

# Cabinet – Supplementary Agenda

**Date & time**

Tuesday, 13  
December 2016 at  
2.00 pm

**Place**

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

**Contact**

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**Chief Executive**

David McNulty

**We're on Twitter:**

@SCCdemocracy

**Cabinet Members:** Mr David Hodge, Mr Peter Martin, Mrs Helyn Clack, Mrs Clare Curran, Mr Mel Few, Mr John Furey, Mr Mike Goodman, Mrs Linda Kemeny, Ms Denise Le Gal and Mr Richard Walsh

**Cabinet Associates:** Mr Tony Samuels, Mr Tim Evans, Mrs Kay Hammond and Mrs Mary Lewis

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**9 THE PROVISION OF INDEPENDENT ADVOCACY SERVICES IN SURREY - APPROVAL TO AWARD A CONTRACT**

(Pages 1 - 10)

This report seeks approval to award a contract for the provision of Independent Advocacy Services in Surrey as detailed in the recommendations to commence on 1 April 2017. The service is jointly funded by Adult Social Care, Public Health and Surrey Clinical Commissioning Groups.

Awarding the contract for Independent Advocacy Services will allow Surrey County Council to meet its statutory requirements under the Care Act 2014 and the Mental Health Act 1983 across a range of age groups, needs and settings. This includes young people in transition to adult services, older people, adults with disabilities, including carers, those with sensory impairments, learning difficulties, autism, physical disabilities, mental health issues and individuals with limited capacity, for example, with dementia or head injury.

The report provides details of the procurement process, including the results of the tender evaluation, engagement and consultation and, in conjunction with the Part 2 report, demonstrates why the recommended contract award delivers best value for money and contributes to the strategic goals of Wellbeing, Economic Prosperity and Resident Experience to ensure Surrey's economy remains strong and sustainable and the service meets the needs of residents in Surrey.

N.B. There is a Part 2 report containing exempt information – item 24.

*[The decisions on this item may be called in by either the Council Overview Board or the Social Care Services Board]*

**10 FINANCE AND BUDGET MONITORING REPORT TO 30 NOVEMBER 2016**

(Pages 11 - 34)

The Council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the Council's financial position as at 30 November 2016 (month eight).

Given the large forecast variance reported as at 30 September 2016 and despite the improvement reported as at 31 October 2016, the Section 151 Officer remains of the view that the financial situation facing the Council is serious and has instigated a series of actions by each service director to get the budget back into balance.

The annex to this report gives details of the Council's financial position and will be circulated separately prior to the Cabinet meeting.

*[The decisions on this item can be called in by the Council Overview Board]*

**19 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING**

(Pages 35 - 44)

To note any delegated decisions taken by the Leader, Deputy Leader and

Cabinet Members since the last meeting of the Cabinet.

The annex for this item will be circulated prior to the Cabinet meeting.

**David McNulty**  
**Chief Executive**

Tuesday, 13 December 2016

### **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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**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 13 DECEMBER 2016**

**REPORT OF: MR MEL FEW, CABINET MEMBER FOR ADULT SOCIAL CARE,  
WELLBEING AND INDEPENDENCE**

**LEAD OFFICER: HELEN ATKINSON, STRATEGIC DIRECTOR ADULT SOCIAL  
CARE AND PUBLIC HEALTH**

**SUBJECT: APPROVAL TO AWARD A CONTRACT FOR THE PROVISION  
OF INDEPENDENT ADVOCACY SERVICES IN SURREY**



**SUMMARY OF ISSUE:**

This report seeks approval to award a contract for the provision of Independent Advocacy Services in Surrey as detailed in the recommendations to commence on 1 April 2017. The service is jointly funded by Adult Social Care, Public Health and Surrey Clinical Commissioning Groups.

Awarding the contract for Independent Advocacy Services will allow Surrey County Council to meet its statutory requirements under the Care Act 2014 and the Mental Health Act 1983 across a range of age groups, needs and settings. This includes young people in transition to adult services, older people, adults with disabilities, including carers, those with sensory impairments, learning difficulties, autism, physical disabilities, mental health issues and individuals with limited capacity, for example, with dementia or head injury.

The report provides details of the procurement process, including the results of the tender evaluation, engagement and consultation and, in conjunction with the Part 2 report, demonstrates why the recommended contract award delivers best value for money and contributes to the strategic goals of Wellbeing, Economic Prosperity and Resident Experience to ensure Surrey's economy remains strong and sustainable and the service meets the needs of residents in Surrey.

Due to the commercial sensitivity involved in the contract award process, the detailed evaluation report and financial details of the successful provider has been circulated as a Part 2 report.

**RECOMMENDATIONS:**

It is recommended that the contract is awarded to the recommended provider for three years from 1 April 2017 with an option to extend for up to one year. Details of the award and the contract value are contained in the Part 2 report.

**REASON FOR RECOMMENDATIONS:**

The current contractual agreements will expire on 31 March 2017. A full tender process, in compliance with the requirement of Public Contract Regulations and

Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

The newly commissioned service represents a substantial change of direction for the Council moving towards a more focussed advocacy service in Surrey.

The service will be delivered in Surrey from local bases and will provide apprenticeship opportunities to Surrey Young People whilst delivering efficiencies for the Council.

Refocussing the way that advocacy is delivered under the new contract will allow a 50% reduction in spend, meeting the Councils need to make savings.

## **DETAILS:**

### **Background**

1. Advocacy is defined as:

*“Taking action to help people say what they want, secure their rights, represent their interests and obtain services they need. Advocates and advocacy schemes work in partnership with the people they support and take their side. Advocacy promotes social inclusion, equality and social justice”.*  
*Source: A4A Advocacy Charter 2002.*

2. It is Surrey County Council's legal obligation under the Mental Health Act 1983 and the Care Act 2014 to provide independent advocacy that supports people to be involved in decisions about their care. No matter how complex a person's needs, local authorities are required to help people express their wishes and feelings, support them in weighing up their options, and assist them in making their own decisions. This duty to provide advocacy applies from the point of first contact with the local authority and at any subsequent stage of the assessment, planning, care review, safeguarding enquiry or safeguarding adult review.
3. In addition, the Care Act (2014) also placed a new duty on local authorities with regards to people in custody. Adults in custody are entitled to the support of an independent advocate during needs assessments and care and support planning and reviews of plans if they would have significant difficulty in being involved in the process, as in the community. They are also entitled to support of an advocate to make a complaint.
4. This statutory provision will include:
  - Advocacy for people who are detained under the Mental Health Act (in line with statutory legislation and will include those detained under Part 2 of the Mental Health Act such as those under section, guardianship, community treatment order (CTO) or Part 3 of the Mental Health Act such as those under section 37/41, 47 and 48 and will provide elements of IMHA, DOLS and Care Act advocacy)
  - Advocacy for people who are in Prison or approved premises (in line with statutory legislation and best practice guidance and will include Care Act advocacy)
  - Advocacy for people who have substantial difficulty understanding: (in line with statutory legislation and best practice guidance and will include Care

Act advocacy, Continuing Health Care, safeguarding support and child and young carer's assessment. It will apply equally to carers in accordance with the parity they are given in the Care Act.)

- Advocacy for young people (in line with statutory legislation and best practice and will extend Care Act Advocacy to young people moving from children's to adult's services.)
5. SCC will enable this support by commissioning a lead provider to deliver a single integrated advocacy service.
  6. This approach will ensure quality and value for money in the delivery of these statutory services by:
    - Combining previous multiple contracts into a single contract that provides 'back office' efficiencies, and streamlining a number of contract additions that have arisen as new legislation has come into force. This streamlined approach will also provide a single point of access for advocacy support, making it easier for residents to get the help they are entitled to.
    - Being clear on the purpose of advocacy and ensuring effective signposting to information and advice services for those not eligible for advocacy support.
    - Proactively raising awareness of advocacy in Surrey, so that increasing numbers of residents can access the advocacy support they are entitled to, and so improving the value for money over the life of the contract.
    - Including social value in the provision, to secure additional benefits for communities.
  7. The key focus of the new contract is on statutory provision with some discretionary advocacy support services for those on the cusp of requiring adult social care intervention.
  8. These services will be provided to anyone over 16 years of age who faces reasonable difficulty or substantial stigma in being involved in planning and reviewing their support and who is a carer, has care and support needs, is accessing mental health support, substance misuse treatment or living with a long term condition such as HIV; or is at high risk of developing further care needs unless preventative action is taken.

The discretionary advocacy support will focus on the issues most likely to impact on the individual's financial and personal independence, such as their access to housing, benefits, debt resolution and employment. This should allow individuals to remain independent for longer and prevent, reduce or delay the need for adult social care support, allowing Surrey County Council to provide better outcomes for residents at lower cost in the longer term.

9. All other residents in Surrey, with or without care and support needs will be able to access the general information and advice services provided within Surrey under our Care Act duty. It will be a duty of the new advocacy provider to signpost individuals not eligible for advocacy support on to other information and advice support options.

## **Procurement Strategy and Options**

10. The existing agreements for the provision of advocacy services will expire on 31 March 2017.
11. A single stage 'open' tender procedure compliant with the European Public Procurement Regulations, the Public Services (Social Value) Act 2012 and Procurement Standing Orders, has been carried out, including advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 8 September 2016.
12. The steering group evaluated the current advocacy service which informed the new service specification. To facilitate this review a concept day was held and attended by a number of agencies, service users and carers alongside CCG commissioners.
13. Several options were reviewed when completing the Strategic Sourcing Plan (SSP) prior to commencing the procurement activity. These were:
  - a. Re-commission separate contracts based on existing model
  - b. Commission all advocacy requirements together with a refocused specification.
14. After a full and detailed options analysis it was decided to undertake single tender process as the most efficient and cost effective way to approach the provider market.
  - Option (a) was rejected as the existing process resulted in duplication of services and a referral process which was not person centred. Commissioning contracts from differing providers would not facilitate the streamlining of services or generate efficiencies via economies of scale and such arrangements could impact negatively upon continuity of care.
  - Option (b) was chosen as the one delivering best value for the Council and enabling the provision of advocacy in Surrey in line with our statutory obligations. The revised specification will ensure advocacy services are provided in the most seamless way possible, which will improve the user experience, make it simple for people to access the advocacy support needed and provide the most sustainable and flexible model of provision.  
The recommissioning process allowed an opportunity to design a new streamlined model, reduce duplication, handovers and bureaucracy as well as incentivise providers to increase the number of people accessing advocacy support, particularly amongst the most vulnerable.
15. A joint procurement and project team was set up to manage the process which included representatives from Adult Social Care, Public Health, Procurement, Clinical Commissioning Groups and the Surrey Coalition of Disabled People.

#### **Use of e-Tendering and market management activities**

16. An electronic tendering platform was used enabling the tender process to be as accessible as possible. e-Tendering Systems facilitate the complete tendering process from the advertising of the requirement through to the placing of the contract. This enables providers and the Council to be more efficient as paper-based transactions are reduced or eliminated.
17. An electronic auction (eAuction) is a procurement tool that uses web-based software to allow potential suppliers to compete online, in real time, to provide



prices for the goods/services under auction. The e-auction process was not deemed appropriate for this tender as the evaluation criteria were heavily weighted towards quality.

18. A provider engagement event was held on 2 September 2016 to stimulate interest, raise awareness of the services and explain the tendering process to be used.

### **Key Implications**

19. By awarding a contract to the supplier recommended for the provision of advocacy services in Surrey to commence on 1 April 2017, the Council will be meeting its duties under the Mental Health Act and the Care Act and ensuring local residents receive preventative support that will help secure the best outcomes for them at lower cost in the longer term.
20. The contract management responsibility lies with Senior Commissioning Manager, Adult Social Care. The new contract will be managed in line with the Contract Management Strategy and plan as laid out in the contract documentation which also provides for review of performance and costs.
21. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract and reviewed at quarterly performance monitoring meetings.
22. Social Value requirements were incorporated as part of the tender process. Bidders were required in their tender submissions to provide details of how they would implement and deliver the commitments made in their Employment and Skills Plan (ESP), including opportunities that would be offered within the local area and over the term of the contract via work experience placements, apprenticeships and work with priority groups including employment of those currently Not in Education, Employment and Training (NEET).
23. The provider recommended for award has given a contractual commitment which includes:
  - Developing the workforce from within by providing opportunities such as: placements, volunteering, mentoring, peer work as a stepping stone to future qualifications and employment as well as enhancing wellbeing.
  - Working with local businesses to 'sponsor' activities, fundraise, or provide resources, (human and equipment) as part of a community development approach.
  - Providing social value by using local services, goods, facilities, and businesses within the Boroughs and Districts.

### **Competitive Tendering Process**

24. Different routes to market were considered before tendering was carried out. It was decided that the open procedure was appropriate to encourage more providers to bid for the service. Providers were given 30 days to complete and submit their tender.
25. Tender submissions were initially evaluated against selection criteria including Good Business Standing, Insurance Requirements and Financial Information, which all providers passed. Responses were then evaluated against the quality

criteria and their weightings as shown below. As the tender was conducted with a fixed financial envelope the value for money was set at 15% to reflect this. Value was evaluated against bidders' proposals on how they would reach more people and/or deliver more service throughout the life of the contract and within the budget envelope.

Award Criteria	Weighting
Quality	80%
Value for Money	15%
Social Value	5%
<b>Total</b>	<b>100%</b>

26. Further detail regarding the tender evaluation is outlined in the Part 2 report.

#### **CONSULTATION:**

27. A consultation exercise - 'Have Your Say on Advocacy Services in Surrey' - gave a number of opportunities for stakeholders to co-design the specification for the advocacy service. These opportunities included:

- Survey – provided online and by mail, used by individuals and some groups such as Surrey self-advocacy groups. Current advocacy providers were encouraged to use it with their clients and stakeholders shared the survey widely through existing networks. The current advocacy services are monitored by a panel which includes people who use the service. This panel co-designed the survey questions.
- Workshop – approximately 50 people attended the workshops where discussion groups reflected on the new proposed service. This included users and representatives of carers, people with learning disabilities, people with Autism, people with physical disabilities, those with sensory impairment or loss, people with long term conditions such as HIV and people from stigmatised communities such as the Gypsy, Roma Traveller community.

28. The tender evaluation was undertaken by a panel including people who use advocacy services and carers, commissioners from health and social care, senior social workers and procurement.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

29. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Services do not deliver quality outcomes expected to demonstrate increased value for money	The winning bidder committed to increased levels of activity in their bid responses. Key Performance Indicators will be in place and monitored in quarterly review meetings. Finance have been engaged from the outset.
	Potential risk that during the contract life the providers will request an increase against the annual service delivery cost.	The annual cost of the contract is fixed for the duration of the contract.
	The budget for advocacy could change over the contract period	We have included a standard break clause in the terms and conditions if the budget is removed or reduced.  The contract includes a 'Termination Clause' which will allow the Council to terminate the contract with six months' notice should priorities change.
Reputational	Reduction in discretionary support provided, at a time when other preventative and discretionary services are also being reconfigured or reduced.	The new provider will signpost Surrey residents not eligible for independent advocacy services to other local information and advice support options.  Impact assessment was completed.  Contract established with three month lead time to allow review of client eligibility in preparation for new contract.
	Data Protection or Safeguarding breach	The 'Termination Clause' will allow the Council to terminate the contract immediately in the event of a safeguarding or data protection breach.
Service Delivery	Quality of service delivered does not meet objectives and needs.	Strong contract management and quarterly contract review meetings.
	The successful Provider goes into administration and/or cease to exist therefore unable to deliver services.	The recommended bidder successfully completed satisfactory financial checks.  The contract includes an Exit Plan for commissioners to follow and ensure smooth transition to a new arrangement.

## Financial and Value for Money Implications

30. The procurement activity has delivered a solution with savings of £452,502 per annum against the current budget. £324,543 of these savings are attributable to Adult Social Care. The full funding figures are contained within the Part 2 report.
31. Surrey & Borders NHS Trust transferred responsibility for Mental Health advocacy to Surrey County Council in 2012 and contributed a fixed funding pot with a planned expiry.
32. No contractual obligation to award an inflationary increase has been agreed.
33. The Adult Social Care savings have been achieved through:
  - Prioritising SCC's statutory duties and ensuring these are delivered in the most seamless and efficient way;
  - Reducing and refocussing the discretionary advocacy provided to those most at risk, and areas that most impact their personal and financial independence;
  - Reviewing with people who could use the service the current provision and how this could be delivered in a more cost effective way;
  - Combining two separate existing contracts into a single contract that provides back office efficiencies; also streamlining a number of contract additions that have arisen as new legislation came into force. This streamlined approach will also provide a single point of access for advocacy support, making it easier for residents to get the help they are entitled to;
  - Being clear on the purpose of advocacy and eligibility and ensuring those who are not eligible are effectively signposted to other forms of support, in line with our Care Act duty to provide information and advice;
  - Encouraging providers to consider cost effective models of operation, such as the use of volunteers, and embedding social value in their provision, to secure additional benefits for communities.
34. The new contract will provide efficiencies detailed above as well as an improvement in the Key Performance Indicators (KPI) reporting requirements and the service levels being delivered under the contract.
35. The new contract will include specific Key Performance Indicators (KPI) reporting requirements to demonstrate increased numbers of referrals and improved outcomes. The provider has committed to increase the numbers of people supported over the new contract period.
36. In compliance with the Public Services (Social Value) Act 2012 social value which encompasses the additional social, economic and environmental benefits leveraged from public sector spend was considered and included within this procurement process. Details of the social value commitment secured are set out in the Part 2 report.
37. Full details of the contract value and financial implications are set out in the Part 2 report.

### **Section 151 Officer Commentary**

38. The County Council is facing a very serious financial situation, whereby it is forecasting a significant revenue budget overspending in this year, and does not have a balanced nor sustainable budget plan for future years. Although this planned expenditure has been included within the current Medium Term Financial Plan, agreeing to this recommendation will reduce the Council's options to balance the budget in the future.
39. It is noted though that the proposal to award new advocacy contracts to a single provider will deliver efficiencies meaning that services will be delivered at less than half the price of the current contracts.

### **Legal Implications – Monitoring Officer**

40. The procurement complies with the Public Contract Regulations 2015 and with the Council's Procurement Standing Orders.
41. The market for suppliers was tested by advertising the Council's requirement for advocacy services in the Official Journal of the European Union. Any potential supplier was able to submit a tender. The evaluation identified a winning bidder that provides best value.

### **Equalities and Diversity**

42. An equalities impact assessment has been written and is available as Annex 1 to this report.
43. The Contract 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 stipulate that the provider will comply with the Council's Safeguarding Adults and Children's Multi-Agency procedures, any legislative requirements, guidelines and good practice as recommended by the Council. This will be monitored and measured through the contractual arrangements.
45. The service will operate a client centred approach, working collaboratively with other Health and Social Care Services.

### **WHAT HAPPENS NEXT:**

46. The timetable for implementation is as follows:

<b>Action</b>	<b>Date</b>
Cabinet decision to award (including 'call in' period)	19 December 2016
'Alcatel' Standstill Period	19 – 29 December 2016
Contract Signature	1 March 2017
Contract Commencement Date	1 April 2017

47. 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.
  48. The Council will work closely with the successful provider to ensure a smooth transition from current provisions of the services.
  49. The new provider will be required to work with the current providers with regards to the transfer of staff under the Transfer of Undertakings (Protection of Employment) Regulations 2006) to ensure the continuity of staff for current service users and the successful transfer of the services.
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**Contact Officer:**

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**Consulted:**

Laura Forzani, Head of Procurement and Commissioning  
Anna Tobiasz, Category Manager – ASC  
Sonya Seller, Area Director ASC  
Daryl Mogridge, Senior Principal Accountant  
Anna Price, Senior Accountant  
Wil House, Finance Manager  
Mike Pattrick, Legal Services  
Surrey Coalition of Disabled People

**Annexes:**

Annex 1 - Equality Impact Assessment  
Part 2 Report – Commercial details and agreement award

**Sources/background papers:** None

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**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 13 DECEMBER 2016**

**REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL**

**LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE**

**SUBJECT: FINANCE AND BUDGET MONITORING REPORT TO  
30 NOVEMBER 2016**



**SUMMARY OF ISSUE:**

The Council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the Council's financial position as at 30 November 2016 (month eight).

Given the large forecast variance reported as at 30 September 2016 and despite the improvement reported since then, the Section 151 Officer remains of the view that the financial situation facing the Council remains serious and has instigated a series of actions by each service director to get the budget back into balance.

The annex to this report gives details of the Council's financial position.

**RECOMMENDATIONS:**

Cabinet is asked to note the following.

1. Forecast revenue budget outturn for 2016/17 is +£6.1m overspend, down from £15.0m last month (Annex, paragraph 1).
2. Forecast efficiencies and service reductions for 2016/17 is £62.9m, the same as last month (Annex, paragraph 45).
3. The Section 151 Officer's commentary and the Monitoring Officer's Legal Implications commentary (paragraphs 16 to 20).

**REASON FOR RECOMMENDATIONS:**

This report is presented to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval and action as necessary.

<b><u>DETAILS:</u></b>
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### **Revenue budget overview**

1. Surrey County Council set its gross expenditure budget for the 2016/17 financial year at £1,686m. A key objective of MTFP 2016-21 is to increase the council's overall financial resilience. As part of this, the Council plans to make efficiencies totalling £83m.
2. The budget monitoring report to 30 September 2016 showed a forecast year end overspend of +£22.4m. Services agreed the actions set out overleaf to manage the council's financial position with the aim of bringing the budget back into balance by the end of the financial year. During October and November 2016, services' planned actions reduced the forecast overspend to +£6.1m.
  - The Chief Executive and Director of Finance have agreed a series of actions with service directors and are meeting regularly to review progress.
  - All services are reinforcing an approach to reviewing all spending in year.
  - All services are reviewing all options to identify how they can manage service demands more effectively.
  - Cabinet will, wherever sensible, not agree further spend commitments until a balanced budget is assured and progress towards a sustainable Medium Term Financial Plan (MTFP) made.
3. The Council aims to smooth resource fluctuations over its five year medium term planning period. To support the 2016/17 budget, Cabinet approved use of £24.8m from the Budget Equalisation Reserve and carry forward of £3.8m to fund continuing planned service commitments. The Council currently has £21.3m in general balances.
4. In February 2016, Cabinet approved the Council's Financial Strategy 2016-21. The Financial Strategy aims to:
  - secure the stewardship of public money;
  - ensure financial sustainability and
  - enable the transformation of the council's services.

### **Capital budget overview**

5. Creating public value by improving outcomes for Surrey's residents is a key element of the Council's corporate vision and is at the heart of MTFP 2016-21's £651m capital programme, which includes £237m spending planned for 2016/17.

### **Budget monitoring overview**

6. The Council's 2016/17 financial year began on 1 April 2016. This budget monitoring report covers the financial position at the end of the eighth month of 2016/17 (30 November 2016). The report focuses on material and significant issues, especially monitoring MTFP efficiencies. The report emphasises proposed actions to resolve any issues.



7. The Council has implemented a risk based approach to budget monitoring across all services. The approach ensures the Council focuses effort on monitoring those higher risk budgets due to their value, volatility or reputational impact.
8. A set of criteria categorise 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, which relates to the type of activities and data monitored (this includes the proportion of the budget spent on staffing or fixed contracts - the greater the proportion, the lower the complexity);
  - volatility, which is the relative rate that either actual spend or projected spend moves 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 the current year); and
  - political sensitivity, which 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).
9. Managers with high risk budgets monitor their budgets monthly, whereas managers with low risk budgets monitor their budgets quarterly, or more frequently on an exception basis (if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower).
10. Annex 1 to this report sets out the Council's revenue budget forecast year end outturn as at 30 November 2016. The forecast is based upon year to date income and expenditure and financial year end projections using information available as at 30 November 2016.
11. The report provides explanations for significant variations from the revenue budget, with a focus on 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 variances over 2.5% may also be material.
12. Annex 1 to this report also updates Cabinet on the Council's capital budget. Appendix 1 provides details of the MTFP efficiencies, revenue and capital budget movements.

<b><u>CONSULTATION:</u></b>
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13. All Cabinet Members will have consulted their relevant director or head of service on the financial positions of their portfolios.

### **RISK MANAGEMENT AND IMPLICATIONS:**

14. Risk implications are stated throughout the report and each relevant director or head of service 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**

15. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus.

### **Section 151 Officer Commentary**

16. The Section 151 Officer confirms the financial information presented in this report is consistent with the Council's general accounting ledger and forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.
17. In light of the large forecast variance reported as at 30 September 2016 and despite the improvement reported as at 31 October 2016, the Section 151 Officer remains of the view expressed in her Budget Report to the Council in February 2016 that the financial situation facing the Council is serious and the Council needs to apply appropriate strategies to manage expenditure.
18. The Chief Executive and Director of Finance have agreed a series of actions with service directors to recover the position in year and are meeting regularly with the directors to monitor the effectiveness of these actions. Progress will be reported in each subsequent budget monitoring report to Cabinet.
19. As well as these actions to bring the in-year budget back into balance, each directors is reviewing their service approaches to manage down the financial consequences for future years.

### **Legal Implications – Monitoring Officer**

20. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available. In view of the situation reported as at 30 September 2016, Cabinet should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget she must formally draw this to the attention of the Cabinet and Council and they must take immediate steps to ensure a balanced in-year budget.

### **Equalities and Diversity**

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

<b><u>Other Implications:</u></b>
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22. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Public Health	No significant implications arising from this report.
Climate change	No significant implications arising from this report.
Carbon emissions	No significant implications arising from this report.

<b><u>WHAT HAPPENS NEXT:</u></b>
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23. The relevant adjustments from the recommendations will be made to the council's accounts.

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**Contact Officer:**

Sheila Little, Director of Finance  
020 8541 7012

**Consulted:**

Cabinet, strategic directors, heads of service.

**Annexes:**

- Annex 1 – Revenue budget, staffing costs, efficiencies, capital programme.
- Appendix 1 – Service financial information (revenue and efficiencies), revenue and capital budget movements.

**Sources/background papers:**

- None
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## Budget monitoring period eight 2016/17 (November 2016)

### Summary recommendations

Cabinet is asked to note the following.

1. Forecast revenue budget outturn for 2016/17 is +£6.1m overspend, down from £15.0m last month (paragraph 1).
2. Forecast efficiencies and service reductions for 2016/17 is £62.9m, the same as last month (paragraph 45).
3. The Section 151 Officer's commentary and the Monitoring Officer's Legal Implications commentary (main report, paragraphs 16 to 20).

### Revenue summary

The +£6.1 m forecast overspend at as 30 November 2016 represents a further -£8.9m improvement on the position forecast as at 31 October 2016 and -£16.3m improvement on the unprecedented +£22.4m overspend forecast as at 30 September 2016.

-£8.0m of the improvement in the forecast outturn position since 31 October 2016 is due to a change in the council's minimum revenue provision (MRP) for amounts set aside for repayment of loans (paragraph 25).

Despite its significant improvement, the council still forecasts to overspend in 2016/17 and in a year when the council has also planned its largest ever use of reserves (£24.8m) to support its revenue budget. The underlying cause of the service overspend arises from several significant funding and demand pressures. Significantly, September's forecast overspend closely matches the "shock" reduction in 2016/17 Revenue Support Grant the Government imposed upon the council early in 2016.

The council has taken action to bring the 2016/17 budget back into balance including:

- the Chief Executive and Director of Finance have agreed a series of actions with service directors and are meeting regularly to review progress;
- all services are reinforcing an approach to reviewing all planned spending in year;
- all services are reviewing all options to identify how they can manage service demands more effectively; and
- Cabinet will, wherever sensible, not agree further spend commitments until a balanced budget is assured and progress towards a sustainable Medium Term Financial Plan (MTFP) is made.

However, it is still early for services to have gathered sufficient evidence to report progress and evaluate properly the impact of their actions and measures to reduce expenditure.

In February 2016 Surrey County Council set its Medium Term Financial Plan (MTFP) 2016-21, including £1,686m revenue gross expenditure budget for the 2016/17 financial year. The 2016/17 budget includes measures determined at short notice aimed at mitigating the impact of the shock funding reduction by Government. A key objective of MTFP 2016-21 is to increase the council's overall financial resilience. This plan includes making efficiencies totalling £82.9m during 2016/17. As at 30 November 2016, the council forecasts achieving £62.9m efficiencies, the shortfall is largely due to rising demographic demand affecting delivery of efficiency plans.

While the council's financial position has improved substantially over the last two months, the +£6.1 m forecast revenue budget overspend remains significant. The Section 151 Officer maintains the view expressed in her Budget Report to the County Council in February 2016 that the council's financial situation is serious. Previous Cabinet reports have reported that the 2016/17 budget is balanced, but not yet sustainable in future years.

This report reiterates that the current year's budget is no longer balanced and the cost, demand (such as the growth across the whole health and social care system in Surrey and care for looked after children) and funding pressures the council had expected to meet from 2017/18 onwards are already having a significant and detrimental impact on the council's finances.

The net overspend mainly relates to:

- +£20.9m net forecast overspend in Adult Social Care, largely due to demand and price pressures preventing the service from achieving its demanding £55m savings target (paragraphs 11 to 17);
- +£5.6m overspend in Children's Services due to demand (paragraphs 18 to 22); and
- +£1.2m overspend in Schools & SEND (Special Educational Needs & Disabilities) largely due to +£4.0m overspend on services funded by the SEND high needs block element of Dedicated Schools Grant (DSG) (paragraph 23).

partially offset by

- -£1.0m underspend in Commissioning & Prevention (paragraph 24);
- -£13.6m underspend in Central Income and Expenditure from revisions to MRP, higher Investment Strategy income and reduced interest charges (paragraphs 25 and 26);
- -£1.5m underspend in Local Taxation from higher retained business rates income (paragraph 27)
- -£1.7m additional savings in Property (paragraph 28); and
- -£1.0m additional savings from the council's contribution to Orbis Joint Operating Budget (paragraph 29).

In addition, DSG, Children's Services, Environment & Planning, Highways & Transport and Finance outline areas to be aware of that could become significant (paragraphs 31 to 35).

The council forecasts achieving £62.9m against its £82.9m efficiencies target. Adult Social Care forecasts £21.8m shortfall in achieving its savings target for reasons outlined below in paragraph 15 and Environment & Planning anticipates £1.1m savings shortfall from projects to optimise waste management.

To support 2016/17, Cabinet approved use of £24.8m from reserves and carry forward of £3.9m to fund continuing planned service commitments. The council currently has £21.3m in general balances.

In February 2016, Cabinet approved the council's Financial Strategy 2016-21. The Financial Strategy aims to:

- secure the stewardship of public money;
- ensure financial sustainability and
- enable the transformation of the council's services.

## Capital summary

Creating public value by improving outcomes for Surrey's residents is a key element of Surrey County Council's corporate vision and it is at the heart of its £638m capital programme in MTFP 2016-21. As at 30 November 2016, services forecast spending £139m against the £153m current 2016/17 budget and £237m in total, including long term investments.

As part of increasing the council's overall financial resilience, it plans net £98m investment in long term capital investment assets in 2016/17 to add to the £120m invested in the period to 31 March 2016 (paragraphs 53 and 54).

## Revenue budget

### Overview

1. As at 30 November 2016, the year to date revenue budget variance is +£0.4m overspend and forecast year end budget variance is +£6.1m overspend (down from +£15.0m as at 31 October 2016).
2. The overall forecast overspend is mainly due to overspends of: +£21.0m in Adult Social Care, +£5.6m in Children's Services and +£1.2m in Schools & SEND. These are partially offset by: -£13.6m in Central Income & Expenditure, -£1.5m in Local Taxation, -£1.7m in Property Services, -£1.0m against the Orbis Joint Operating Budget, -£1.0m in Commissioning & Prevention and other smaller underspends.
3. The +£6.1m forecast budget variance remains significant. The Section 151 Officer maintains the view that the council's financial situation is serious. Previous Cabinet reports have reported the 2016/17 budget as balanced, but the council's budgets were not yet sustainable in future years. This report highlights that the current year's budget is no longer balanced, and the cost, demand and funding pressures the council had expected to face from 2017/18 onwards are already having significant and detrimental impact on the council's finances.
4. The following actions have been agreed to manage this position with the aim of bringing the budget back into balance by the end of the financial year:
  - the Chief Executive and Director of Finance have agreed a series of actions with service directors and are meeting regularly to review progress;
  - all services are reinforcing an approach to reviewing all planned spending in year;
  - all services are reviewing all options to identify how they can manage service demands more effectively; and
  - Cabinet will, wherever sensible, not agree further spend commitments until a balanced budget is assured and progress towards a sustainable MTFP made.
5. All services have committed to reduce expenditure including:
  - freezing recruitment where possible;
  - reducing meetings and attendance at meetings to bring down travel costs;
  - avoiding or reducing all administrative costs such as printing, venue hire, IT equipment, telephony etc.
6. It is still too early for services to have gathered enough evidence to report progress and evaluate properly the impact of their actions to reduce expenditure.

### Revenue budget monitoring position

7. Table 1 summarises the council's year to date and forecast year end gross income and expenditure positions compared to the full year revised budget. The full year revised net expenditure budget to be met from reserves is £24.8m. Table App1 in the appendix outlines the updated revenue budget by service after in year budget virements and carry forward of budgets from the 2015/16 financial year.
8. Table 1 shows the actual year to date total net expenditure is -£34.1m. This compares to the profiled, budgeted year to date net expenditure of -£34.5m. The

difference between the two is £0.4m year to date overspend (increased from -£0.7m overspend as at 31 October 2016). Table App3 in the appendix shows more detail.

Table 1: 2016/17 revenue budget subjective summary as at 30 November 2016

<b>Subjective summary</b>	<b>Full year revised budget £m</b>	<b>YTD actual £m</b>	<b>Full year projection £m</b>	<b>Full year variance £m</b>
Gross income	-1,651.0	-1,138.7	-1,653.9	-2.9
Gross expenditure	1,675.8	1,104.6	1,685.0	9.2
<b>Total net expenditure</b>	<b>24.8</b>	<b>-34.1</b>	<b>31.1</b>	<b>6.1</b>

Note: \* Profiled year to date net budget is -£34.5m compared to actual net expenditure of -£34.1m

All numbers have been rounded - which might cause a casting difference

9. In March 2016, Cabinet approved the council's 2016/17 revenue expenditure budget at £1,686.0m. Changes in the first eight months of 2016/17 to reflect agreed carry forwards and other budgetary adjustments reduced the expenditure budget as at 30 November 2016 to £1,675.8m. Table 2 shows the updated budget, including services' net expenditure budgets (gross expenditure less income from specific grants and fees, charges and reimbursements) and funding of -£672.2m from local taxation and £24.8m from reserves.
10. Table 2 shows the revenue budget position analysed by services and the council's general funding sources. For each service, Table 2 shows the net expenditure position (gross expenditure less income from specific grants and fees, charges and reimbursements). The council's general funding sources include general government grants, local taxation (council tax and business rates) and planned use of reserves.



Table 2: 2016/17 updated revenue budget forecast as at 30 November 2016

Service	Full year revised budget £m	YTD actual £m	Full year projection £m	Full year variance £m
Economic Growth	1.7	0.7	1.7	0.0
Strategic Leadership	1.0	0.6	0.9	-0.1
Adult Social Care	368.0	253.5	389.0	21.0
Children's and Safeguarding services	96.3	67.6	101.9	5.6
Commissioning & Prevention	39.2	24.0	38.1	-1.0
Schools & SEND (Special Educational Needs & Disabilities)	63.2	40.7	64.4	1.2
Delegated Schools	0.0	0.0	0.0	0.0
Community Partnership & Safety	3.8	1.9	3.5	-0.2
Coroner	1.8	1.1	1.8	0.0
Cultural Services	9.6	6.2	9.3	-0.2
Customer Services	3.5	2.2	3.4	-0.1
C&C Directorate Support	1.0	0.6	0.9	0.0
Emergency Management	0.5	0.3	0.4	-0.1
Surrey Fire & Rescue Service	33.2	22.3	33.2	0.0
Trading Standards	2.0	1.3	1.9	-0.1
Environment & Planning	80.1	54.7	80.8	0.6
Highways & Transport	44.8	28.2	43.9	-0.9
Public Health	0.3	0.2	0.6	0.3
Central Income & Expenditure	56.4	7.8	42.8	-13.6
Communications	2.2	1.4	2.1	-0.1
Finance	3.1	1.6	2.4	-0.6
Human Resources & Organisational Development	4.3	2.2	3.8	-0.5
Information Management & Technology	13.2	7.8	12.8	-0.4
Legal & Democratic Services	8.5	5.4	8.4	0.0
Strategy & Performance	1.7	1.1	1.6	-0.1
Procurement	0.9	0.5	0.8	0.0
Property	20.9	10.0	19.2	-1.7
Orbis Joint Operating Budget	38.0	23.2	37.0	-1.0
Business Operations	0.2	0.1	0.2	0.0
<b>Total services' net revenue expenditure</b>	<b>899.3</b>	<b>567.0</b>	<b>907.1</b>	<b>7.6</b>
<b>General funding sources</b>				
General Government grants	-202.3	-131.6	-202.3	0.0
Local taxation (council tax and business rates)	-672.2	-469.7	-673.7	-1.5
<b>Total general funding</b>	<b>-874.5</b>	<b>-601.3</b>	<b>-876.0</b>	<b>-1.5</b>
<b>Total movement in reserves</b>	<b>24.8</b>	<b>-34.1</b>	<b>31.1</b>	<b>6.1</b>

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

## Significant revenue budget variances

*Adult Social Care - +£21.0m overspend (no change since 31 October 2016)*

11. Adult Social Care (ASC) forecasts an adverse year end variance of +£21.0m. This very significant overspend is almost entirely due to failure to achieve the hugely ambitious additional savings budgeted for 2016/17 over and above the level of savings that ASC has typically achieved in recent years .
12. Seismic change to demand growth and large scale service redesign were required for ASC to achieve these additional savings in such a short amount of time. Huge effort continues to progress health and social care integration, which will improve both the cost and quality of service delivery in the long term. However this is not yet leading to reduced demand, indeed demand continues to grow in terms of hospital admissions and social care packages. When combined with the need to pay higher prices for social care provision to maintain market sustainability (particularly since the introduction of the National Living Wage) it is simply not possible to achieve this scale

of additional savings in the short to medium term without impinging on the delivery of the council's statutory duties for social care.

- 10
13. It is now evident across the country that ASC requires a new funding model to be sustainable. The Kings Fund published a report in September 2016 which estimates that the national social care funding gap will rise to between £2.8bn and £3.5bn by 2019/20 without funding reform. The council is actively making the case to government for additional social care funding and this year's forecast outturn position is a stark indication of the scale of financial pressure if the government does not provide local authorities a means for additional funding.
  14. ASC has agreed an action plan to reduce its overspend in the remainder of 2016/17, including the following measures.
    - Reduce demand through a more robust assessment process across three areas:
      - work closely with CCGs (clinical commissioning groups) to manage care services for older people at a locality level, with renewed emphasis on managing demand within budgetary constraints;
      - specialised assessors and managers will manage care packages for people with physical & sensory disabilities aged 18-64 and people with learning disabilities aged 18-64;
      - robustly manage the Transition 18-25 budget for individuals moving from Children's or education services to ensure best value in all new care packages.
    - Continue emphasis on maximising income following implementation of the new charging policy.
    - Continue to review with CCGs whether any health winter pressures or other funding could help support ASC care package costs.
  15. ASC will not have enough evidence to report progress and evaluate properly the impact of these measures to reduce expenditure until next month's budget monitoring report (for the period to 31 December 2016).
  16. The principal reason for the forecast overspend is a £21.8m forecast shortfall against ASC's savings target as described below.
    - The Family, Friends & Community (FFC) programme continues to face challenges in reducing the cost of new care packages in the context of increasing price pressures in the market and (as in previous years) not fully achieving the 20% stretch savings target. In addition to this shortfall against its stretch savings target, FFC forecasts a £2m shortfall on direct payment reclaims. In total, FFC adds +£10.0m pressure to the ASC budget.
    - The high rate of demand growth across the whole health and social care system in Surrey (nearer 6% rather than the budgeted 4%) is preventing delivery of savings from demand management and from a shift in the care pathway for older people. In total this adds +£5.9m pressure to the ASC budget.
    - ASC's contracts & grants review budgeted 50% expenditure reductions. After completing impact assessments, ASC decided implementing the savings fully would impinge on delivery of statutory duties, leave some people at risk and potentially lead to higher costs in the medium term. ASC has identified £3.1m savings against the £5.8m target. This adds +£2.7m pressure to the ASC budget.

- Considerable work continues on health and social care integration. However, development of Sustainability and Transformation Plans is shifting the focus, nature and timing of the planned 2016/17 savings. This adds +£0.9m pressure to the ASC budget.
  - Implementation of the pay & reward proposals has reduced forecast staff turnover savings. This adds +£0.8m pressure to the ASC budget.
  - Continued demand growth has resulted in underachievement in optimising transition pathways. This adds +£0.5m pressure to the ASC budget.
17. In addition to these challenges with its savings plans, ASC faces +£1.3m increased contractual commitments for the provision of some services and -£2.2m lower costs of conducting Deprivation of Liberty Safeguard (DoLS) assessments. These reduce ASC's overall forecast overspend to £20.9m.

*Children's Services - +£5.6m overspend (+£0.5m change since 31 October 2016)*

18. Demand for Children's Services continues to increase. Improvements such as investment in Child and Adolescent Mental Health Service (CAMHS) and creating a Multi Agency Safeguarding Hub (MASH) are progressing with the intention of reducing longer term demand. However demand for services particularly care for looked after children (LAC) and unaccompanied asylum seekers exceeds that planned.
19. The increase in the projected overspend relates in part to increasing pressure on external residential placements for looked after children. The number of children placed in these settings has not reduced as has been the case in previous years, leading to a review of planned spend for the remainder of the year and an increase in forecasts for the year. Also additional resources have been required for the MASH. The MASH began operation in October and additional staff have been needed to manage demand as new approaches and processes bed in. The resources required to operate the MASH are being reviewed based on experience of managing workflows and caseloads and will continue to be monitored closely.
20. In view of the overspend Children's Services are reviewing all services to identify areas where spend can be reduced for the remainder of the year. These have been factored into the forecast and again will be reviewed closely to ensure anticipated savings are being achieved.
21. This additional demand is leading to the following budget pressures.
- +£2.8m need for social work capacity due to higher demand, including cost pressure for 20 more posts than budgeted and from 95 locums (though this is projected to reduce). On average, each locum costs £20,000 a year more than permanent staff.
  - +£2.2m additional placement costs for the 215 children currently in ongoing placements compared to the 204 budgeted. Within this: demand for much more expensive residential placements (average cost £206,000 a week) is currently higher (59) than planned (46); and the number of residential family assessment placements (average cost £36,000 each) is double the amount budgeted. Children's services anticipates management action will reduce the number of external residential and external fostering placements over the remainder of the year, though not to the extent previously anticipated.

- +£0.7m care for a high level of asylum seeking children following demand increases over the past 18 months. With world events, these are not expected to fall. The Home Office has increased the level of funding. However, this only applies to new cases from 1 July 2016.
- +£1.0m greater demand for services to support children with disabilities, particularly care packages.

22. These pressures are in part offset by -£1.0m savings elsewhere including additional income from the adoption service and Child and Adolescent Mental Health Service (CAMHS).

*Schools & SEND - +£1.2m overspend (no change since 31 October 2016)*

23. Within the overall Schools & SEND (Special Educational Needs and Disabilities) forecast underspend position, there are some significant forecast variances.
- +£4.0m overspend on services funded by the SEND high needs block element of Dedicated Schools Grant (DSG)
  - +£0.4m overspend on transport overall, including: +£0.6m SEND transport; +£0.2m overspend on alternative provision; and -£0.4m underspend on mainstream transport.
  - -£3.0m underspend on centrally held budgets.
  - -£0.4m contribution to overheads by Commercial Services.

*Commissioning & Prevention - -£1.0m underspend (no change since 31 October 2016)*

24. Commissioning & Prevention forecasts -£1.0m year end underspend. The main reasons for this relate to: planned investment in Early Help is unlikely to be spent in full this year; reduced costs from careful management of vacancies; additional staffing to support work with Children in Need as part of the Children's Service improvement plan; and shortfall on SOLD's (Surrey Outdoor Learning Development) stretch income target.

*Central Income & Expenditure - -£13.6m underspend (-£8.4m change since 31 October 2016)*

25. Central Income & Expenditure forecasts -£13.6m year end underspend. -£8.0m of the improvement in the forecast outturn position since 31 October is due to a change in the council's minimum revenue provision (MRP) for amounts set aside for repayment of loans. The council regularly reviews MRP to ensure it remains prudent without adding unnecessary pressure to the council's revenue budget. Agreed changes in MRP remain consistent with the policy approved by the County Council and realise significant short to medium term savings.
26. The remaining -£5.6m underspend is due to forecast savings on the interest payable budget, including -£3.8m additional contributions from the Investment Strategy, as new investments undertaken since setting the MTFP budget have led to an increase in income; and -£1.2m savings from minimising cash balances and using internal cash to fund capital expenditure and -£0.8m from lower interest rates in accordance with Treasury Management Strategy changes agreed by the County Council in July 2016.

*Local taxation - -£1.5m underspend (no change since 31 October 2016)*

27. Local taxation forecasts -£1.5m year end underspend. This is due to higher forecast business rates income than budgeted as a result of the final 2015/16 business rates receipts being greater than forecast.

*Property Services - -£1.7m (no change since 31 October 2016)*

28. Property's forecast -£1.7m underspend includes:
- -£1.2m following the continued drive to reduce expenditure, mainly as a result of stopping revenue building maintenance on end of life buildings and revenue improvements; and re-profiling cyclical building maintenance;
  - -£0.4m from delivering 2017/18 savings early; and
  - -£0.1m from successfully challenging business rates.

*Orbis Joint Operating Budget - -£1.0m (no change since 31 October 2016)*

29. Orbis Joint Operating Budget services are on track to deliver £1.2m efficiencies in 2016/17 and continue to review their costs and income to deliver a further challenging £3.1m next year. Services are holding vacancies and managing non staffing costs ahead of the savings required in 2017/18. As a result Orbis Joint Operating Budget in total is likely to deliver £1.4m of 2017/18's savings early and so the council's 70% contribution to Orbis will be -£1.0m lower than budgeted.

### **Areas to be aware**

30. At this point in the financial year, services may still encounter issues, which could present risks to their 2016/17 outturn positions.

*Children, Schools & Families – (Dedicated Schools Grant & Children's Services)*

31. Services funded through the high needs and early years blocks of the dedicated schools grant are overspending. There is already a budget pressure included in the forecasts of £4m, but this pressure could rise to £7m. Some of this pressure could possibly be mitigated and managed within the Dedicated Schools Grant (DSG) this year and next. The service is validating service costs and volumes and it awaits the provisional funding settlement in December and the January pupil census for early years, to understand the DSG position for this year and next.
32. Demand pressures continue to rise within Children's Services, especially around external residential placements and independent foster care.

*Environment & Planning*

33. Environment & Planning currently forecasts +£0.6m overspend primarily against the Waste Management budget. Some savings have been delayed (e.g. introduction of charges for some non-household waste at community recycling centres) or have significant risks attached (e.g. contract cost reductions). Also, ongoing discussions with Sita in respect of the timing and cost of some activities could impact on spend this year. Finally, a number of recently introduced measures are expected to impact on waste volumes, but at this stage it is too early to assess those impacts accurately.

*Highways & Transport*

34. A number of pressures exist across the Highways & Transport service including delayed implementation of savings, increased street lighting energy costs following the introduction of a new pricing tariff, and higher than budgeted insurance claim costs. The service is managing these pressures through a range of measures, including: maximising income and deferring non-essential works and equipment purchases.

*Finance*

35. Finance's forecast underspend follows a review of its services. As a result of reduced costs and volume of insurance claims it will reduce its contribution to the insurance reserve by -£0.6m. This is an ongoing saving.

**Revolving Infrastructure & Investment Fund**

36. Table 3 shows the council forecasts generating -£2.3m net income in 2016/17 (after subtracting funding costs and other expenses) by: the joint venture project to deliver regeneration in Woking town centre, from various property acquisitions made for future service delivery and from the Halsey Garton Property group. The council anticipates transferring the net income to the Revolving Infrastructure and Investment Fund at the year end.
37. Capital expenditure in 2016/17 includes: equity investment and loans to the Halsey Garton Property group, development of the former Thales site in Crawley, further loans to the Woking Bandstand Joint Venture Company and other town centre development projects. The full year forecast assumes that loans to Woking Bandstand are repaid in full by the year end as the project moves into its second phase.

Table 3: Summary revenue and capital position as at 30 November 2016

	YTD actual £m	Full year forecast £m
<b>Revenue</b>		
Income	-5.6	-10.2
Expenditure	0.2	0.5
Net income before funding	-5.4	-9.7
Funding costs	4.6	7.4
<b>Net revenue income after funding</b>	<b>0.8</b>	<b>-2.3</b>
<b>Capital</b>		
<b>Expenditure</b>	<b>111.8</b>	<b>98.3</b>

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

**Staffing costs**

38. The council employs three categories of staff.
- Contracted staff 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 employed through an agency with which the council has a contract.

39. Bank and agency staff enable managers to manage short term variations in service demand, or contracted staff vacancies. This is particularly the case in social care. Some flexibility in the staffing budget is sensible, as it allows the council to vary a portion of staffing costs.
40. The council sets its staffing budget on the estimated labour needed to deliver its services. It expresses this as budgeted full time equivalent (FTEs) staff and converts it to a cost for the budget. The budget includes spending on all three categories of staff and is the key control in managing staffing expenditure. The council's full year staffing budget for 2016/17 is currently £277.0m based on 7,145 budgeted FTEs.
41. The council is actively recruiting against 468 live vacancies (down from 510 last month). 355 of these are for vacancies in social care (down from 378 last month).

Table 4: Full time equivalents in post and vacancies as at 30 November 2016

	<b>FTE</b>
Budget	7,145
Occupied contracted FTEs	6,457
Live vacancies (i.e. actively recruiting)	468

42. Table 5 shows staffing cost as at 30 November 2016 against service budgets and analysed among the three staff categories of contracted, bank and agency staff. Table 5 also shows services' budgeted FTEs. Budget variances can arise for several reasons including: the budget for some FTEs is held in a different service from where the postholder works in the organisation (for example the HR&OD budget covers apprentices' costs, but the occupied FTEs appear in the services where the apprentices work); secondees' budgeted posts appear in the seconding service, but the occupied FTE appears in the service they are seconded to (or not at all if the secondment is to an external body). The income from recharges for secondments is within services' other income.
43. Agency or bank staff often cover vacancies on a temporary basis. The number of temporary staff does not translate easily into an FTE number as these may be for a few hours only, part time etc. The easiest measure for monitoring staffing is cost, using the total expenditure and variance shown in Table 5 and the Staffing expenditure line in Table App3 in the appendix.
44. Table 5 shows the year to date budget as at 30 November 2016 is £183.0m and expenditure incurred is £184.4m. Table App 3 shows +£1.4m overspend at year to date on employment costs and services forecast £0.2m overspend at year end.

Table 5: Staffing costs and FTEs to 30 November 2016

Service	<----- Staffing spend by category ----->						Amended Budgeted FTE	Occupied contracted FTEs
	YTD staff budget £m	Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m		
Strategic Leadership	0.7	0.6	0.0	0.0	0.6	-0.1	10	9
Adult Social Care	40.1	38.0	1.9	1.3	41.2	1.0	1,860	1,540
Children, Schools & Families <sup>1</sup>	77.3	70.7	5.5	3.0	79.2	1.8	2,951	2,779
Community Partnership & Safety	0.8	0.8	0.0	0.0	0.8	0.0	25	28
Coroner	0.3	0.2	0.2	0.0	0.4	0.1	2	2
Cultural Services	12.6	11.3	0.0	1.0	12.4	-0.2	529	518
C&C Directorate Support	0.7	0.7	0.0	0.0	0.7	0.0	26	24
Emergency Management	0.3	0.3	0.0	0.0	0.3	0.0	12	10
Surrey Fire & Rescue Service	18.4	17.9	0.1	1.0	19.0	0.6	648	600
Trading Standards	2.1	1.9	0.1	0.0	2.0	-0.2	75	62
Environment & Planning	6.7	6.4	0.0	0.2	6.6	-0.1	215	200
Highways & Transport	10.2	8.7	0.1	0.1	8.9	-1.3	370	306
Public Health	1.7	1.6	0.0	0.0	1.6	0.0	48	41
Central Income & Expenditure	0.0	0.1	0.0	0.0	0.1	0.1		0
Communications	0.9	0.8	0.0	0.0	0.9	0.0	27	24
Customer Services	2.4	2.1	0.2	0.0	2.2	-0.1	107	93
Legal & Democratic Services	3.6	3.3	0.0	0.0	3.3	-0.3	129	112
Strategy & Performance	1.3	1.3	0.0	0.0	1.4	0.0	27	26
Orbis Joint Operating Budget and Business Services <sup>2</sup>	2.9	1.8	1.0	0.1	2.9	0.1	84	83
<b>Service net budget</b>	<b>183.0</b>	<b>168.5</b>	<b>9.1</b>	<b>6.8</b>	<b>184.4</b>	<b>1.4</b>	<b>7,145</b>	<b>6,457</b>

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

1 - Children, Schools & Families' FTEs include: Children's & Safeguarding, Commissioning & Prevention, Schools & SEND and Delegated Schools

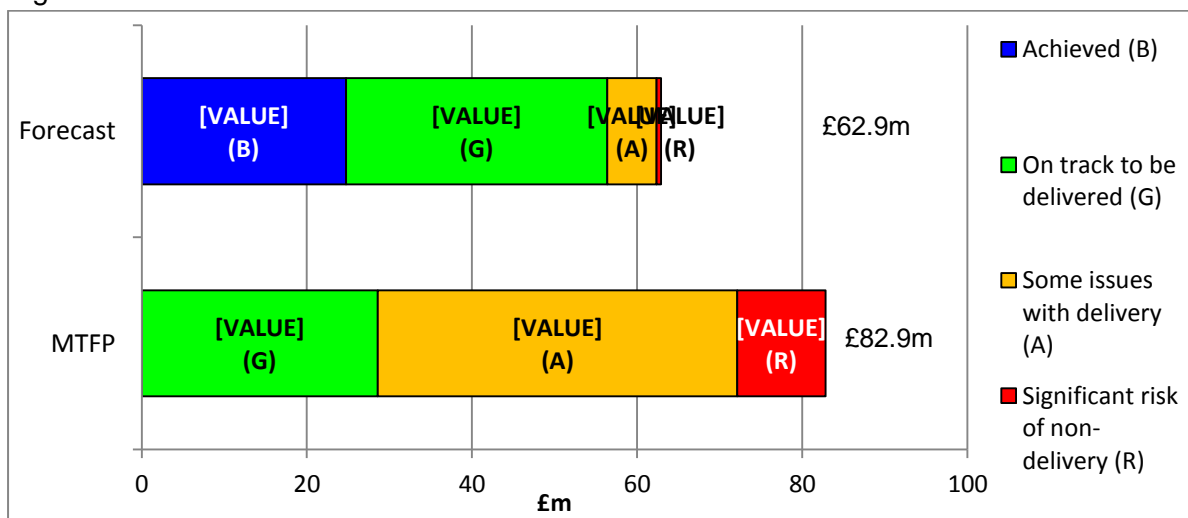
2 - The Orbis Joint Operating Budget is formally delegated to the Joint Operating Committee for management (including staffing), as such the council's monitoring only reports its contribution to the joint budget. The cost of staff that are managed by the partnership but sit outside of the Joint Operating Budget is reported in the table above (for example staff delivering the Local Assistance Scheme).



## Efficiencies

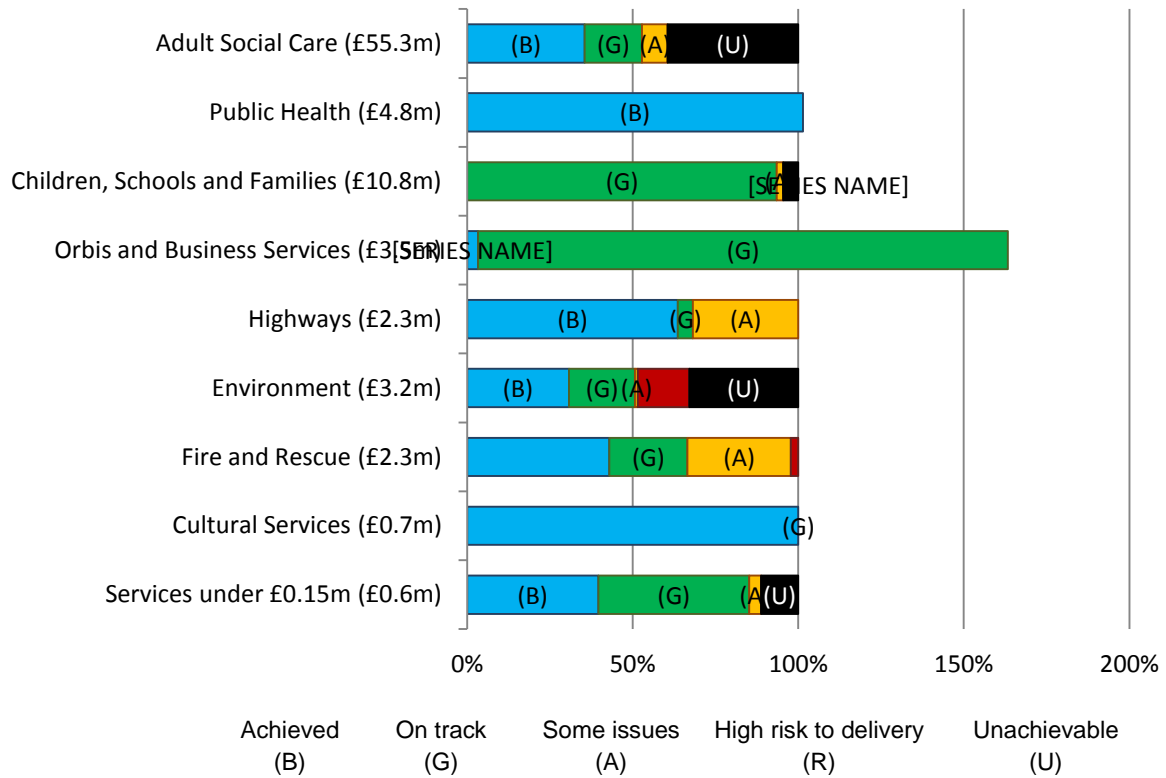
45. MTFP 2016-21 incorporates £82.9m efficiencies in 2016/17. Council services currently forecast to achieve £62.9m of this target (the same as at 31 October 2016). This represents a £20.0m shortfall overall.
46. Services review progress with their efficiency plans to assess:
  - the extent of each efficiency’s deliverability,
  - the risks to delivery and
  - the value of the savings they will achieve.
47. Figure 1 summarises services’ overall efficiency targets, their forecasts for achieving the efficiencies and the risks to achieving them.

Figure 1: 2016/17 overall risk rated efficiencies as at 30 November 2016



48. Each service’s assessment of its progress on achieving efficiencies uses 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.
49. Figure 2 overleaf, shows services’ risk ratings for achieving their efficiencies.

Figure 2: 2016/17 efficiencies risk ratings by service as at 30 November 2016



50. As at 30 November 2016, the main significant variations in services' progress against their MTFP 2016-21 efficiencies & service reductions were as follows.

- £21.8m shortfall in Adult Social Care is unachievable due to issues affecting savings planned from: Friends, Family & Community programme, demand management, health and social care integration, staff turnover and optimising transition as outlined in paragraph 15.
- £1.1m shortfall in Environment & Planning, primarily Waste Management, where the introduction of charges for non-household waste at community recycling centres was delayed, and waste contract savings have not yet been secured.

## Capital budget

51. The council demonstrated its firm long term commitment to supporting Surrey's economy by setting a £638m 2016-21 MTFP capital programme.
52. Cabinet approved the original capital expenditure budget for 2016/17 at £194.4m and carry forward of £13.0m scheme budgets requested in the 2015/16 Outturn report. Cabinet approved -£55.8m reprofiling from the 2016/17 capital budget into the remaining years of the capital programme in July 2016 and £4.8m for the Fire Service joint transport project in October 2016. As at 30 November 2016, capital virements totalled £5.9m.
53. Table 6 shows the construction of the current year capital expenditure budget from the MTFP budget.

Table 6: Capital expenditure budget 2016/17 as at 30 November 2016

	MTFP budget £m	2015/16 budget c/fwd £m	Budget virement £m	Reprofile £m	Current full year budget £m
School basic need	75.6	-8.1	0.0	-34.2	<b>33.2</b>
Highways recurring programme	58.1	-0.2	-0.3	0.0	<b>57.7</b>
Property & IT recurring programme	25.8	5.2	-0.4	0.7	<b>31.4</b>
Other capital projects	34.9	16.0	6.6	-27.3	<b>30.3</b>
<b>Service capital programme</b>	<b>194.4</b>	<b>13.0</b>	<b>5.9</b>	<b>-60.7</b>	<b>152.6</b>
Long term investments					<b>0.0</b>
<b>Overall capital programme</b>	<b>194.4</b>	<b>13.0</b>	<b>5.9</b>	<b>-60.7</b>	<b>152.6</b>

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

54. Table 7 compares the current full year overall capital programme budget of £152.6m to the current forecast expenditure for the service capital programme of £139.0m and the current forecast expenditure for the overall capital programme, including long term investments, of £237.3m.

Table 7: Forecast capital expenditure 2016/17 as at 30 November 2016

	Current full year budget £m	Apr - Nov actual £m	Dec - Mar projection £m	Full year forecast £m	Full year variance £m
Schools basic need	<b>33.2</b>	25.6	7.6	<b>33.2</b>	<b>0.0</b>
Highways recurring programme	<b>57.7</b>	26.5	23.1	<b>49.7</b>	<b>-8.0</b>
Property & IT recurring programme	<b>31.4</b>	17.0	13.9	<b>30.9</b>	<b>-0.5</b>
Other capital projects	<b>30.3</b>	11.6	13.6	<b>25.2</b>	<b>-5.1</b>
<b>Service capital programme</b>	<b>152.6</b>	<b>80.8</b>	<b>58.3</b>	<b>139.0</b>	<b>-13.6</b>
Long term investments	<b>0.0</b>	7.4	90.9	98.3	<b>98.3</b>
<b>Overall capital programme</b>	<b>152.6</b>	<b>88.1</b>	<b>149.1</b>	<b>237.3</b>	<b>84.7</b>

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

55. Approved Investment Strategy spending is expected to be £98.3m in 2016/17 and total capital expenditure £237.3m. There are no significant variances to the current service capital programme.

## Appendix to Annex

### Updated budget - revenue

App 1. The council's 2016/17 revenue expenditure budget was initially approved at £1,686.0m. Adding virement changes in the first eight months of 2016/17 reduced the expenditure budget as at 30 November 2016 to £1,675.8m. Table 1 summarises the updated budget, Table App1 shows the original and updated income and expenditure budgets by service, including the overall net expenditure the council plans to meet from reserves.

Table App1: 2016/17 updated revenue budget as at 30 November 2016

	MTFP income £m	Carry fwds & Internal movements £m	Approved income £m	MTFP expenditure £m	Carry fwds & Internal movements £m	Approved expenditure £m	Updated net expenditure budget £m
Economic Growth	0.0	0.0	<b>0.0</b>	1.7	0.0	<b>1.7</b>	<b>1.7</b>
Strategic Leadership	0.0	0.0	<b>0.0</b>	1.0	0.0	<b>1.0</b>	<b>1.0</b>
Adult Social Care	-60.9	-8.8	<b>-69.7</b>	429.5	8.2	<b>437.7</b>	<b>368.0</b>
Children, Schools & Families	-167.7	2.8	<b>-164.9</b>	365.3	-1.8	<b>363.5</b>	<b>198.7</b>
Delegated Schools	-457.7	13.2	<b>-444.5</b>	457.7	-13.2	<b>444.5</b>	<b>0.0</b>
Community Partnership & Safety	-0.2	0.0	<b>-0.2</b>	3.0	0.9	<b>3.9</b>	<b>3.8</b>
Coroner	0.0	0.0	<b>0.0</b>	1.8	0.0	<b>1.8</b>	<b>1.8</b>
Cultural Services	-13.1	0.1	<b>-13.1</b>	22.7	0.0	<b>22.7</b>	<b>9.6</b>
Customer Services	-0.1	0.0	<b>-0.1</b>	3.6	0.0	<b>3.6</b>	<b>3.5</b>
Directorate Support	-0.1	0.0	<b>-0.1</b>	1.1	0.1	<b>1.1</b>	<b>1.0</b>
Emergency Management	0.0	0.0	<b>0.0</b>	0.5	0.0	<b>0.6</b>	<b>0.5</b>
Surrey Fire and Rescue Service	-13.6	-0.8	<b>-14.4</b>	46.8	0.8	<b>47.5</b>	<b>33.2</b>
Trading Standards	-1.7	0.0	<b>-1.7</b>	3.7	0.0	<b>3.7</b>	<b>2.0</b>
Environment & Planning	-6.5	-2.1	<b>-8.7</b>	86.3	2.6	<b>88.8</b>	<b>80.1</b>
Highways & Transport	-7.6	-0.1	<b>-7.6</b>	51.9	0.5	<b>52.4</b>	<b>44.8</b>
Public Health	-38.5	0.0	<b>-38.5</b>	38.8	0.0	<b>38.8</b>	<b>0.3</b>
Central Income & Expenditure	-0.5	-0.3	<b>-0.8</b>	60.0	-2.8	<b>57.2</b>	<b>56.4</b>
Communications	0.0	0.0	<b>0.0</b>	2.0	0.2	<b>2.2</b>	<b>2.2</b>
Orbis - Joint and Managed	-17.2	6.2	<b>-11.0</b>	97.7	-6.2	<b>91.5</b>	<b>80.6</b>
Legal & Democratic Services	-0.5	0.0	<b>-0.5</b>	9.0	0.0	<b>9.0</b>	<b>8.5</b>
Strategy & Performance	-0.8	0.0	<b>-0.8</b>	1.9	0.6	<b>2.5</b>	<b>1.8</b>
<b>Service total</b>	<b>-786.7</b>	<b>10.2</b>	<b>-776.5</b>	<b>1,686.0</b>	<b>-10.2</b>	<b>1,675.8</b>	<b>899.3</b>
Government grants	-202.3		<b>-202.3</b>			<b>0.0</b>	<b>-202.3</b>
Local taxation	-672.2	0.0	<b>-672.2</b>		0.0	<b>0.0</b>	<b>-672.2</b>
<b>Grand total</b>	<b>-1,661.2</b>	<b>10.2</b>	<b>-1,651.0</b>	<b>1,686.0</b>	<b>-10.2</b>	<b>1,675.8</b>	<b>24.8</b>

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

App 2. When the County Council agreed the MTFP in February 2016, some government departments had not determined the final amount for some grants. Cabinet agreed the principle that services would estimate their likely grant and services' revenue budgets would reflect any changes in the final amounts, whether higher or lower.

App 3. To control their budgets during the year, 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 the Director of Finance can approve. Virements above £500,000 require the relevant Cabinet Member's approval. There were two virements above £500,000 in the first eight months of 2016/17, none in November.

App 4. Table App 2 summarises the movements to the revenue expenditure budget.

Table App 2: 2016/17 revenue expenditure budget movements as at 30 November 2016

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m	Virement Count
MTFP	-1,661.2	1,686.0		24.8	
Carry forwards		3.9	-3.9	0.0	1
	-1,661.2	1,689.9	-3.9	24.8	1
Q1 Movements	5.7	-5.7		0.0	75
Q2 movements	-7.2	7.2		0.0	49
Oct movements	11.3	-11.3		0.0	46
November movements					
Internal service movements	0.4	-0.4	0.0	0.0	15
Cabinet approvals	0.0	0.0	0.0	0.0	1
Total November movements	0.4	-0.4	0.0	0.0	16
<b>November approved budget</b>	<b>-1,651.0</b>	<b>1,679.7</b>	<b>-3.9</b>	<b>24.8</b>	<b>187</b>

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

App 5. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2016/17 Revenue budget forecast position as at 30 November 2016

	Year to date			Full year			
	Budget £m	Actual £m	Variance £m	Budget £m	Remaining forecast £m	Projection £m	Variance £m
Income:							
Local taxation	-469.6	-469.7	-0.1	-672.2	-204.0	-673.7	-1.5
Government grants	-561.6	-547.1	14.5	-825.1	-258.1	-805.2	19.9
Other income	-102.2	-121.9	-19.7	-153.7	-53.1	-175.0	-21.3
Income	-1,133.4	-1,138.7	-5.3	-1,651.0	-515.2	-1,653.9	-2.9
Expenditure:							
Staffing	183.0	184.4	1.4	277.0	92.8	277.2	0.2
Service provision	597.1	601.4	4.3	954.4	362.0	963.4	9.0
Non schools sub-total	780.1	785.8	5.7	1,231.4	454.8	1,240.5	9.1
Schools expenditure	318.8	318.8	0.0	444.5	125.7	444.5	0.0
Total expenditure	1,098.9	1,104.6	5.7	1,675.8	580.5	1,685.0	9.1
<b>Movement in balances</b>	<b>-34.5</b>	<b>-34.1</b>	<b>0.4</b>	<b>24.8</b>	<b>65.3</b>	<b>31.1</b>	<b>6.1</b>

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

### Updated budget – capital

App 6. Cabinet approved £13.0m carry forward of scheme budgets requested in 2015/16's Outturn report and approved -£55.8m reprofiling of expenditure from 2016/17 to the remaining years of the 2016-21 capital programme in July 2016. Capital virements made in November amount to £0.2m to add to the net total £5.7m virements made between April and November 2016. Table App 4 summarises the capital budget movements for the year.

Table App 4: 2016/17 Capital budget movements as at 30 November 2016

	1 Apr 2016	31 Oct 2016	30 Nov 2016
	£m	£m	£m
MTFP (2016-21) (opening position)	194.4	194.4	194.4
In year changes			
Carry forwards from 2015/16		13.0	13.0
Property Services' reprofiling		-55.4	-55.4
Environment & Infrastructure reprofile		-0.5	-0.5
Joint Fire transport project		-4.8	-4.8
Reprofiling & carry forwards		-47.7	-47.7
Virements			
In year changes			
Limnerlease (Watts Gallery Trust)		1.0	1.0
Woodfuel & timber grant		0.3	0.3
Lindon Farm		-1.8	-1.8
Salt barns		0.2	0.2
Horley Library		2.1	2.1
IMT contributions to Equipment Replacement Reserve		0.5	0.5
Schools contributions		2.2	2.2
Developer contributions to schools			0.2
East Surrey Integrated Care unit - ASC		0.9	0.9
Local transport systems		0.3	0.3
In year budget changes		5.7	5.9
<b>2016/17 updated capital budget</b>		<b>152.5</b>	<b>152.6</b>

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

## **CABINET MEMBER DECISIONS**

November / December 2016

### **CABINET MEMBER FOR ENVIRONMENT AND PLANNING**

- (I) **PETITION FOR THE 555 BUS TO BE RETAINED AND EXTENDED TO WHITELEY VILLAGE HERHAM & PETITION TO PROTEST AT THE PROPOSED BUS CUTS TO THE 514, 515 AND 458 & PETITION TO STOP ABELLIO SURREY CUTS AND SERVICE WITHDRAWALS**

**Details of Decision:**

That the responses, attached as Appendices 1, 2 and 3, be approved.

**Reasons for Decision:**

To response to the petitions.

*(Decision taken by the Cabinet Member for Environment and Planning – 24 November 2016)*

### **DEPUTY LEADER AND CABINET LEAD FOR ECONOMIC PROSPERITY**

- (II) **PETITION TO MAKE A CONTRIBUTION FROM THE SUPERFAST SURREY REBATE TO THE COMMUNITY FUNDED SFBB SCHEME OF WEST AND EAST CHIDDINGFOLD**

**Details of decision:**

That the response, attached as Appendix 4, be approved.

**Reasons for decision:**

To respond to the petition.

*(Decision taken by the Deputy Leader– 7 December 2016)*

### **CABINET MEMBER FOR SCHOOLS, SKILLS AND EDUCATIONAL ACHIEVEMENT**

- (III) **PROPOSED EXPANSION OF THE WARWICK SCHOOL**

**Details of decision:**

It was agreed that the Cabinet Member for Schools, Skills and Educational Achievement determined the Statutory Notice, thereby bringing into effect the formal expansion of The Warwick School by 1 Form of Entry (1 FE) for September 2017.

**Reasons for decision:**

There is an increasing demand for primary school places in the Reigate & Redhill area which reflects a rise in the primary-age population over recent years that is beginning to transition into the secondary sector. In order to meet this demand, SCC is overseeing an ongoing school expansion programme, designed to increase the capacity of the school estate. The proposal to expand the capacity of The Warwick School by 1FE is a core element of SCC's strategy to deliver additional places in this area. In line with this, SCC has undertaken the requisite statutory consultation to inform the decision making process and a note of support for the proposal was received as part of this. For these reasons, it is recommended that the Cabinet Member determines the Statutory Notice (appended to this report as Annex 1), so as to bring the expansion of the school formally into effect.

*(Decision taken by the Cabinet Member for Schools, Skills and Educational Achievement – 8 December 2016)*

**CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE****(IV) AWARD OF CONTRACT FOR THE PROVISION OF RECRUITMENT  
ADVERTISING SERVICES****Details of decision:**

In conjunction with the financial details and recommendations outlined in the Part 2 report, the Cabinet Member for Business Services and Resident Experience agreed to:

- i. approve the award of a call off contract to Havas People for the provision of recruitment advertising for two years from 9 January 2017 with an option to extend for two periods of one year; and
- ii. note that over the full term of the contract the anticipated value over four years, is £0.8m (approximately £0.2m per annum) and that this will not be exceeded without consultation with the relevant Cabinet Member.

**Reasons for decision:**

The Council has had contracts with its incumbent supplier for approximately eight years. Following its expiry in 2015 the Council joined the Brighton and Hove City Council framework for Recruitment Advertising, Marketing and Communications Services. The current contract is due to expire on 8 January 2017.

A working group consisting of representatives from Surrey County Council, East Sussex County Council, Brighton & Hove City Council, Surrey Police and Sussex Police considered a number of procurement options. It was decided to undertake a mini-competition through the Eastern Shires Purchasing Organisation Advertising Solutions framework agreement (reference: 3A).

The mini-competition was run by Brighton & Hove City Council, in compliance with the requirements of the Public Contracts Regulations 2015. The conduct of the procurement was compliant with the Council's Procurement Standing Orders.

A thorough evaluation process has identified awarding the contract to Havas People will provide the Council with the best value for money.

*(Decision taken by the Cabinet Member for Business Services and Resident Experience – 13 December 2016)*



Appendix 1**Cabinet Member for Environment and Planning Decision**

24 November 2016

**Petition Responses****Petition 1**

“Please find enclosed a Petition signed by Whiteley Villagers and supporters who after much discussion have agreed that we in Whiteley Village are in need of a better bus service than the one we currently have, that being the 564 which with its very limited Timetable and regular mechanical breakdowns, is causing many villagers extreme difficulty in arranging and keeping Doctors and Hospital appointments, some having to cancel appointments on the day given due to the bus breaking down. For those of us who for various reasons do not have cars, the 564s limited timetable severely restricts our daily needs and the ability to be part of life outside the village which entails attending meetings, various events, and social occasions, especially evening and weekend ones, without the added expense of taxis many of us cannot afford, bearing in mind that Whiteley Village is a retirement residence predominately for those of limited financial means. Therefore we are asking that when Surrey County Council finds another company to take on the 555 service that Abellio are withdrawing from, that IT will then reschedule the 555 to start and terminate at Whiteley Village and for the 564 to start and terminate at Hersham Green. Whiteley Village has recently rebuilt and improved its own bus stop which stops outside the Village Store where drivers can buy refreshments, some hot, and use a toilet, and there is parking spaces for the changeover of drivers. There are also spaces in the village where the Drivers can park and eat a packed lunch. As I have said in the enclosed Notice for the Petition, the 555 is one of the best routes we have in this area of Surrey, and for those of us in Whiteley Village it will give us, at its bus stops between the Village and Walton, better connections to other destinations in particular to St Peters Hospital where many of our residents go for treatment both as In and Out – Patients and a direct service to Ashford Hospital, Heathrow Airport and the National Express Coach Service. The 555s direct service to Walton Station (which Villagers prefer to use) would be much better for us in Whiteley Village and for people visiting us. It has good access to the platforms, is well sheltered and with the 555s later timetable will bring us back into the village and save us the additional expense of taxis we at present have to use, especially at weekends. Hersham station via the 564 is not a good station for many villagers of visitors due to its long steep flight of stairs, very exposed platforms and the last bus from it to Whiteley Village is at 6.06pm, therefore when having to come back later means a taxi back to the Village; and of course there being no Sunday service, means taxis both ways. There are those of us in Whiteley Village who, as individuals, feel increasingly isolated in our ability to be part of and attend events, meetings, and social occasions, outside of the village especially in the evenings and weekends. Also there are those, who having given up driving, are reconsidering the need of a car they really don't want or can ill afford. This could eventually lead to more people coming into the village with cars when being told that there is such a limited bus service, and this will inevitably add to the traffic on our already congested roads outside the village and traffic jams and disruptions to all the bus services, especially when Whiteley Village completes its impending extensions of Housing, Care Centre, and Welfare buildings possibly resulting in more employees, some of whom may not have cars and will therefore need a bus such as the 555, with its half hourly service later time table, and weekend service to connect with and bring them to and from the village. Therefore Mr Goodman we ask that you support us in our request to reschedule the 555 bus to start and terminate at Whiteley Village and for the 564 to start and terminate at Hersham Green.

Submitted by Linda Roth

Signatures: 384

### **Response**

Thank you for your petition in relation to the bus provision in Whiteley Village, in particular the Abellio 555 service and the suggestion of amending the route to start/ terminate at Whiteley Village and the 564 to start/ terminate at Hersham Green.

As you quite rightly point out, and as announced previously by Surrey County Council (SCC), Abellio have made a decision to resign from some of their bus contracts administered by SCC and to change some of their other services. This is their prerogative and was solely Abellio's decision to take. Since then, officers have worked hard to lead the process of arranging replacement services, which have been planned to integrate with continuing Abellio services.

No offers have been received from other bus operators to run these services on a commercial, or non-subsidised, basis, and the new arrangements will require significantly more funding than originally paid by us to Abellio. This needs to be understood in the context of a very challenging position financially for the council, with rising costs and increased demand on key services, especially within adult social care. It has not been possible to cover every part of the Abellio network or maintain all existing frequencies, as we have had to make some compromises. However, the council has worked extremely hard to obtain additional funding for the replacement services and the bulk of the strategic network in the North West of Surrey will be largely secured. With SCC stepping in, this will ensure that residents and bus users are still able to use the bus services which matter most to them to get to places of work, education, shopping and medical appointments.

In regards to the bus service 564 in particular, we are pleased to confirm that the buses will run every 60 minutes, as opposed to every 80 minutes as it currently does, providing users with a more frequent and reliable service. Considering service 555, it will not be possible to alter the route to start/ terminate at Whiteley Village, as this would add approximately 10 minutes to the journey. Doing so would have an adverse effect upon the reliability of this service, requiring an additional vehicle to be inserted into the operation, something we cannot afford to do. Timetables have yet to be produced, but this information will be made publically available as soon as possible.

**Mike Goodman**  
**Cabinet Member for Environment and Planning**  
**24 November 2016**

**Appendix 2****Petition 2**

“We, the undersigned, protest at the proposed cuts to the 514, 515 and 458 bus services which will mean that Thames Ditton and Weston Green will have no bus services from 1st January 2017. We petition Surrey County Council to take urgent action to ensure these essential bus services continue after 1st January 2017 – as they are vital for the wellbeing of the community, particularly the elderly and those with disabilities, most of whom have no alternative forms of transport.”

Submitted by Peter Hickman

Signatures: 2102

**Response**

Thank you for your petition relating to changes to services 514, 515 and 458 within the Thames Ditton and Weston Green area.

As you may know, and as announced previously by Surrey County Council (SCC), Abellio have made a decision to resign from some of their bus contracts administered by SCC and to change some of their other services. This is their prerogative and was solely Abellio's decision to take. Since then, officers have worked hard to lead the process of arranging replacement services, which have been planned to integrate with continuing Abellio services.

No offers have been received from other bus operators to run these services on a commercial, or non-subsidised, basis, and the new arrangements will require significantly more funding than originally paid by us to Abellio. This needs to be understood in the context of a very challenging position financially for the council, with rising costs and increased demand on key services, especially within adult social care. It has not been possible to cover every part of the Abellio network or maintain all existing frequencies, as we have had to make some compromises. However, the council has worked extremely hard to obtain additional funding for the replacement services and the bulk of the strategic network in the North West of Surrey will be largely secured. With SCC stepping in, this will ensure that residents and bus users are still able to use the bus services which matter most to them to get to places of work, education, shopping and medical appointments.

In regards to the service provision to Thames Ditton and Weston Green, approximately three buses an hour will serve these areas to Kingston-Upon-Thames. Whilst service 514 will be withdrawn, it is envisaged that key journeys will be continued by another operator from Kingston-Upon-Thames to Hersham and vice versa in the morning and afternoon, with an afternoon journey commencing at Esher High School via Hersham to Kingston-Upon-Thames; these journeys will operate between Winters Bridge and Kingston-Upon-Thames via Portsmouth Road direct.

A revised service 513 Monday to Friday will be diverted between Weston Green and Kingston-Upon-Thames, via Thames Ditton Village, Winters Bridge and Portsmouth Road, which will provide residents in these areas with an additional travel choice. A revised service 515 will operate Mondays to Saturdays, generally hourly with some exceptions, from Field Common Estate to Kingston-Upon-Thames and will serve Thames Ditton, Winters Bridge and Portsmouth Road. On Sundays, a new service will operate between Guildford and Kingston-Upon-Thames, which will serve Thames Ditton every 90 minutes, offering an

alternative for Sunday travel. London Bus service 411 and Abellio service 461 will continue to offer alternative bus travel options to and from East/ West Molesey and Kingston-Upon-Thames. Timetables have yet to be produced, but this information will be made publically available as soon as possible.

**Mike Goodman**  
**Cabinet Member for Environment and Planning**  
**24 November 2016**

**Appendix 3****Petition 3**

“As of 31st December 2016, Abellio Surrey are cutting back or withdrawing a lot of their services. These include services to and from Heathrow, as well as transport links to schools, colleges and towns around Surrey, as well as St Peters Hospital. As if transport wasn't already difficult for students, workers, and those unable to drive, we are now faced with another challenge. Please help us to keep our bus services, as they are a vital part of everyday life.”

Submitted by: Jasmine Ritchie

Signatures: 3254

**Response**

Thank you for your petition concerning changes to Abellio services, including those to and from Heathrow Airport and transport links to schools, colleges and towns around Surrey, as well as to St Peters Hospital.

As you may know, and as announced previously by Surrey County Council (SCC), Abellio have made a decision to resign from some of their bus contracts administered by SCC and to change some of their other services. This is their prerogative and was solely Abellio's decision to take. Since then, officers have worked hard to lead the process of arranging replacement services, which have been planned to integrate with continuing Abellio services.

No offers have been received from other bus operators to run these services on a commercial, or non-subsidised, basis, and the new arrangements will require significantly more funding than originally paid by us to Abellio. This needs to be understood in the context of a very challenging position financially for the council, with rising costs and increased demand on key services, especially within adult social care. It has not been possible to cover every part of the Abellio network or maintain all existing frequencies, as we have had to make some compromises. However, the council has worked extremely hard to obtain additional funding for the replacement services and the bulk of the strategic network in the North West of Surrey will be largely secured. With SCC stepping in, this will ensure that residents and bus users are still able to use the bus services which matter most to them to get to places of work, education, shopping and medical appointments.

In regards to bus travel links to Heathrow Airport, we can confirm that the Abellio service 441 Englefield to Heathrow Airport Central will continue to run on a commercial basis at the same level, but with some amendments to the timetable to improve reliability. A new service will also operate between Staines and Heathrow Terminal 5 Mondays to Saturdays approximately every 90 minutes. In regards to the service 555, it is expected that a service will still operate approximately every 60 minutes from Hersham Green to the Heathrow area. However, discussions with Heathrow Airport, a key stakeholder SCC is in constant engagement with, have not concluded as to the frequency of the service, period of day covered, the route in the airport area or funding support required to maintain this service. A further announcement will be made as soon as it is possible to do so.

**Mr Mike Goodman**  
**Cabinet Member for Environment and Planning**  
**24 November 2016**

**Deputy Leader Decisions**

7 December 2016

**Petition**

We the undersigned petition Surrey County Council to make a contribution from the Superfast Surrey (SFS) rebate to the Community Funded Superfast Broadband (SFBB) scheme of West and East Chiddingfold.

As a rural community of 116 premises we request to share in the rebate from the original SFS rollout from which we received no benefit due to our remoteness and cost of connection. We have decided to fund our own infrastructure but think it fair that SFS make a contribution as we are helping them achieve SCC target. We consider a fair contribution to be the rebate of £3.8m divided by the 20,000 target white properties. This is £190 a property. A total of £22040. This money can be contracted direct to Openreach without contravening state aid.

Submitted by Marie-Louise Papworth

Signatures: 120

**Response**

In order to 'plug the gap' in commercial fibre broadband rollouts, Surrey County Council has already invested heavily in the provision of fibre broadband infrastructure to communities right across Surrey. As part of the main phase of the Superfast Surrey programme, 30 exchanges and more than 600 structures were upgraded resulting in more than 86,000 premises being covered by the Openreach fibre broadband network. One of the most complex and remote exchanges to upgrade was Wormley and the upgrade of it, together with its eight cabinets, have directly resulted in more than 3,000 residents and businesses, including many in Chiddingfold, being able to access good fibre broadband speeds.

However, right across Surrey, there are still more than 15,300 premises that are not included in any commercial rollout plans and are unable to access fibre broadband speeds of 15Mbps or above. This is as a consequence of cabinets or structures that have not yet been upgraded to the fibre network or have been upgraded but are too far from homes and businesses to be able to offer a fast broadband service. Whilst many of these premises are in rural areas, such as some of those in Chiddingfold, there are also others in town centres.

Surrey County Council's contract with BT includes a clawback mechanism which is generating additional funding that flows into a joint investment fund when take-up of fibre broadband services in the Intervention area is higher than was modelled. BT have offered Surrey County Council an advance of £3.8 million on the clawback which is known as 'Gainshare.'

Subject to Cabinet approval, the county council is planning to use the Gainshare funding to extend fibre infrastructure even further into Surrey. BT's modelling of solutions for these premises has identified significant opportunities to utilise all of the limited available programme funding. Therefore, providing financial support for community initiatives to deliver broadband to premises outside of the modelled solution would necessarily result in some of the premises within the modelled solution being removed from the deployment plan.

Surrey County Council has carefully considered the Petition's request for funding and, in light of BT's modelling, can re-confirm the advice given to the Chiddingfold community initiative representatives at a recent meeting held with Mr. Jeremy Hunt, MP namely that Surrey County Council is not planning to provide financial assistance to any broadband community initiative from the limited programme funds, nor does it plan to incorporate any community broadband initiative into the Superfast Surrey contract with BT.

**Peter Martin**  
**Deputy Leader**  
**7 December 2016**

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