Works	Signing, lighting & guarding of works
KPI 9	Street Works	Reinstatement of the Highway

15. The management responsibility for the Contract lies with Surrey Highways and will be managed by the Traffic Signals team in line with the Contract Management Strategy and Plan as laid out in the contract documentation; initially withholding a percentage of monthly payments until satisfactory performance is recovered, and permanently retaining a percentage of payments if performance is not recovered within specified timescales.

CONSULTATION:

16. Stakeholders consulted at all stages of the commissioning and procurement process included Surrey Highways, Surrey Procurement and Commissioning and Legal Services.

RISK MANAGEMENT AND IMPLICATIONS:

17. The contract is the standard NEC3 form of contract. This allows the Council to terminate the contract with notice periods agreed with the Project Manager.
18. All short listed contractors successfully completed satisfactory financial checks as well as checks on competency in delivery of similar contracts at the pre-qualification stage.
19. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Failure to adhere to adequate inspection schedule and capital replacement/revenue maintenance programmes could result in litigation claims against the County Council should systems performance be seen as a contributory factor in personal injury, fatality,	Quality, specialist contractor appointed through robust contract procurement exercise. Regular monthly contract performance meetings to ensure adherence to works programmes and agree recovery actions if required. KPIs linked to contract payments to incentivise performance.

	loss of trade.	
Reputational	Successful supplier does not have necessary skills, experience and technical knowledge to satisfactorily complete the elements of the contract(s)	Tender process to include 40% quality element towards overall contract(s) award, including clarification meetings if any officer concerns remain post tender process.
Reputational	Poorly maintained traffic systems could increase delays and congestion, therefore discouraging businesses moving to Surrey, discouraging visitors, affecting tourism and retail, and reducing the county's ability to meet the requirements of the Traffic Management Act 2004.	Quality, specialist contractor appointed through contract procurement exercise. Regular monthly contract performance meetings to ensure adherence to works programmes and agree recovery actions if required. KPIs linked to contract payments to incentivise performance. Sound asset management programme in place to ensure correct allocation of spend.
Financial	Required works volumes exceed approved annual budget, limiting work volumes allocated to contractor, leading to a deteriorating on-street asset.	Robust monthly financial reporting/forecasting ongoing. Early bidding process commenced for required Capital refurbishment monies over the 5 year period of the contracts and annual review of required revenue maintenance budgets between Traffic Systems Officers and Finance Officers. Sound asset management programme in place to ensure correct allocation of all available funds, with officers constantly seeking best practise opportunities to save money, such as recycling spare component parts from decommissioned traffic signal heads.

Financial and Value for Money Implications

- 20. Full details of the contract value and financial implications are set out in the Part 2 report. The estimated costs have been based on previous work volumes over recent years.
- 21. The procurement activity has delivered a solution with identified savings.
- 22. Despite more robust Key Performance Indicators (KPI) reporting requirements and service levels in the new contract, the recommended bids achieve a decrease in the cost of the contracts.
- 23. Benchmarking information will be shared with East Sussex and other SE7 authorities.

Section 151 Officer Commentary

24. All material financial and business implications have been considered as part of this report. The expected costs and savings are set out in the paragraphs above and in paragraphs 35 and 37 of the Part 2 report.

Legal Implications – Monitoring Officer

25. Legal Services have advised upon and approved the terms of the contract.

Equalities and Diversity

26. All equipment used includes the appropriate additional facilities and design standards, as nationally specified, to accommodate those with sight and other physical impairments.
27. The recommendations continue the current service with some improvements e.g. in response times. There is no requirement for an Equality Impact Assessment (EIA).

Other Implications:

28. The successful contractor(s) will have access to and will provide maintenance for all items listed in the Site Inventory (and any new installations) as part of the operation of the contract.
29. At the end of the contractual term, ownership of the contract will remain with: Surrey County Council

WHAT HAPPENS NEXT

30. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award	4 February 2014
'Alcatel' Standstill Period	5 – 14 February 2014
Contract Signature	17 February 2014
Contract Commencement Date	1 April 2014

31. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

Contact Officer:

Peter Simmonds 0208 541 9936

Consulted:

Surrey Highways
Surrey Procurement and Commissioning
Legal Services
SE7 Authorities

Annexes:

Part 2 Annex attached as agenda item 22.

Sources/background papers:

- TD24/97 All Purpose Trunk Roads Inspection and Maintenance of Traffic Signals and Associated Equipment.
 - BS7671:2008 Requirements for Electrical Installations
 - IET Wiring Regulations Seventeenth Edition.
 - NEC 3 Term Service Contract April 2013
 - TD 07/07 Type Approval of Traffic Control Equipment
 - TA 12/07 Traffic Signals on High-Speed Roads
 - TA 16/07 General Principles of Control by Traffic Signals
 - TA 82/99 Installation of Traffic Signals and Associated Equipment
 - TA 84/06 Code of Practice for Traffic Control and Information Systems for All-Purpose Roads
 - TD 35/06 All Purpose Trunk Roads MOVA System of Traffic Control at Signals
 - TA 15/07 Pedestrian Facilities at Traffic Signal Installations
 - Safety at Street works and Road works Code of Practice
 - The Health & Safety at Work Act 1974
 - New Roads and Street works Act 1991 (NRSWA)
 - Traffic Signs Manual Chapter 8
 - Traffic Management Act 2004 (TMA)
 - The Management of Health and Safety at Work Regulations 1999
 - COSHH Regulations 2002
 - Provision and Use of Work Equipment Regulations 1998 (PUWER)
 - Working at Height Regulations 2005
 - The Health and Safety (Safety Signs and Signals) Regulations 1996
 - The Workplace (Health, Safety and Welfare) at Work regulations 1992
 - The Electricity at Work regulations 1989
 - The Waste (England and Wales) Regulations 2011, Environmental Protection Act 1990, Control of Pollution Act 1990
 - The Construction (Design and Management) Regulations 2007 (CDM)
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SURREY COUNTY COUNCIL

CABINET

DATE: 4 FEBRUARY 2014

REPORT OF: N/A

LEAD OFFICER: ANN CHARLTON, HEAD OF LEGAL AND DEMOCRATIC SERVICES

SUBJECT: LEADER/DEPUTY LEADER/CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING

**SUMMARY OF ISSUE:**

To note the delegated decisions taken by Cabinet Members since the last meeting of the Cabinet.

RECOMMENDATIONS:

It is recommended that the Cabinet note the decisions taken by Cabinet Members since the last meeting as set out in Annex 1.

REASON FOR RECOMMENDATIONS:

To inform the Cabinet of decisions taken by Cabinet Members under delegated authority.

DETAILS:

1. The Leader has delegated responsibility for certain executive functions to the Deputy Leader and individual Cabinet Members, and reserved some functions to himself. These are set out in Table 2 in the Council's Scheme of Delegation.
2. Delegated decisions are scheduled to be taken on a monthly basis and will be reported to the next available Cabinet meeting for information.
3. **Annex 1** lists the details of decisions taken by Cabinet Members since the last Cabinet meeting.

Contact Officer:

Anne Gowing, Cabinet Committee Manager, 020 8541 9938

Annexes:

Annex 1 – List of Cabinet Member Decisions

Sources/background papers:

- Agenda and decision sheets from the Cabinet Member meetings (available on the Council's website)

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CABINET MEMBER DECISIONS**JANUARY 2014****(i) PROPOSED EXPANSION: HYTHE PRIMARY SCHOOL FROM 1 TO 2 FORMS OF ENTRY****Details of decision**

That the proposal to implement the expansion of this school, as set out in the statutory notices, be approved.

Reasons for decision

The Local Authority has a statutory duty to ensure that there are sufficient school places in Surrey. Expansions have recently been commissioned at a number of primary schools in Runnymede including Darley Dene Infant School, Trumps Green Infant School, St Ann's Heath Junior School and Thorpe Church of England Infant School. Even with these additional places, most primary schools in Runnymede are expected to be full and to continue to be full in the future with more schools places needed. Pupil mapping data indicates that there are a large number of pupils living within the Egham and Hythe area and that further reception places will be required to keep up with demand.

(Decision of Cabinet Member for Schools and Learning – 15 January 2014)

(ii) EXPANSION: LYNE AND LONGCROSS COFE INFANT SCHOOL FROM 1 FORM OF ENTRY TO 1 FORM OF ENTRY PRIMARY SCHOOL FROM SEPTEMBER 2015**Details of decision**

That the proposal to implement the expansion of this school, as set out in the statutory notices, be approved.

Reasons for decision

The Local Authority has a statutory duty to ensure that there are sufficient school places in Surrey. Demand for school places has increased significantly in Runnymede in recent years and the Local Authority has commissioned projects at a number of primary schools to provide more places (Trumps Green Infant School, St Ann's Heath Junior School, Darley Dene Primary School, Thorpe Church of England Primary School, and the Hythe Primary School).

Even with these additional places, most primary schools in Runnymede are expected to be full and will continue to be full in the future. There is a need for more junior places in the area and this is an opportunity to create primary provision through a basic need project – a stated strategic policy of the Local Authority.

(Decision of Cabinet Member for Schools and Learning – 15 January 2014)

(iii) FINAL DETERMINATION OF A PROPOSAL TO CLOSE THE SPECIALIST CENTRE FOR SPEECH, LANGUAGE AND COMMUNICATION AT THE ECHELFORD PRIMARY SCHOOL, ASHFORD

Details of decision

That the proposed closure of the Specialist Speech, Language and Communications Needs (SLCN) Centre at Echelford Primary School, Ashford be approved, with effect from 31 January 2014.

(ii) Reasons for decision

Pending a final decision on the future of The Echelford Centre, and at the request of the Executive Head Teacher and Governing Body, there have been no admissions to the SLCN Centre since September 2013. Prior to this date there has been a legacy of unfilled places at the Centre. This is partly due to fewer SLCN pupils in Surrey requiring this sort of provision and partly due to operational difficulties. The Echelford School Governing Body has been unable to secure appropriate specialist teaching and leadership of the Centre after standards there were judged as being unsatisfactory by OFSTED. The proposed closure will enable the Executive Headteacher and Governing Body to concentrate on raising standards in the mainstream school which currently also requires special measures and has become an academy within the Lumen Learning Trust. More suitable and effective alternative provision has been identified for the six pupils formerly on roll at the Centre.

(Decision of Cabinet Member for Schools and Learning – 15 January 2014)

(iv) EXTENSION OF GRANT AGREEMENT FOR HEALTHWATCH SURREY

Details of decision

That the grant agreement for the provision of Healthwatch Surrey be extended for one additional year from 1 April 2014.

Reasons for decision

The Health and Social Care Act 2012 introduced a new role for local authorities in the co-ordination, commissioning and oversight of health and social care, public health and health improvement. This new role included a statutory duty to commission a local Healthwatch service from 1 April 2013.

The existing one year grant agreement awarded for the provision of Healthwatch Surrey comes to an end on 31 March 2014.

(Decision of Cabinet Member for Public Health and Health & Wellbeing Board – 15 January 2014)

(v) **COMMUNITY IMPROVEMENT FUND – PANEL
RECOMMENDATIONS**

Details of decision

That the proposed grant funding, totalling £423,237.00 set out in the attached annex be approved, and the position of the applications agreed within the previous meetings held on 11 September and 14 November 2013 be noted.

Reasons for decision

Approval of the proposed grant funding will enable the Community Partnerships Team to progress with facilitating the payments relating to the Community Improvements Fund.

(Decision of Leader of the Council – 16 January 2014)

ANNEX

Name and Description	Amount approved	Any Conditions relating to approval
17th Reigate Scout Group To build a new scout hall	£47,760	No additional conditions
A2 Dominion Group The Big Garden Project	£12,000	To be spent on the capital items of the project only
Betchworth Parish Council To construct an open sided oak framed shelter	£9,351	No additional conditions
Trustees of Chaldon Village Hall To provide improved access and reception area	£25,000	1) The funds only to be released once all other monies are in place and the project to ready to proceed. 2) Trustees to discuss with other main users to fund a proportion of the outstanding balance.
Chobham Recreation Ground Charitable Trust To replace four major items of play apparatus	£25,000	1) The funds only to be released once all other monies are in place and the project is ready to proceed. 2) A formal tender process is carried out to obtain best value and copies of three quotes are provided. 3) The work to be completed by May 2015
Egham Museum To renovate and refit Egham Museum and to renovate the entrance and main corridor of the Literary Institute.	£41,800	Funding agreed subject to: 1) A signed lease, of at least 25 years, to be in place. 2) Confirmation that all outstanding critical repairs to the building have been completed. 3) The museum confirm and accept guaranteed museum public opening arrangements for the next 2 years. 4) The Museum to confirm that they will fully comply with all fire and safety regulations after refurbishment in view of their plan to increase the number of visitors and make the Museum more amenable for research and visits by school children
Guildford City Youth Project To construct new dressing rooms	£6,000	No additional conditions
Lloyd Hall Management Committee To rebuild a new community hall in Outwood	£40,000	The funds only to be released once all other monies are in place and the project is ready to proceed.
Runnymede Foodbank To provide a platform lift to carry both goods and people to the first floor	£18,472	The funds only to be released once: 1) The lease has been signed by The Community Life Trust allowing Runnymede Foodbank free use of the space. 2) The relevant planning permissions for change of use are in place. 3) A full structural survey, by a qualified engineer has been undertaken to confirm that the ceiling will take the relevant loading, and a signed copy of this survey is provided to the Community Partnerships Manager..

<p>Skaterham (CR3) Youth Project To replace the old lighting with LED lights, to replace the CCTV system and update the Fire Protection system.</p>	<p>£21,300</p>	<p>As many of the users reside in Croydon, the applicants may wish to consider approaching the London Borough of Croydon for a contribution towards the project.</p>
<p>St Annes Catholic Primary School To provide an all weather sports surface</p>	<p>£48,000</p>	<p>1) Funding only to be released once the relevant planning permission is in place. 2) That there is a clear binding agreement by the school to opening up the MUGA to the community, for a period of at least 15 years, and that a user friendly booking system for 12 months of the year is set up to the satisfaction of the Community Partnerships Manager in consultation with the Community Improvements Panel. 3) That the drainage works on the field are carried out in advance of any works taking place.</p>
<p>St Clare's Church (CofE) Parish of Westborough Improvements to sustain a community hall</p>	<p>£20,000</p>	<p>The funds only to be released once all other monies are in place and the project is ready to proceed.</p>
<p>St Mary Oatlands Church Community Centre Upgrade facilities for two community halls</p>	<p>£44,000</p>	<p>No additional conditions.</p>
<p>Tatsfield Community Composting Scheme under the auspices of Tatsfield Horticultural Society To purchase a more powerful shredder for the composting scheme</p>	<p>£14,554</p>	<p>No additional conditions.</p>
<p>Woking Borough Council in partnership with Horsell Common Preservation Society To create a community memorial garden at the site of the Muslim Burial Ground</p>	<p>£50,000</p>	<p>The funds only to be released once planning approval has been granted.</p>

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