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Supplementary Agenda  
for the meeting of  
**THE COUNTY COUNCIL**  
to be held on  
**9 OCTOBER 2018**

**8 MEMBERS' QUESTION TIME**

(Pages 5  
- 22)

1. The Leader of the Council or the appropriate Member of the Cabinet or the Chairman of a Committee to answer any questions on any matter relating to the powers and duties of the County Council, or which affects the county.
2. Cabinet Member Briefings on their portfolios

There will be an opportunity for Members to ask questions.

**15 REPORT OF THE CABINET**

(Pages  
23 - 56)

Annex A – Annual Report of the Shareholder Board

**16 MINUTES OF CABINET MEETINGS**

(Pages  
57 - 70)

Any matters within the minutes of the Cabinet's meetings, and not otherwise brought to the Council's attention in the Cabinet's report, may be the subject of questions and statements by Members upon notice being given to Democratic Services by 12 noon on 8 October 2018.

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*Thank you for your co-operation*

**SURREY COUNTY COUNCIL**

**TUESDAY 9 OCTOBER 2018**

**QUESTIONS TO BE ASKED UNDER THE PROVISIONS  
OF STANDING ORDER 10.1**

**COLIN KEMP, CABINET LEAD MEMBER FOR PLACE**

**1. MRS HAZEL WATSON (DORKING HILLS) TO ASK:**

The Department for Transport (DFT) Circular 01/2013 entitled "Setting Local Speed Limits" states at section 7: "The speed limits on single carriageway rural roads should take into account the history of collisions, the road's function, mean traffic speed, use by vulnerable road users, the road geometry and engineering and the road environment including level of road-side development. It is government policy that a 30 mph speed limit should be the norm in villages. It may also be appropriate to consider 20 mph zones and limits in built-up village streets."

The County Council is not following this DFT Circular as a number of village centres including Abinger Common, Coldharbour, Walliswood and Okewood Hill do not have 30 mph speed limits as recommended by Government as the norm for village centres.

Will the Cabinet Member commit to implementing DFT guidance and government policy by reducing speed limits to 30 mph or 20 mph as appropriate in all village centres?

**Reply:**

Our policy "Setting Local Speed Limits" was approved by Cabinet in July 2014. It was developed with reference to the national policy issued by central government (Department for Transport Circular 01/2013). If road conditions and traffic speeds conform to our policy, Local or Joint committees can introduce 30 mph speed limits in villages and 20 mph zones and limits in village centres. Each committee determines local priorities for use of their discretionary funding. Our policy follows the established principle that changing to a lower speed limit on its own will not necessarily be successful in reducing the speed of traffic by very much if the prevailing mean speeds are much higher than the proposed lower speed limit. Speed limits should therefore be considered as part of a package of measures to manage vehicle speeds and improve road safety.

The policy will be reviewed upon central government issuing new guidance.

**DAVID HODGE, LEADER OF THE COUNCIL**

**2. MR ROBERT EVANS (STANWELL AND STANWELL MOOR) TO ASK:**

What lessons has the leader and his team learnt from the problems that have beset Northamptonshire and other counties?

**Reply:**

It is well documented that Local Government and County Councils in particular are under significant financial strain given rising demands and constrained funding. The

County Councils Network recently published information setting out a collective savings requirement of £1 billion in 2019/20.

My team and I have paid close attention to events unfolding in Northamptonshire and other counties and the actions we have undertaken to date, and will take next, incorporate key lessons. In particular we have:

- Commissioned an independent review and challenge of our finances by CIPFA and communicated clearly both internally and externally the seriousness of the council's financial position
- Agreed actions at Cabinet on 25 September 2018 to target the delivery of an additional £40m of in-year cost avoidance in order to stabilise the council's financial position, avoiding unplanned use of balances due to an overspend – these actions also aim to avoid drawing down the full planned £21m from reserves originally agreed in the budget for 2018/19
- Developed a whole scale transformation programme to deliver service improvements and savings in 2019/20 and beyond
- Engaged extensively with residents and partners to develop a Community Vision for Surrey in 2030, so we have a shared long term set of priorities for the county and can focus the collective resources we do have on these
- Appointed a new Chief Executive who has put in place a team of experienced Executive Directors

Crucially we will be reviewing a Preliminary Financial Strategy at Cabinet (30 October) and Council (13 November) so we are fully sighted on the financial scenario we face, have a viable and realistic set of preliminary proposals to secure a balanced and sustainable budget, and can prepare for the inevitably difficult final decisions we will need to make in setting the 2019/20 budget in February 2019. Importantly this will also allow for meaningful consultation, engagement and refinement both internally and externally ahead of setting the budget.

#### **DAVID HODGE, LEADER OF THE COUNCIL**

### **3. MR CHRIS BOTTEN (CATERHAM HILL) TO ASK:**

What is the cost in this financial year of the staff, including Interim Directors and Consultants, who are retained to lead and manage the Transformation Programme?

#### **Reply:**

Since 2010 the Council has faced year-on-year reductions in its funding from Central Government while at the same time managing unprecedented growth in demand and costs to its services.

Faced with these challenges the Council has developed a programme of transformational change to manage service demands and deliver savings to ensure the sustainability of services to Surrey residents and the Council's finances. At its meeting in May 2018, Council approved the use of up to an initial £5m to fund additional leadership capacity to accelerate and support the Council's programme of transformation. At the same meeting, up to a further £15m of transformation funding was agreed to be released to realise future savings arising from individual business cases.

In the financial year 2018/19 to date, £662,000 has been spent on securing the services of interim managers and consultants to support the transformation work. When projected to the end of March 2019 to give a figure for this financial year, this sum is forecast to be approximately £5.6m.

The total £20m to support transformation work will be funded by applying flexible use of capital receipts as allowed by MHCLG. As a consequence, this expenditure does not create an additional revenue budget pressure.

## HELYN CLACK, CABINET LEAD FOR CORPORATE SUPPORT

### 4. MR JONATHAN ESSEX (REDHILL EAST) TO ASK:

Please can you confirm the number of youth worker posts that there currently are across Surrey and how this compares to two years ago, and how many of these posts currently have full-time permanent staff in position.

#### Reply:

Please find below the requested data of how many youth worker posts there are currently within Surrey, how this compares to 2016 and how many of these posts currently have full time permanent staff in position.

	No. of employments (no of contracts issued)	No. of employees (actual headcount *)	Full Time Equivalent (FTE)	No. of full time employees on permanent contract (**)
30-Sep-18	106	98	23.88	13
30-Sep-16	227	208	62.38	33

\*some staff have more than one contract which results in the number of contracts issued being higher than the headcount

\*\* actual headcount of employees on a full-time and permanent contract (excluding part-time contracts)

In April this year, the following information was provided to Cabinet in relation to how the £9.7m savings which were proposed in the Early Help Service by 2020 in the Medium Term Financial Plan, affected youth and community workers and the level of youth provision across Surrey:

*The county council's youth work provision is delivered by Family Services. The Family Services staffing re-structure which is currently under way has delivered savings of £2.46m savings largely through an extended period of freezing vacancies and integrating functions within the service. There is no requirement for compulsory redundancies as a result of this re-structure. The current youth work staffing which is dedicated to the open access youth centre delivery is 794 hours across Surrey each week. Following the restructure this will be 618 hours per week; a difference of 176 hours. Each district and borough will have a dedicated neighbourhood youth and community worker who, supported by part time workers, will deliver the open access offer, as well as facilitating targeted group work. The impact of the overall staffing reduction is being mitigated by more flexible delivery alongside partner organisations*

*under new borough and district youth work delivery groups. The objective of these delivery groups is to enhance the partnership offer of youth activities and youth work available to young people within each of Surrey's districts and boroughs.*

The above savings of £2.46m have been achieved and although it is true that youth worker posts have reduced by 20 since 2016, we have strengthened our partnership work with youth providers within Surrey. For example in Epsom Downs and Banstead GLL, YMCA, R+B, Surrey Police, Councillors, Raven and Surrey Family Services have come together to bid for funding and share staffing resources to enable high quality provision to continue. This has had a particular focus on sporting activities, which makes use of the local resource and has helped overcome a barrier where disadvantaged young people may have felt disconnected from the facilities.

Any further restructure work within youth service will be part of the Children's Transformation Programme.

## **MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT**

### **5. MRS HAZEL WATSON (DORKING HILLS) TO ASK: (2<sup>nd</sup> question)**

Since the introduction of car park charges in most of the car parks in the County Council owned Norbury Park, these car parks are now virtually empty as local people are now parking in nearby roads or in other car parks which are free of charge.

In view of this outcome, will the Cabinet member withdraw the car park charges at Norbury Park?

#### **Reply:**

Introduction of charging at the County Council's countryside car parks was approved by Cabinet on 30 January 2018. It also received cross party support at the Environment and Infrastructure Select Committee meeting. It forms an essential part of the Countryside Estate Business Plan, which aims to enable the estate to be self-financing by the year 2021.

The Business Plan sets out the rationale for introducing car park charges and the expected implications. These include: possible displacement parking and the expectation that vehicle numbers would drop initially following charges being introduced. In other similar areas where charges have been introduced, vehicle numbers drop initially and then have shown to steadily build back up to a comparable level prior to charging.

Free parking nearby provides the public with an alternative, if they do not wish to pay at a County Council owned car park.

Vehicle numbers have been lower than expected in some of the car parks where charging has been introduced, but average spend per visit and take up of annual parking passes has been higher than expected. These are early days and this revenue stream is essential to support our countryside now and in the future.

The Cabinet Member for Environment does not propose to withdraw car park charges.

**MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT**

**6. MR JONATHAN ESSEX (REDHILL EAST) TO ASK:  
(2<sup>nd</sup> question)**

The Vision for Surrey 2030 Evidence base (agenda item 11 of this council meeting) notes that less household waste is being disposed of in Community Recycling Centres and more in household bins, which have a lower recycling rate. How do we propose to offer residents the opportunity to reuse and recycle more, more easily in the future and what else can be done to reverse this trend?

**Reply:**

Firstly I would point out that, since 2013/14, the trend is for a reduction in the overall volume of waste collected. This is against an increasing population. Preventing the occurrence of waste in the first place is by far the best outcome we could hope to achieve.

With regards to recycling, it is important to note the distinct roles played by kerbside collections and the community recycling centres. Every district and borough provides kerbside recycling collections for food waste, paper and card, plastics, glass and a chargeable green waste collection. Most districts and boroughs provide kerbside collections for textiles and small electricals and some provide collections for household batteries. Community recycling Centres on the other hand provide for the collection of more bulky items that generally can't be placed in the kerbside recycling bin. The two services are set up to complement each other but not necessarily to duplicate each other. In 2017/18 recycling rates of individual districts and boroughs recycled between 44.1% and 61.7% of the waste they collected and at our community recycling centres we recycled 56.5% of waste excluding rubble and plasterboard.

All councils in Surrey promote recycling through the Surrey Waste Partnership (SWP). SWP undertake regular communication campaigns to encourage greater participation in existing recycling schemes and have a team dedicated to increasing recycling rates at tackling hard to reach flatted properties.

**MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT**

**7. MRS HAZEL WATSON (DORKING HILLS) TO ASK:  
(3<sup>rd</sup> question)**

*Chalara ash dieback* is a disease which has infected many ash trees. The Forestry Commission strongly recommends that all owners of woodland containing ash prepare or amend management plans to describe how ash will be managed. Given that the County Council owns land including Highways land adjacent to roads and footways with a risk of people being killed or injured by fallen dead trees, what plans do the County Council have in place to manage risk and to keep the public safe from diseased ash trees?

**Reply:**

The presence and significance of Ash dieback (*Hymenoscyphus fraxineus*) to the County's tree portfolio are clearly understood by the embedded internal and external tree risk management services in place. Furthermore the underlying legal duties related to tree risk at large, as owed by the County Council and its partners and how these are

effectively discharged are recognised and documented within the Council's "2018-Tree Risk Management Policy" as part of the Health and Safety Manual.

This corporate policy is currently being reviewed by external legal counsel, with the purpose of testing the reasonableness of the council's approach in the event of challenge; with any revisions and approval of policy finalised by 31 December 2018.

Consistent with the recommendations of the Forestry Commission's (FC) Operations Note 046

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/741800/ON046.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741800/ON046.pdf) and upon release by the FC on the management advice of the disease in non-woodland situations, the existing arrangements will be reviewed and modified as necessary and collaboratively with stakeholders to include the FC, DEFRA and The Tree Council.

## **COLIN KEMP, CABINET LEAD MEMBER FOR PLACE**

### **8. MR JONATHAN ESSEX (REDHILL EAST) TO ASK: (3<sup>rd</sup> question)**

Surrey's Low Emission Strategy

([https://www.surreycc.gov.uk/\\_data/assets/pdf\\_file/0007/166579/Low-Emissions-Transport-Strategy-Draft-for-Public-Consultation.pdf](https://www.surreycc.gov.uk/_data/assets/pdf_file/0007/166579/Low-Emissions-Transport-Strategy-Draft-for-Public-Consultation.pdf), Figure 2.2) shows that carbon emissions from transport in Surrey are rising for the last two years – after reducing from 2005, while across the rest of the UK they are falling. The Vision for Surrey appears to gloss over this reality and rather than report the current trend in its own report, describes Surrey's roads as getting Greener. In light of this, please confirm the amount of money that Surrey County Council spent last year to reduce emissions on Surrey's roads through a) spending to enhance Surrey's cycling infrastructure and b) additional investment to shift journeys from private to public transport.

#### **Reply:**

Surrey isn't bucking a national trend. Emissions from transport in both Surrey and nationally have increased in recent years referencing information from the *Committee on Climate Change – Reducing UK Emissions 2018 Progress Report to Parliament June 2018*.

Some of the information included within the draft Low Emissions Transport Strategy was referenced from this document and as set out in paragraphs 2.21 – 2.24 of the draft Low Emissions Transport Strategy, but none say the national trend is an overall reduction.

<https://www.theccc.org.uk/publication/reducing-uk-emissions-2018-progress-report-to-parliament/>

However, the county council recognises the pressing need to reduce emissions from the transport sector in order to support and tackle the health problems of poor air quality and to support sustainable economic development.

In considering the investment made to enhance Surrey's cycling infrastructure and the additional investment to shift journeys from private to public transport, it is important to understand that most projects will typically span more than one financial year. With that in mind, I can confirm that the investment made to enhance Surrey's cycling infrastructure amounts to £2.05m between 2017 and 2018, whilst the additional

investment to shift journeys from private to public transport amounts to £1.49m between 2017 and 2018.

**DAVID HODGE, LEADER OF THE COUNCIL**

**9. MR JONATHAN ESSEX (REDHILL EAST) TO ASK:  
(4<sup>th</sup> question)**

The Vision for Surrey 2030 Evidence base (agenda item 11 of this council meeting) shows a 33% increase in temporary accommodation use across Surrey over the past four years, and 111% increase in food bank use over the same period. This has corresponded to a strong increase in Surrey's average weekly earnings and disposable income. Together these demonstrate that there is a strong trend in increasing inequality in Surrey. In light of this please confirm what Surrey County Council is doing to address this increasing inequality and how this will be reflected in the level of resources allocated to support the 2030 Vision.

**Reply:**

The Community Vision for Surrey 2030 evidence base shows that Surrey remains a great place to live and work; with high and increasing earnings, a strong local economy, a growing and highly skilled population, falling unemployment, high performing schools, healthy living and long life expectancies. However, we know that some residents experience a poorer quality of life than their neighbours, and this isn't good enough. Inequality exists within Surrey and not everyone is able to share in the prosperity of the county. I would like to see this changed.

The evidence base demonstrates why Surrey needs a Vision for the future – to inspire people to work towards a common goal and address the inequality of opportunity that exists. Our council has an important role in achieving the ambitions within the vision, but the council cannot deliver this alone. This is a whole system challenge and the commitment and involvement of all partners and residents will be key to addressing it successfully.

We want to work with people and their communities to help break down the barriers they face and support them to access opportunities that will improve their quality of life. This means supporting the most vulnerable people in our communities, and those who do not have the means or resources to help themselves. Working with families and NHS partners, we will help children from disadvantaged backgrounds get the best start in life, and care for and protect vulnerable older people and people with a disability. Working with schools we will help equip young people with the skills and confidence to achieve their potential. Working with the Police and other agencies we will safeguard vulnerable children and young people and provide early help to identify and address problems for children before they escalate. Alongside district and borough councils we will have a role in the provision of housing for vulnerable and deprived residents, such as supported accommodation and social housing. And working with the voluntary, community and faith sector we will encourage communities to be inclusive and give them the help they need to support the vulnerable or those at risk of being left behind.

Positively through the engagement work on the Vision our partners have confirmed their commitment to address the inequality of opportunity that exists, be it in relation to health, education, employment or other aspects of life. It is especially important that our partnership work for Surrey's children is now being improved, with the Children and Young People's Partnership working to ensure children and young people have the best start to life.

As we take a greater focus on supporting the most vulnerable people and those who lack the means to help themselves, we will change as a council. We will allocate our resources with a greater focus on prevention and early intervention, improving organisational performance so that we are focused on achieving the outcomes that contribute towards the Vision. We will work more collaboratively in new and creative ways to meet the county's challenges, and support communities to take more responsibility for themselves.

Members of this council will see a new Organisation Strategy and a Preliminary Financial Strategy, at the next full council on Tuesday 13 November, where you will see how Surrey County Council intends to contribute towards achieving the Community Vision for Surrey.

## **CABINET MEMBER UPDATE TO FULL COUNCIL**

**NAME:** John Furey

**PORTFOLIO:** Deputy Leader and Cabinet Member for Economic Prosperity

**MEETING DATE:** Tuesday 9 October 2018

### **Employment & Skills Board (ESB)**

Established in 2013, bringing together business, Small and Medium sized Enterprises (SMEs), FE colleges, Universities, Local Authorities, Local Enterprise Partnerships (LEPs) and schools. The proposed outcomes are raising skills levels to meet the current and future needs of our community; ensuring a flexible skills system which is responsive to changing requirements. Currently within the county we support 208 apprenticeships in all areas of county operation including libraries, business administration and customer service.

Retention for the 17/18 cohort of apprenticeships has been excellent at 97%. This compares to the 75% retention of regular employees within their first year. 40% of our workforce are over 40 and planning for a sustainable provision of young people is a high priority.

### **Business Apprenticeships**

We put in place a project to understand the requirements of the businesses in Surrey and have produced a report with 5 recommendations:

- Extend the 2 year limit
- Ability to pool the levy locally
- Build in flexibility of use
- Offer a greater age range
- Underspend transfer to local skills initiatives within business sectors

We have taken this to the LGA to present to government as our partner and to work together to debug the current system. These recommendations ensure the apprenticeship levy be acceptable and useful to both businesses and the county. The LGA has suggested that Surrey, partnering with Manchester, would run a pilot on the easements to make apprenticeships a more accessible tool.

### **Transport for the South East (TfSE)**

This committee was set up 14 months ago to establish the desired routes in cross-county movement on our roads; involving cross-border authorities within the South East and incorporating LEP representation. Initially this was funded from the Local Authorities involved, but government have now recognized the opportunity and benefit to residents and businesses in having a voice and the ability to deliver these aspirations and therefore will now fund the TfSE in its 2nd year, with a £1m budget.

The intention is for government to agree to legislate and give legal status to this partnership. Currently the only other partnership is Transport for the North, who are now recognised and have legal standing. We would expect to have legislation in place within the next two years. We are looking at the proposal that housing may be delivered in conjunction with our D&Bs quickly and at very much reduced costs. This will mean developing the modern equivalent of pre-fabs to any style and design, with currently a height restriction of 4 storeys.

For example Barclay Homes have built a factory solely to produce these ready-made units, fully fitted with all utilities. Within 3 years they expect to be delivering 40% of their build purely through these module builds. This means that designs can match any site, of any size and include start up business units if desired.

## **CABINET MEMBER UPDATE TO FULL COUNCIL**

**NAME:** Mary Lewis

**PORTFOLIO:** Cabinet Member for All-Age Learning

**MEETING DATE:** 9 October 2018

### **What's working well?**

Dave Hill has brought together a new team of directors in Children, Families & Learning (CFL) to ensure our work with children and families is coordinated, sustainable and focused on improving outcomes. Following her appointment as the council's Director for Education, Lifelong Learning & Culture, Liz Mills will lead work to ensure learners of all ages in Surrey – including the most vulnerable – are able to access education and realise their potential. I look forward to working with Liz and the rest of the team as we continue to tackle inequality in Surrey.

In September, the Parliamentary Under-Secretary of State for Children and Families, Nadhim Zahawi, wrote to formally recognise the council's progress in improving provision for children and young people with SEND.

The Surrey Schools Learning Partnership has now been established to develop schools-led improvement. This 'universal offer' draws on expertise within Surrey's schools and will provide school leaders, teachers and governors access to professional development, school-to-school support and leadership development.

School representatives have now joined the Virtual School's (VS) governing board, strengthening the partnership between the VS team and Surrey's schools community and helping to improve education provision for our Children Looked After. I have written on behalf of all councillors to the young people for whom we are corporate parents who completed Year 11 this summer, celebrating exam successes and encouraging engagement in lifelong learning.

Provisional 2018 data indicates overall improvements in attainment in the early years foundation stage (EYFS), and key stages (KS) 1 and 2. KS2 pupils have also seen improved progress scores in maths. The gap between disadvantaged pupils and their peers at KS2 has narrowed, and disadvantaged learners have seen some improvements in progress from KS1 to KS2.

### **What are we worried about?**

Demand for specialist education provision continues to increase. Plans are in place to manage in-year budget pressures and the 2019/20 Schools Funding Consultation included key proposals for provision for learners with additional and special educational needs. However, fundamental changes to the way we understand and meet special educational needs are required to ensure sustainability.

Surrey's Schools Forum met on 28 September to consider responses to the funding consultation and we will continue work with schools over the coming weeks to agree a joint approach to managing funding pressures while also meeting the needs of communities. KS1 to KS2 progress scores in both reading and writing look to have declined, and the gap between disadvantaged pupils and their peers has widened at EYFS and KS1. Disadvantaged pupils continue to perform at a lower level than their peers nationally

### **What do we need to do/know?**

Following decisions in July to increase specialist and mainstream capacity in Surrey, work continues to expand in-county provision to ensure all children and young people can access education locally.

The council will be consulting on the SEND Transformation Strategy, which will help to reduce our reliance on high cost placements in the non-maintained and independent sector. Cultural services, including libraries, will form a key part of Surrey's all-age learning offer. I look forward to working with residents and community groups to develop our lifelong learning strategy, at the heart of which will be the needs of vulnerable people, strengthening communities and residents' wellbeing.

## **CABINET MEMBER UPDATE TO FULL COUNCIL**

**NAME:** Mel Few

**PORTFOLIO:** Cabinet Member for Adults

**MEETING DATE:** 9 October 2018

There are four transformation programmes in Adult Social Care and their objectives are:

### **1. Practice Improvement**

Strengthening emphasis on preventing, reducing and delaying requirements for care and support

- Strength-based assessments – a different conversation at the front door (at the first point of contact); assessing people when they are at their best, not when they are at their worst
- Expanding our digital offer including self-serve, self-assessment and rolling out the mobile application of LAS
- Rapidly rolling out the learnings from the pilot teams (Tandridge, Guildford and Surrey Heath)
- Reducing the number of assessments completed and the numbers of people receiving a care package by 20% over the next two and a half years.

### **2. Health and Social Care Integration**

Across Surrey strengthening working relationship with colleagues in the NHS. The primary objective of the integration programme is to achieve better outcomes for our residents.

### **3. Accommodation with Care and Support**

Plans to improve our offer on supported housing and extra care to help reduce reliance on residential and nursing care for residents.

The need to develop an extra 2000 supported housing units over the next seven years has been established.

### **4. All Age Learning Disability Service**

Steps have been taken to establish an ASC Countywide Learning Disability Team. Which will focus on working with Children's services beginning at the age of 14 ensuring a smooth entry into Adult's service.

Members will recognise the growing rise in the number of young adults moving from Children's services into transition services and the implications on the County finances in establishing this provision.

Once Children's services have been reformed, the expectation is to have one structure over the life of the resident with learning difficulties ensuring the correct level of support is provided throughout their life.

## CABINET MEMBER UPDATE TO FULL COUNCIL

**NAME:** Mike Goodman

**PORTFOLIO:** Environment & Transport

**MEETING DATE:** 9 October 2018

**Heathrow Airport Limited (HAL)** is developing a masterplan for their expansion proposals to be consulted on next year. We are engaging with HAL, whilst also working with other local authorities and stakeholders via the Heathrow Strategic Planning Group, to press HAL to address key concerns around surface access and environmental impacts.

Several retendered **bus contracts** were commenced 1 September and brand new low emission buses have been introduced, contributing to better air quality in our towns. We have introduced the new '**Acorn**' bus ticket in north Surrey.

We have consulted on a new draft **Electric Vehicle strategy**, hosting an industry 'round table' event. The key points made were the desire for more public charge points; the need for a greater emphasis on public transport and active travel; and regional consistency of technology and universality of access to infrastructure.

Working with the Surrey Air Alliance we also provided feedback to Government on the emerging **Clean Air Strategy**. As part of the DEFRA funded **School Air Quality Project**, a media campaign is now running. Schools near to air quality management areas will be provided with free educational resources and training. We have completed a twelve week consultation on our draft **Low Emissions Transport Strategy**. The consultation highlighted strong support for more public transport and more cycling infrastructure, whilst suggesting work to change travel behaviour on the school run could reduce emissions.

**Single Use Plastics (SUP)** – We have now written our SUP policy providing a framework for SCC to minimise and work towards zero SUP use across its estate and operations. The policy will go to the Cabinet on 30 October 2018.

**Eco Park** - The construction of the Eco Park is almost complete and the construction contractor M+W, has begun testing the various systems. The next step will then be to import waste to commission the plant. The commissioning process is expected to commence soon.

**Waste Volumes** - There has been a reduction in the volume of waste dealt with at Community Recycling Centres (CRCs) compared to 2015/16, this reduction combined with other changes to CRCs means that by the end of 2018/19 we will have reduced our costs of operating the service by £3.2 million per year.

**Countryside Estate Consultation** – Surrey Wildlife Trust (SWT) and SCC are working together on a strategy for the next 25 years that sets out how the Countryside Estate will be managed. We are currently engaging with major landowners across the county and will soon be commencing a wider consultation.

**Car parking** – Over the summer months car parking charges were rolled out across the five busiest sites across the countryside estate, the income generated from the charges will be used to continue to manage and improve the estate.

The current **Surrey Waste Local Plan** was adopted in 2008 and is being reviewed. As a statutory land use plan the new plan will guide the location and type of all waste management development in Surrey over the next 15 years. The next stage is for Cabinet to consider the council's proposed replacement plan on 27 November.

## CABINET MEMBER UPDATE TO FULL COUNCIL

**NAME:** Clare Curran

**PORTFOLIO:** Cabinet Member for Children

**MEETING DATE:** 9 October 2018

The **Transformation Programme** for Surrey's Children's Services is known as "Family Resilience"; an integral part of the Council's wider change programme. Our ambition is simple: We want to provide good and outstanding services to Surrey children and their families in need of help. This means that we want to fundamentally shift to services that are driven by early support and prevention and that reduce the need for statutory social care. We want to ensure that children and young people are at the heart of, and are able to shape how services are delivered.

*Dave Hill*, Executive Director (Children, Families and Learning)

↑ *Jacquie Burke*, Director (Family Resilience & Family Safeguarding)

↑ *Mark Barratt*, Director (QA and Performance Management)

↑ *Liz Mills*, Director (Schools, Lifelong Learning & Cultural

↑ *Sheila Norris*, Director (Commissioning)

↑ *Tina Benjamin*, Director (LAC & Care Leavers)

This is a huge challenge and Dave Hill (Director of Children's Services) has been mandated to take action. There has been extensive change in the senior leadership team of the directorate with five service areas. There will be consultation this autumn about the overall staffing structure and the new model (c.1800 FTE) will be fully operational by April 2019.

An **Ofsted Priority Action Board** has replaced the former Improvement Board. It has new membership and an independent chair oversees progress in addressing the Ofsted recommendations identified in the 2018 full re-inspection.

**Ofsted** continue to make regular Monitoring Visits. The focus of the first visit was on Child Protection and Child in Need. I have reported to Members about the latter - we know there is much to do to ensure our services for children are the very best they can be and we fully accept their findings.

As a result of the second consecutive "Inadequate" judgement, the Department for Education was obliged to appoint a **Children's Commissioner**, to assess and advise the Secretary of State on Surrey CC's capacity and capability to improve children's services at pace. He and his team worked throughout the summer. His report and recommendations have now been concluded and presented to the Minister, Nadim Zahawi, MP. The outcome will be reported to members as soon as made public.

Members have also asked to be updated about the progress of the **Children & Adolescent Mental Health Service (CAMHS)** interim plan. The access criteria for referrals to the CAMHS community, Primary Mental Health and Behavioural, Emotional and Neuro-developmental (BEN) service were suspended for 16 weeks from June because of a backlog and long waits in those services. Surrey and Borders Partnership (SABP), NHS Mental Health Trust, which runs CAMHS, made good progress to ensure all of the children and young people on waiting lists were seen. SABP have met their target plan to see all children and young people waiting for assessment appointments by Friday 5 October.

## **CABINET MEMBER UPDATE TO FULL COUNCIL**

**NAME:** Denise Turner-Stewart  
**PORTFOLIO:** Community Services  
**MEETING DATE:** 9 October 2018

### **Surrey Fire and Rescue**

Monday 1 October saw the first tranche of our new whole-time firefighters starting a three-week conversion course at Reigate's training centre. 17 new 'inter-service transferees' have come through a competitive selection process and will take up their postings later this month. In addition, 13 on-call firefighters have received confirmation that they will be moving to whole-time positions in November following a short validation course.

We anticipate continued demand for further frontline staff over the next 2 years. Therefore, we will create a pool of 60 potential new starters. The last elements of the process is now drawing to a close with final interviews scheduled to end on 11 October. Our potential new firefighters have been subjected to a six-stage selection process with an uplift in criteria such as educational standards and behavioural assessments to be more aligned to the role of a modern Surrey firefighter. The training of these new staff will be in collaboration with both West and East Sussex Fire Services, starting on 14 January 2019.

Four new fire engines with improved water capacity, safety and environmental features, will go on the run this month to replace older vehicles. The Rosenbauer AT Appliances will be based at Leatherhead, Camberley, Salfords and Fordbridge. The build of a new fire station in Spelthorne is now almost complete with occupation expected to take place at the beginning of 2019. Fordbridge fire station is situated in an optimal location with contemporary training facilities that meet the needs of 21<sup>st</sup> century firefighters in Surrey.

### **Governance**

The Surrey PCC has written to the Leader stating that he will not be pursuing a change of governance for the Fire and Rescue Service at this time. This move provides welcome clarity that, for the foreseeable future, Surrey Fire and Rescue Service will remain a part of the Council.

### **Safe Drive, Stay Alive**

The service's award winning [road safety show](#) aimed at 16-18 year olds, returns to Dorking Halls in October. An evening performance, open to all members of the public, also takes place on 7 November 2018.

### **Heritage**

To mark its 20<sup>th</sup> anniversary, HRH the Duke of Gloucester visited the Surrey History Centre on 25<sup>th</sup> September to see the work undertaken and to meet some of the many volunteers who support the work of the service, and unveiled a plaque to mark his visit.

'*The Great Surrey Heritage Show*', will take place on 20 October at Surrey History Centre. This unique event will be showcasing items from our collection specially chosen to celebrate the 70<sup>th</sup> anniversary of the archive services in Surrey. TV historian Michael Wood gave a talk on 6 October about Anglo-Saxon Surrey at the History Centre in Woking.

### **Relocation of Surrey Performing Arts Library**

The Surrey Performing Arts Library has now been relocated. Ewell Library had to be closed for the period from 13 August to 10 September while the stock and shelving was moved across from Denbies and the layout of library reconfigured to make space for the relocated rolling stacks and music and drama collections. Ewell Library staff and management have had training on procedures for the music and drama stock. The public and users were kept informed during the process. The library is now receiving enquiries via phone and email and visits from our music, drama, dance and cinema customers.

## CABINET MEMBER UPDATE TO FULL COUNCIL

**NAME:** Colin Kemp

**PORTFOLIO:** Lead Cabinet Member for Place

**MEETING DATE:** 9 October 2018

Our major schemes programme is well underway at the moment with the construction of the **A331/A30 Meadows Gyrotory scheme in Camberley**, which is a scheme part funded by the Local Economic Partnership (LEP). This £5 million major highway project currently under construction will improve one of our most heavily congested junctions in the County; bringing benefits to help businesses and economic prosperity, both locally and to the wider area. The design also incorporates improved facilities for pedestrians and cyclists, linking previously completed off-carriageway cycle measures in this part of Surrey and Hampshire, along with major upgrades to the traffic signals and improved traffic systems to improve traffic flows. A key feature of the scheme has been in the expert advance planning and design of the construction phase. The key driver was to minimise the disruption whilst carrying out these major alterations so as to not impact on local businesses and the travelling public. There has been excellent engagement with stakeholders, Members, residents, businesses and the travelling public. The Contractor (Mildren Construction) started the works in July 2018, which are on programme and to budget, and are expected to be complete by spring 2019.

In addition to the big schemes there are also many other smaller improvements taking place for example, **Safety cameras** that use “wet film” are becoming obsolete, requiring a move to digital technology. Average speed cameras are now enforcing on the A217 between the M25 and Banstead crossroads, and on the A24 at Mickleham. A twin-head digital spot speed camera has been installed on the A25 Epsom Road in Merrow, next to St Thomas of Canterbury Catholic Primary School, enforcing in both directions simultaneously. Contracts are also being awarded for average speed cameras on Charlton Road in Charlton Village, and on the A24 Ewell Bypass. This has been funded from LEPs and from part of the fees paid by drivers attending speed awareness courses.

In August we submitted three **Business cases to EM3 Local Enterprise Partnership** for the Blackwater Valley, A30 London Road (Camberley) and Woking. These aim to secure a total investment of £16.5m to reduce congestion, and improve public transport, cycling and walking facilities for residents. A decision on funding is expected by December 2018. The next round of bids for the HIF has been announced and Surrey has four bids that have made it through to the next round. We are working with our borough and district partners in Tandridge, Surrey Heath, Woking and Guildford to put these schemes together.

Work is continuing on the **LED Lighting** project and although negotiations on the PFI contract are ongoing we should have a final paper ready for cabinet and scrutiny later this year which keeps us on track to start implementation in 2019.

The **Severe Weather Recovery programme** is making good progress, having started on site in July this year. We have completed 90 schemes so far. Around two thirds of the completed schemes have been large scale patching schemes and the rest have been smaller scale repairs or surface treatments. The programme is mainly on B and C type roads, although some A roads and more local roads are being done. Next year's severe weather programme is being developed and I will update on that in due course.

## **CABINET MEMBER UPDATE TO FULL COUNCIL**

**NAME:** Tim Oliver

**PORTFOLIO:** Lead Cabinet Member for People

**MEETING DATE:** 9 October 2018

### **Campaign launched to tackle air quality around Surrey schools**

Surrey County Council is working with the Surrey Air Alliance, a partnership with district and boroughs to address local air quality issues. Road traffic is the main source of air pollution in Surrey. The Alliance has been awarded a DEFRA Air Quality Grant to improve the air quality in and around schools. The project is to raise awareness of air quality issues with primary and secondary school children (and their parents, staff and local communities around schools); encourage behaviour change and active travel; and reduce vehicle idling, particularly outside schools. Visit [www.healthysurrey.org.uk/airquality](http://www.healthysurrey.org.uk/airquality) for more information.

### **How to take those first steps to improve your mental wellbeing**

Surrey County Council's public health team has published a refreshed advice and support guide, *First Steps*, for anyone over 18 years who is looking to take their first steps in improving the emotional and mental well-being of themselves, their friends or family members. The helpful guide is available on [Healthy Surrey](http://Healthy Surrey).

### **Health and social care integration**

September saw the launch of a 3 month programme of work with our health partners to develop a 10 year strategic plan for Surrey. This aims to bring together a range of information to understand the likely demands and pressures on the health and care system over the next 5-10 years, and to bring together a wide range of partners to agree a shared approach to responding to those challenges and pressures.

The business case for health and social care integration is part of the transformation work happening internally. This covers new models of care in development in the acute and community settings as well as prevention focused projects where work is being resourced through transformation funding from Surrey Heartlands.

### **Devolution**

As part of the devolution work being led in Surrey Heartlands with health colleagues, the system's NHS England case for change was submitted and subsequently approved by the NHS England national commissioning committee at the end of September – the document represents the first step for Surrey Heartlands taking a stronger role in decisions about the commissioning of dentistry, immunisations and some specialised services for our population.

Work over the coming weeks will focus on securing further freedoms and local responsibility for system oversight and assurance and finalising our partnership agreement with health colleagues to pool c£500m of our health and care commissioning budgets.

### **Health and Wellbeing Board**

The board is reviewing its terms of reference to reflect the ever changing shape of delivery of health services across the County. This review will look at the membership of the board to ensure representation across all key stakeholders as well as ensuring it has access to sufficient data to drive improved health outcomes for the residents for Surrey Residents.

## **CABINET MEMBER UPDATE TO FULL COUNCIL**

**NAME:** Helyn Clack

**PORTFOLIO:** Lead Cabinet Member for Corporate Support

**MEETING DATE:** 9 October 2018

### **Vision for Surrey 2030**

Work is progressing well and now forms the basis of a report to Council seeking approval and adoption of the Vision as a foundation for developing enhanced partnership working across the County. There is wide support for this approach from a number of our existing partners.

The report also sets out the concept of 'Deals' with residents and local communities, signalling a shift in the relationship with the County Council and wider public sector in Surrey and a newly developed County Council strategy that will set out what we will do to contribute to the ambitions of the Vision.

### **Orbis Partnership**

Additional savings have been identified from Orbis as part of the transformation programme, these will be reviewed by Cabinet on 30 October.

Many of the transformation business cases are predicated on digitally enabling service delivery or changes to our mobile workforce, work is ongoing to ensure that services are primed and ready to mobilise.

### **Members' IT**

Dell hybrid notebooks have been made available to Members to support their mobile working. Ongoing training is provided on request through Democratic Services. We have launched this year's Member IT Survey which runs throughout October and I encourage all Members to take part as your views allows Democratic Services to identify areas of development going forward.

### **EU**

Project submissions work has intensified over the past months with an Interreg project relating to digital tourism underway. A Surrey led bid to support the care and health workforce was submitted in August in response to a call shaped by the C2C European Structure and Investment Funds (ESIF) committee reflecting local needs. The forward meeting schedule for future ESIF committees and the timetabling of future calls is currently being worked on by the LEPs, Government departments and Committee Chairs. PURPLE has just held an event in the European Parliament focused on rural-urban relations and plans to submit a related funding application by the year end. Hampshire County Council and Surrey County Council has reshaped SELP (Southern England Local Partnership) leading to a more focused arrangement.

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# Shareholder Board Annual Report

Financial Year 2017/18



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The council has created trading companies and made investments to enhance the financial resilience of the council



Listen



Responsibility



Trust



Respect

*Our Corporate Strategy, Confident in Surrey's future*

The council's strategic framework for innovation and investment is supporting the development of new ideas and approaches to enhance the financial resilience of the council. The Shareholder Board monitors the council's trading activity and its investments in companies to ensure satisfactory performance and effective risk management. The financial returns delivered by innovation and investment will help to ensure that we continue to deliver quality services to our residents.

The Shareholder Board is an example of best practice governance. It provides effective oversight and alignment with the strategic objectives and values of the council. The Board safeguards the council's interests and takes decisions in matters that require the approval of the council as owner or as a shareholder of a company.

The Annual Report of the Shareholder Board provides an overview of the progress we have made in developing new models of delivery and enhancing the financial resilience of the council. The Investment Board produces an annual report about the council's property investment portfolio and therefore to avoid duplication this report focusses on other investments and trading activity. There is a degree of overlap however since the council's property investment company is covered in this report in a similar way to other its other companies. The relationship to the investment strategy is explained in more fully in the report.



David Hodge CBE

Leader of Surrey County Council

## THE SHAREHOLDER BOARD

### Governance

- The Shareholder Board was created in September 2013 following the report to Cabinet setting out the council's strategic approach to innovation and new models of delivery.
- The Board and its role is noted in the constitution of the council.
- The Board works in accordance with its Terms of Reference which are reviewed on an annual basis.
- Meetings take place at least quarterly.

The Shareholder Board is comprised of 3 members of the council's Cabinet and the Chief Executive. As named posts rather than post holders is noted in the constitution the board reflects changes agreed at the Council's AGM. The board is supported by officers of the council, including the Section 151 Officer (Director of Finance) and the Monitoring Officer (Legal Services Manager).

#### Members

- Leader
- Deputy Leader
- Cabinet Lead Member for Corporate Support\*
- Chief Executive

#### Advisors

- Deputy Chief Executive
- Director of Finance (Section 151 Officer)
- Legal Services Manager (Monitoring Officer)
- Head of Strategic Finance (Board Secretary)

\*

*\*previously the Cabinet Member for Property & Business Services.*

The full Terms of Reference for the Shareholder Board are appended to this report. These were recently updated to confirm that the board will perform the same oversight for Limited Liability Partnerships (LLPs) since this is the form of company structure that is being used for the residential and development Joint Venture with Places for People. This Joint Venture is being established following the Cabinet decision in December 2017 and is a delivery model to deliver housing and mixed use development utilising the council's vacant sites.



## Purpose

The primary and most common purpose behind the creation of a Local Authority Trading Company (LATC) is to enable a council to participate in commercial trading activities. Many local authorities have created an LATC for this purpose, with the most common reason given being in order to grow income to protect services. Surrey County Council's first trading company, Babcock 4S Ltd, the Joint Venture with Babcock to provide school improvement services was created in 2003.

The decision to create a company or invest in shares is taken by Cabinet upon the basis of a business case. Like many other councils, SCC has created companies in order to trade and grow income; with profits generated for the council available to support the delivery of the council's Medium Term Financial Plan and enhance financial resilience. This is however not the only reason for the creation of a company or investment in shares.

Surrey Choices was set up in order to safeguard the provision of services to people with learning and physical disabilities. Cabinet approved the creation of a Property Company in order to strengthen the council's ability to invest in a diversified and balanced portfolio of assets in pursuit of the Investment Strategy. The council's investment in FutureGov Ltd enhances the portfolio of assets and supports a company that has a track record of delivering innovative design solutions to local authorities and in social care. The investment in the Municipal Bonds Agency will give the council an alternative source of finance at preferential rates.

The council has created companies and purchased shares in order to –

Deliver services, benefiting from efficiencies driven by operating in a commercial environment

Trade & generate income

Invest in assets to deliver an income

## THE COUNCIL'S SHAREHOLDINGS

The decision to create a company or to invest in shares is taken by Cabinet or in accordance with delegated decision-making, upon the basis of a business case which articulates the financial implications and associated risks for the council.

Cabinet Decision: To create a company or invest in shares	Service Delivery	Babcock 4S
		Surrey Choices
	Trading	S.E.Business Services
		TRICS
	Investment	Halsey Garton Property
		Municipal Bonds Agency
		FutureGov

These proposals are made with realistic and prudent expectations regarding the investment required and the length of time it will take to establish a successful company. The council therefore recognises that returns will not necessarily be received in the short-term but will contribute to financial resilience in the longer term.

Company	Ownership
Halsey Garton Property	100%
S.E.Business Services	100%
Surrey Choices	100%

Company	Ownership
Babcock 4S	19.99%
TRICS	16.67%
FutureGov	13.8%

The council's minority shareholding in the Municipal Bonds Agency will depend upon the total equity raised.

The Joint Venture (JV) with Places for People, approved by Cabinet at its meeting in December 2017, to deliver housing and mixed use development is not yet included in this report as it is in the early stages of being set-up. The Shareholder Board approved the JV's first business plan in April 2018 and it will therefore be included in future annual reports.

## Shareholder Board & Decision-Making

The day-to-day operation of each company is the responsibility of the Directors (of each company) with the Shareholder Board being responsible for taking decisions on behalf of the council where these are of a more strategic nature. The extent of this decision-making will depend upon the council's shareholding and upon terms included in a company's Articles of Association (matters reserved for the Shareholder) and / or a Shareholders Agreement in relation to Joint Venture companies.

The Articles of Association for the council's wholly owned companies stipulate that the shareholder, that is the Shareholder Board on behalf of the council, are required to approve or make decisions in relation to the following matters summarised in the table below.

<b><u>Decision</u></b>	<b><u>Rationale</u></b>
Changes to the Articles	Removes all controls
Appoint and remove Directors	To ensure that the company is appropriately managed and that there is satisfactory governance
Material change in the nature or scope of the business	To ensure companies only undertake activities for which approval has been given and to protect the council's reputation
Purchase of shares or interest in another company. Acquisitions of any business or any shares.	Significant business decision which may involve further financial risk
Borrowing or the raising of finance (except from SCC). The creation of any security interest (except SCC)	To avoid taking on debt that undermines security for SCC debt (excluding de-minimis bank overdrafts) and to avoid incurring further financial risk
Issuing, withdrawal or buy back of shares	To maintain SCC ownership as originally intended

# Shareholder Board Annual Report

<u>Decision</u>	<u>Rationale</u>
Enter any Joint Venture, consortium or partnership	To ensure companies only undertake activities for which approval has been given in order to protect SCC reputation. To ensure that it is the shareholder that takes decisions that may involve substantial financial risk (rather than the Directors alone).
Selling, transferring, leasing, assigning property or assets (excluding de-minimis and replacement of operational equipment)	To avoid dilution of assets or security in relation to SCC debt
Disposal of any business or any shares	To maintain SCC ownership as originally intended
Entering into an administration order or steps to voluntarily wind up the company	To protect SCC's reputation

## Directors

Each company must have at least one person named as a Director – the council itself cannot act in this capacity. The Shareholder Board is responsible for appointing (and removing) Directors to act on behalf of the council. Directors have specific responsibilities in Company Law and therefore the Shareholder Board will need to ensure that persons with the appropriate skills are selected. The name of the person(s) appointed to each company is noted in the next section of the report. In the case of Joint Ventures the person appointed by the council to act in respect of its shareholding is noted.

In February 2018 the Shareholder Board appointed 3 members to be Directors for its wholly owned companies-

Halsey Garton Property	• Edward Hawkins
S.E.Business Services	• Jeff Harris
Surrey Choices	• Bernie Muir

These members will work alongside the other appointed directors, bringing their valuable experience to the board, and will be responsible for delivering the day-to-day activities of the company in accordance with the strategies and business plans agreed by the Shareholder Board.

As Directors, their role is not to provide scrutiny, but to be accountable to the Shareholder Board, alongside other directors, for the performance of the company and for their own performance as a Director. The Shareholder Board will continue to be the subject for scrutiny rather than individual directors.

Directors appointed by the council receive no additional remuneration and undertake this role as part of their duties as an officer or member of the council.

## Company Details

The following pages contain information about each company, including a description of activities and purpose, Cabinet approval & date of incorporation and progress made to date. Financial information has been included where this is generally publically available (e.g. from the statutory accounts of each company) or not commercially sensitive however information that is commercially sensitive, such as the future business plans, has been excluded

Cabinet Approval	May 2014
Ownership	100%
Date of Incorporation	June 2014
	Commenced trade in November 2015
Council Investment	Share Capital £69m Loans of £179m (as at 31 <sup>st</sup> March 2018)
Return on Investment	In 2017/18 the company paid a dividend of £1.6m and made interest payments to the council of £9.0m.  The dividend in 2016/17 was £750,000
Directors	John Stebbings, Susan Smyth & Edward Hawkins

## **Halsey Garton** **Property Ltd**

Halsey Garton Property Ltd is named after people associated with the history of Surrey County Council.

Halsey was the first Chairman of the council (1893) and Garton was the High Sheriff of Surrey in 1913.

### Company Profile & Business Case

Halsey Garton Property Ltd was incorporated in June 2014 in order to fully implement the recommendations of the Investment Strategy approved by Cabinet in July 2013. The company enables the council to invest in a diversified and balanced portfolio of assets to deliver income and enhance the council's financial resilience over the longer term.

### Council Investment

The council provided initial share capital of £1,000 and provides further equity and debt financing to enable the company to progress agreed investments. This is provided on an arm's length basis following the approval of the business case by Cabinet or more recently under the delegated authority of the Investment Board. The council has provided a further £69m of equity funds and loans of £179m as at 31<sup>st</sup> March 2018 to enable the company to purchase agreed investment assets.

# Shareholder Board Annual Report

## Progress Report

The company purchased its first asset in November 2015. The company now owns investment assets with a value of £245m.

14 Properties

Commercial tenants

Providing an annual rent roll of £14m

Weighted average unexpired lease term of 9.7 years to breaks / lease expiry

Income streams from tenants under lease agreements of £164m

Halsey Garton Property

The company paid a dividend of £1.6m in 2017/18 and paid the council £9.0m in interest payments. Further information about the company and its investment portfolio is provided by the Investment Board Annual Report. The link between the Shareholder Board and the Investment Board is summarised in the table below.

## Investment Board

- Approves the business case for asset purchase or development by HGP
- Approves the provision of finance (equity & debt) to enable HGP to purchase asset
- Reviews and considers the performance of the total property investment portfolio-assets held by both SCC and HGP
- Considers the financial results of HGP from the point of view of the council - e.g. the interest received from providing loans (debt finance) to the company and the expected annual dividend.

## Shareholder Board

- Receives and considers the year-end financial accounts of HGP and approves the proposed dividend
- Approves the annual business plan
- Appoints and removes Directors
- Approves changes to the Articles of Association
- Reviews the financial results of HGP from the point of view of the company - e.g. rents received less expenses including interest payable to the council and administration costs.



Cabinet Approval	March 2013
Ownership	100%
Date of Incorporation	June 2013. Commenced Trade in December 2013
Council Investment	£100 Share Capital
Return on Investment	The company has provided the following dividends- 2014/15: £400,000 2015/16: £400,000 2016/17: £440,000 2017/18: £400,000
Directors	Rachel Crossley, Jeff Harris, Liz Mills & Steve Ruddy

## Company Profile

S.E.Business Services commenced trade in December 2013 following Cabinet approval as part of the New Models of Delivery strategy in March 2013. The company provides business to business professional, technical, training and contingency services, enabling the council to trade in those functions in which it has particular expertise and capacity.

## Business Case

Originally developed in order to enable the council to trade and to provide IT services, including data hosting, helpdesk and application support to a private sector organisation, the company has further developed and expanded to provide further IT contracts and services. Shareholder Board approval followed by Cabinet approval in March 2014, has enabled the company to enter the aviation fire contingency market created as a result of regulatory and licensing changes for UK airports. The company was selected to provide these services under contract in April 2014.

## Council Investment

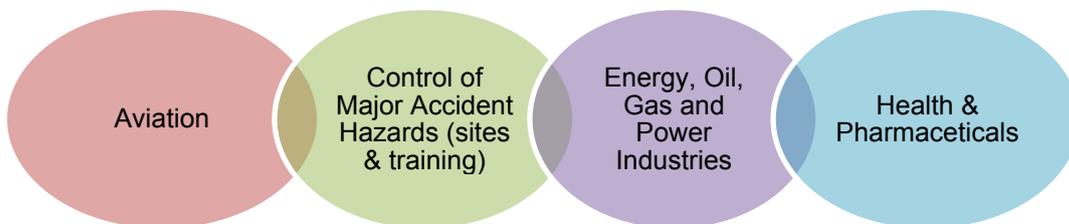
The council provided share capital of £100 and an initial working capital loan to enable the company to commence trade– all lending has been provided on an “arms-length” basis and has been fully repaid.

## Progress Report

The company has delivered profits in excess of those expected in the original Business Case and in line with its approved Annual Business Plan for the year. These profits have been delivered as a result of entering the fire aviation contingency market and by securing a strategic contract with Heathrow Airport., together with the expansion of IT services currently being delivered to two private sector organisations operating in the health sector. The company has paid dividends since its first full year of trading.

The company employs staff as required to deliver confirmed contracts, and engages appropriate contractors, advisors and service providers to undertake the activities of the company. The Company receives services from the council, including contract delivery and operational services, professional legal and finance services and accountancy support services. The council makes an appropriate charge to the company for any services provided, ensuring that the full cost of the activity is recovered.

The company will continue to develop its client base and reputation in the market in order to secure further contracts in target markets from the provision of business continuity services, training and development, technical services and subject matter consultancy and advice.





Cabinet Approval	December 2013
Ownership	100%
Date of Incorporation	March 2014
	Commenced Trade in August 2014
Council Investment	£100 Share Capital Loans of £2.8m (set up loan of £0.7m and a revolving credit facility of £2.1m)
Directors	Penny Fell (Managing Director), Kevin Kilburn & Bernie Muir

## Company Profile

Surrey Choices Ltd commenced trade in August 2014, following Cabinet approval of the business case in December 2013. The company provides people with learning and physical disabilities with a range of services in a variety of settings. The service offer includes day services and support for people who wish to seek employment or become engaged in work, volunteering or training opportunities. The Shared Lives service matches carers who provide support in a family home environment to people with disabilities. The company has developed a respite service creating additional capacity in the Surrey based market. The commissioning contract to supply services to the council triggered the transfer of employees from the council to the company under TUPE regulations in August 2014.

## Business Case

The council created the company in order to ensure the sustainability of the services provided and to create a commercial environment in which to deliver efficiencies and continued innovation. Benefits to the council are to be derived from income generated from trading activity from the supply of services to those people with personal budgets and those that privately purchase. The business case demonstrated that the company would make a modest profit within the first five years of operation.

## Council Investment

The council provided share capital and loans to enable the company to purchase operational assets from the council and to provide for working capital requirements– all lending has been provided on an “arms-length” basis at market rates of interest.

## Progress Report

The company delivers services to the council under a commissioning contract; this is currently a block arrangement meaning that the risk of any volume increase rests with the company rather than with the council. In the first 18 months of operation the council increased the number of new referrals and this led to deteriorating financial situation for the company and losses for the first two years of operation.

In light of this, the Adults Service (ASC) undertook a review of the contract and made appropriate amendments. This review concluded in October 2016 and recognised the importance of ensuring the continuation of the services provided to the residents of Surrey. This has enabled the company to put together a revised business plan which was approved by the Shareholder Board in December 2016. This revised plan, based upon prudent assumptions particularly in terms of non-council business and the delivery of significant cost savings, demonstrated a break-even position to be achievable in 2017/18 with modest profits thereafter. Since then a more optimistic business plan was approved by the Shareholder Board and this has been delivered with the draft results for the financial year just ended reporting a pre-tax profit of c.£400,000.

There have been a number of changes to the management team since the creation of the company and this has inevitably impacted upon progress. The original Managing Director (MD) resigned in August 2016, and an interim was in place up until August 2017. The current MD has recently resigned for family reasons however there is now significantly more resilience in place than previously, with a strong senior management team who have delivered a number of changes to improve the internal controls and governance environment.

Alongside this the contract management meetings with ASC have been reinvigorated with strategic commissioning meetings taking place regularly with the Strategic Director of ASC and a number of sub-groups established to focus on key areas; including performance reporting and the quality of service outcomes.



Cabinet Approval	July 2003
Ownership	19.99%
Date of Incorporation	September 2003
Council Investment	£199.99
Return on Investment	The last dividend received was in 2013/14 of £273,000.
Surrey County Council Director	Jason Russell

## Company Profile

The Company provides educational support services under a Service Delivery Agreement (SDA) with the council and has developed a range of services to schools. Their services include those related to education, including curriculum advice, governor support and more generic services such as Human Resources support, technology support and facilities management. The company also provides services to other local authorities.

## Business Case

The Joint Venture company was formed in 2004 when the council selected a commercial partner to deliver its school support and improvement services. Originally named VT Four S Limited, the company was renamed as Babcock 4S Limited when Babcock Internal PLC acquired VT Education and Skills Limited in 2010.

The Joint Venture was proposed in a time of uncertainty regarding the role of Local Education Authorities. The Government had announced its intentions for the greater independence of schools and predicted that the market for education services would be provided by a small number of larger providers. The council formed the Joint Venture in response to these proposed changes, selecting a partner to enable the services to be traded, utilising the partner's commercial skills to enter the market and providing greater sustainability if the levels of service purchased by the council were to decline.

## Council Investment

The council received a substantial consideration from VT Education and Skills upon commencement of the Joint Venture and award of the contract to supply services. Investment required to establish the company in the market was provided by VT Education and Skills, as at the time Local Authorities were operating under a different capital finance regime which restricted borrowing and investment.

## Progress Report

The Joint Venture has proved to be successful, delivering a financial return to the council as a shareholder, significant dividends and improving school performance as part of its SDA with the council. However the company is being significantly impacted by changes in the schools market and the changing role of Local Education Authorities. The change to academy status means that a proportion of funding is transferred from the local authority to individual schools and the academy is then responsible for commissioning its own support services. Some academies have chosen to continue to purchase their support services from B4S but others have not. The company has lost a number of significant local authority contracts since 2012 or seen the contract value of those remaining significantly reduce.

The council's contract for services (the SDA) has diminished significantly over time as a result of these changes, from £9.1m originally to an expected £2.5m in 2018/19 and will end in March 2019 as required by the end date specified in the original procurement process. The Cabinet at their meeting in April 2018 agreed the approach for the continued delivery of its statutory and strategic school support services, alongside the development of schools led support. The agreed approach was recommended as the best fit to the council's strategic direction, financial position and enables it to meet its legal responsibilities.

The contract coming to an end, however does not impact upon the ability of the company to continue to trade since about 80% of its turnover is from trading with schools directly albeit this is alongside the other changes described, with an overall impact upon the nature of the business in the future. The Shareholder Board recognise that the increasing emergence of free-schools and multi-academy trusts will impact on whether a single provider for schools improvement is the best long-term approach and that the company will need to manage these risks and any associated costs, such as redundancy, accordingly.



Cabinet Approval	July 2014
Ownership	16.67%
Date of Incorporation	October 2014
	Commenced trade in January 2015
Council Investment	£37,500 Share Capital
Return on Investment	The company has provided the following dividends- 2015: £81,300 2016: £83,800 2017: £80,200
Surrey County Council Director	Mike Green

## Company Profile

TRICS Consortium Ltd commenced trade in January 2015, following Cabinet approval in July 2014. The Company provides a service to the transport planning and property development customer community by providing access to a comprehensive database of travel patterns known as trip rates. Trip rate data is used by planning consultants in support of planning applications in order to demonstrate the impact of major developments on local traffic. The database is recognised in national planning policy and is widely used by the planning profession and its use has been given due weight by Inspectors at Planning Inquiries.

The company is a joint venture with five other local authorities, Dorset County Council, East Sussex County Council, Hampshire County Council, Kent County Council, and West Sussex County Council. These councils held the rights to the database under a long-standing partnership arrangement and therefore became the shareholders of the company. The company now owns all Intellectual Property Rights in relation to the database and the brand.

TRICS

## **Business Case**

The creation of the company ensures that the commercial activities of the consortium councils is being undertaken in an appropriate manner and will enable the growth potential of the database into other territories to be fully exploited.

## **Council Investment**

The council, together with the other five local authority shareholders, invested equity funds to provide for working capital and set-up expenses. The funds provided were from balances held by the consortium, created from surpluses from previous activity.

## **Progress Report**

The Company commenced trading on 1<sup>st</sup> January 2015 when it took over the operation of the database from the incumbent supplier. The company comprises of the Managing Director, recruited to deliver the day-to-day operation of the company, three employees that TUPE transferred from the previous supplier and has recently recruited a further employee to support its growth. The company is benefiting from increased memberships and user activity is on the increase in particular from the residential development sector. The company is further progressing its plans to expand its reach into international markets, with a legal agreement reached to host data in New Zealand and Australia, which is expected to go-live in 2018.

The company continues to deliver profits in excess of expectations and has distributed a dividend to its shareholders each year since its creation, thereby delivering a significant return on investment within a short timeframe.

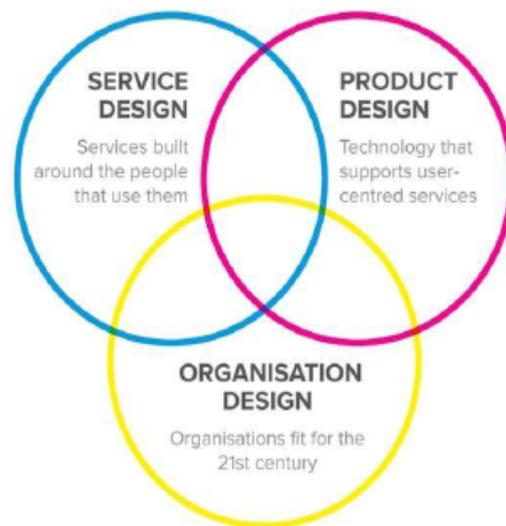
## FUTUREGOV

Cabinet Approval	December 2013
Ownership	13.8%
Date of Purchase of Shares	January 2014
Council Investment	£125,000 Share Capital £125,000 Loan Notes
Surrey County Council Director	Susan Smyth attends the board meetings of the company as an observer & advisor.

FutureGov

### Company Profile

FutureGov Ltd provides innovative digital design consultancy and re-design solutions to Local Authorities and other public sector organisations. Over the last 10 years the company has developed an integrated design approach to service delivery based upon the needs and expectations of residents in a way that saves money and is driven by cutting edge technical technology.



### Business Case & Council Investment

The investment in FutureGov was undertaken in 2014 to strengthen a partnership that had already delivered innovative products within the social care market. The council's investment of equity and debt finance in 2014 was made alongside investment from Nesta, a charity whose investment function has a track record in identifying commercial opportunities that deliver social value. The debt financing provided by both parties is at market applicable interest rates, with the interest receivable offsetting the funding costs incurred on the initial equity investment. The business case expected that the investment would generate a modest net return to the council over a five year period.

## Progress Report

The company has delivered a significant growth in sales revenue since the date of investment however fell short of delivering fully against its ambitious business plan and profits targets. The company continues to refine their business strategy and now focusses on consultancy services and specialises in digital design. The company is recognised as a key player in the digital design and transformation public sector market and frequently successfully competes against the big consultancy firms.

The company has invested in a number of key hires to support its growth including an experienced non-executive director who has encouraged the company to seek bigger contracts which has resulted in some significant success. As a result the company has reported profits for the last two years and is expected to grow further.



## MUNICIPAL BONDS AGENCY

Cabinet Approval	Decision taken under delegated approval in September 2015.
Ownership	Minority
Date of Incorporation	September 2014
Council Investment	£450,000 share capital

### Company Profile

The Municipal Bond Agency's objective is to provide an alternative to the Public Works Loans Board (PWLB) as a cheaper source of borrowing for local authorities from the issuing of bonds. The agency, developed by the Local Government Association (LGA), has raised equity funds from 56 councils to provide for operating costs and sufficient capital against risks.

### Business Case & Council Investment

The agency will provide access to all local authorities to raise external borrowing provided that they meet the criteria set, however preferential terms will be provided to those councils that are also shareholders in the company. This means that, for example, on a loan of £10m a council that is a shareholder would save £15,000 per annum compared to PWLB, and if it were not a shareholder the saving would be about £5,000.

### Progress Report

The Municipal Bond Agency has distributed a framework agreement which set out the terms upon which local authorities will be able to borrow from them. Authorities will be expected to pass the agency's own credit checks and agree to a joint and several guarantee that would operate if a local authority defaulted on its borrowing.

This requirement to agree to a joint and severally liable guarantee has created some concerns for local authorities particularly at a time of ongoing financial uncertainty. This together with the continued low interest rate environment and short-term borrowing strategies adopted by a number of local authorities has meant that the first bond issue has not been achieved in accordance with originally anticipated timeframes.

When the Shareholder Board reported to Cabinet last year we reported that the Leader had written to the agency to express concerns on behalf of the council. We received a response from the Chairman of the Agency who reassured us that the first bond issue was to be expected in the next few months however this has not been the case. The Secretary of the Shareholder Board has asked for further reassurance and the response is awaited. The Shareholder Board will continue to monitor progress.

## GLOSSARY

### **Articles of Association**

A company's Articles of Association set the rules (the constitution) for the company. The Articles are filed as part of the incorporation process and are publically available documents. The objects of the company describe what the company will do. The objects of a company are now deemed to be unlimited, unless the Articles limit them.

The Articles may restrict the decision-making powers of the Directors – these are described as Reserved Matters. The Articles may be changed at any time by a special resolution of the members (the shareholders) of the company.

Companies created by the council follow the model articles with the exception of the introduction of reserve powers in matters of strategic importance and one or two other minor exceptions.

### **Assets**

A council owned company may purchase assets from the council. In disposing of assets, the council must ensure that it receives appropriate market value and the company in turn will be required to purchase at market value in order to ensure that there is no financial subsidy or advantage that may be deemed as state aid.

The council will retain property assets unless there is a financial advantage to transfer (for example, where the purpose of the trading company relates to property activities). Market rents will be charged for occupancy of property assets – rents are a pre-tax expense making this arrangement tax efficient and this also ensures that the council's balance sheet remains strong and is not diluted.

Surrey Choices Ltd purchased operational assets, such as vehicles and musical equipment, at appropriate market values from the council and this formed part of the initial set-up costs for the company.

### **Debt Financing**

Debt financing provides the funds required to run a business. A company may borrow the money required to grow and develop the business.

Interest on debt is a business expense, and therefore deducted before tax.

Companies created by the council, such as S.E.Business Services and Surrey Choices have been set-up with limited equity funds. Funding for growth and working capital requirements has been provided by the council under an agreed loan facility. The council provides loans to enable Halsey Garton Property to buy investment assets.

## GLOSSARY

### **Directors Duties**

The Shareholder Board are responsible for appointing (and removing) Directors to act on its behalf in relation to companies in which the council holds shares. Directors duties are described in the Companies Act 2006 and include a responsibility to promote the success of the company, exercise independent judgement and exercise reasonable care, skill and diligence.

Directors appointed by the Shareholder Board do not receive additional remuneration for their role and are covered by indemnities provided by the council in respect of financial loss (an extension of the indemnities provided by the council to staff and members as agreed by Cabinet in March 2013). This does not and cannot extend to negligence, default, breach of duty or breach of trust.

The council's legal team brief Directors so that they understand their duties.

### **Group Companies**

Companies form a Group if one is a subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person. Companies within a Group can take advantage of Group Tax relief. In tax legislation, the council is a body corporate that can perform the link between LATCs and therefore the losses of one company can be offset against profits of another.

This group status in tax law also provides the council with the ability to be exempt from stamp duty which would ordinarily apply to property transactions (including the entering into lease arrangements) between group companies).

The council is required to produce Group Accounting statements which mean that the financial results of its LATC's will be included together with the financial results of the council. The council will continue to also produce detailed Annual Statements of Accounts on a single entity basis.

### **Joint Venture**

A Joint Venture company is one that is owned by more than one shareholder, where the shareholders concerned are corporate bodies in their own right. The term Joint Venture is not one that is legally defined and is often used in respect of other arrangements that do not necessarily involve a limited company. For example a Joint Venture may also be a Limited Liability Partnership or may be used to describe an arrangement between public bodies.

## GLOSSARY

### **LATC (Local Authority Trading Company)**

The terminology “LATC” is often used to describe a company that is owned by a Local Authority (i.e. Local Authority Trading Company). It is not a different form of company and most companies described as LATC’s are companies limited by shares, with the shares and therefore the company being wholly owned by the local authority.

Companies created by SCC are most likely to be limited by shares, as this structure ensures that profits can be returned to the shareholder (the council) in the form of dividend payments, and provides the possibility for future sale. It is the most suitable structure for trading activity and enables the Council to create a tax group.

It is possible that other company structures may be applicable in certain circumstances; however these structures tend to involve the removal of council control or would mean an inability to return profits-examples are companies that are limited by guarantee.

### **Limited Liability Partnership (LLP)**

A Limited Liability Partnership is an alternative legal structure that is similar to a traditional partnership (e.g. as used by a firm of solicitors) but it limits financial risk whilst still being able to benefit from flexibility of structure, tax, profit distribution and the rights and duties of the partners. A partner of an LLP is called a member and is similar to a degree to a shareholder. A partnership agreement will usually be put in place to set out the rights, responsibilities and liabilities of each member and will specify the way in which the LLP will be managed.

LLPs do not have to pay Corporation Tax – it is “transparent” for tax. This means that each member is taxed in accordance with its own tax status. This is beneficial for the Council as it means that Corporation Tax is not payable on its share of net profits. A LLP however can only be set-up by a council in certain circumstances and cannot be established where the purpose of the LLP is purely to trade or deliver an income.

An LLP is permissible for the creation of the “JV” with Places for People since this entity is being established for the purpose of creating a model to deliver benefits to residents from the development of housing and mixed used schemes utilising the council’s vacant sites. As this is an activity that the council can undertake in its own right (rather than requiring a company to be set-up) a LLP is an appropriate structure.

## GLOSSARY

### **Reserved Matters**

Reserved matters are important decisions for which the Directors are required to seek and gain Shareholder Approval. These decisions are written in the Company's articles of association which set the constitution or the rules for the running of the company.

The Shareholder Board has delegated authority to perform these functions on behalf of the council. The reserved matters of SCC's companies have been written to ensure that the Shareholder Board is responsible for consideration of issues of strategic importance, take decisions that may involve changes to financial risks or may have an impact on the council's reputation.

### **Share Capital (Equity)**

Equity or shares in a company represent the ownership interests. The Equity invested is the amount of funds contributed by the owners to the financial requirements of the company. In a limited liability company, the owners / shareholders lose no more than the amount invested. Equity invested at start-up is evaluated on the basis of assets owned and/or earnings potential.

Financial returns to the shareholders are made in the form of dividend payments. Dividends are not a business expense and are paid from post-tax profits

### **Shareholders**

The Shareholders (the owners of a company) and directors have different roles in a company. The Shareholders own the company and the directors manage it. The Directors must obtain shareholder approval for decisions where the shareholder has restricted the powers of the Directors – these are called reserved matters. The Shareholder Board has delegated authority to perform these functions on behalf of the council.

### **Shareholders Agreement**

These are agreements between shareholders which are private documents. These agreements set out how the shareholders interact with each other and can define what happens in the event of dispute. A shareholder agreement is only relevant when there is more than one shareholder and is recommended practice for Joint Ventures.

SCC has entered into a shareholder agreement for TRICS Consortium Ltd and in relation to the investment in FutureGov Ltd (in this instance it is called an Investment Agreement but is essentially the same thing).

## GLOSSARY

### **Support Services**

The 2003 Local Government Act provides the ability for the council to enter into agreements for the supply of goods and services, by and to a LATC. The supply of goods, services and financial assistance must be made without subsidy. The legislation guides the council to apply CIPFA definitions of total cost in calculating the cost of supplies made to a Trading company. This provides the ability to recover all costs in the organisation, including a proportion of all central overheads, depreciation, capital costs and pension back-funding. This wide definition allows significant overhead recovery in the provision of services to an LATC. The supply of goods and services calculated on this basis will be compliant with state aid legislation.

The arrangements for LATCs should seek to ensure that the overall cost base of the Group is not unnecessarily duplicated or increased as a result of any new arrangements. Therefore SCC will provide services to an LATC where it is in a position to do so, where these services are fit for purpose for the business and support its strategy and can be supplied at a cost that is competitive. This is particularly important from a Group perspective where costs are relatively fixed, for example in the provision of payroll services where a substantial portion of the cost relates to the system.

### **TUPE**

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) protects employees when a business changes to a new owner and apply to “relevant transfers” which may occur in many situations, including service provision or contract changes. In these situations, the employment transfers, employment terms and conditions transfer and continuity of employment is maintained.

The new employer is therefore required to provide the same terms and conditions to the staff concerned. Alternate provision can be made, e.g. a cash alternative to a lease car, but this alternate provision must be acceptable to the employee.

SCC is required to follow the provisions of the TUPE act. This will apply where a service is being transferred to a trading company, as occurred with the award of the commissioning contract for services to Surrey Choices. A LATC will additionally be required to follow TUPE provisions when taking over a service contract from another supplier – for example, as in the case for S.E.Business Services in the provision of IT managed services previously supplied to the customer by another provider.

## GLOSSARY

### **Teckal**

Procurement complications arise where the Local Authority creates a company to supply services that the LA wishes to continue to purchase – be those that were previously in-house or previously provided externally. The Council is not permitted to automatically purchase from a LATC company outside of normal EU procurement rules. The LATC is required to tender alongside other private sector suppliers.

Procurement issues in relation to the purchase of goods and services from a LATC were evaluated in the Teckal case. According to the 1999 Teckal judgement, public procurement rules do not apply to contracts if the control exercised by the contracting authority over the entity awarded the contract is similar to that which it exercises over its own departments and, if at the same time that entity carries out the essential part of its activities with the controlling authority. This judgement has now been codified into a new EU Directive and in UK Law by the Public Contract Regulations 2015.

SCC will need to ensure that arrangements comply when considering transferring activities to a trading company, assuming that the council wishes to continue to purchase the services. The arrangements for Surrey Choices comply with these considerations.

A LATC falling within the Teckal exemptions will itself be required to comply with the EU public procurement rules, and therefore Surrey Choices is subject these procurement regulations.

### **Transfer Pricing / State Aid**

Transfer Pricing refers to the price at which divisions of a company or a group of companies transact with each other – the terminology relates to all aspects of inter-company financial arrangements. These arrangements have potential implications for the tax authorities since they can be used by multi-national corporations to move profits to countries with lower taxes. The UK has adopted principles of “arm’s length” in tax laws.

State Aid issues would apply where a LATC is established, or provided with goods and services and financial assistance at a subsidy.

SCC will need to ensure that it steers an appropriate path or middle ground between issues of transfer pricing (in relation to tax) and those in relation to State Aid. The cost of goods and services and financial assistance (e.g. loans) supplied by the Council to an LATC will therefore be tested against the market to ensure that prices / rates can be justified on an arm’s length basis.



## SHAREHOLDER BOARD

### TERMS OF REFERENCE

#### Overview

The Shareholder Board will exercise the Council's role as shareholder in any company (limited by shares and wholly or partly owned by the Council) and as member of a limited liability partnership ("LLP") for the purposes of service provision and/or trading activities. The Board acts with the delegated authority of Cabinet to ensure the performance of any such company or LLP is satisfactory.

Any reference in these terms of reference to "Company" is defined as a company in which the Council holds shares.

The Shareholder Board may also decide, from time to time, whether to accept proposals to submit a bid to provide goods and / or services which, if successful would commit the council to the establishment of a company (which may include a joint venture company). In these instances, the decision of the Shareholder Board would be ratified in accordance with the council's decision-making process.

#### Membership

- |  |                |
|--|----------------|
| • Leader of the Council (Chairman)     | David Hodge    |
| • Deputy Leader of the Council         | John Furey     |
| • Cabinet Member for Corporate Support | Helyn Clack    |
| • Chief Executive                      | Joanna Killian |

The Director of Finance and Legal Services Manager will be advisors to the Board to provide open and strong technical advice. Susan Smyth, Strategic Head of Finance, will act as secretary to the Board. Additional advisors may be invited to attend the Board as required.

#### Purpose

The Shareholder Board will:

1. Have the power to appoint and remove Company Directors and LLP management board members
2. Approve and monitor Company or LLP Business Plans
3. Approve the allotment of further shares in a Company (whether to third party shareholders or the Council)
4. Exercise any reserved powers in the Articles of a Company or the Members' Agreement of a LLP
5. Endorse any amendments to Company or LLP Business Plans

6. Periodically evaluate financial performance of a Company or LLP
7. Agree significant capital or revenue investments proposed by a Company or LLP
8. Determine the distribution of any surplus or the issue of any dividends from a Company or LLP
9. Consider any recommendation from Company Directors or LLP management board members to cease trading
10. Report to the Council annually on trading activity
11. Review the risks associated with trading activities.

The Shareholder Board will not have operational control over Companies or LLPs. All decisions regarding the day to day operation of each Company or LLP, its business developments and commercial opportunities, staff terms and conditions and the development and implementation of its internal procedures, rest with the Directors of each Company or LLP management board members.

## **Relationship to scrutiny**

Select Committees will retain their scrutiny function in relation to the Shareholder Board. The Corporate Overview Select Committee will be able to call the Shareholder Board to account for progress in relation to any Company for which the Council is a shareholder or LLP in which it is a member and any returns the Council is making.

## **Scope**

### In respect of Teckal-compliant companies

The Shareholder Board will:

1. Monitor Teckal compliance at least annually.
2. Ensure the Business Plan of a Teckal compliant Company is aligned to the corporate objectives of the Council.

### In respect of non Teckal-compliant wholly Council-owned companies

The Shareholder Board will also:

1. Seek to achieve appropriate returns on investment from trading activities.
2. Ensure trading activities are conducted in accordance with the values of the Council.

### In respect of any shareholding and/or membership of a LLP and/or joint ventures

The Shareholder Board will:

1. Evaluate the return and benefits of the shareholding and/or membership against the values of the Council.
2. Where appropriate, exercise influence over the company and/or LLP and/or joint ventures in accordance with the values of the Council.

## In respect of the submission of a bid which will commit the council to the establishment of a company (or Joint Venture)

The Shareholder Board will:

1. Evaluate the return and benefits of the proposal, including an evaluation of the proposed profit share in a Joint Venture.
2. Seek to achieve appropriate returns on investment from trading activities.
3. Ensure trading activities are conducted in accordance with the values of the Council.

## **Operation of the Shareholder Board**

1. The Cabinet has delegated to the Shareholder Board the authority to take decisions in respect of 100% of the Council's shareholding in any Company or membership of a LLP.
2. The Shareholder Board will meet quarterly, or as required.
3. The quorum for a meeting of the Shareholder Board is a minimum of 3 members, one of whom must be the Leader or Deputy Leader, who will chair the meeting.
4. The Shareholder Board may take decisions outside of a Company's general meeting or LLP's members' meeting as follows;
  - a. At meetings of its members by consensus of those present, unless any member of the Board requires a vote, in which event a majority decision will be taken with each member of the Shareholder Board present having a single vote. The Chairman of the meeting has a casting vote in the event that there is no clear majority; or
  - b. In cases of urgency, by a decision made by the Leader or Deputy Leader in consultation with the Chief Executive.
5. Any decisions made by the Shareholder Board in accordance with 4a or b above, must be notified to the Company's directors or LLP management board members as soon as reasonably practicable following such decision being taken.
6. The Shareholder Board may take decisions at a Company's general meeting or LLP members' meeting in accordance with the principles set out in 4a above.
7. The Chairman approves the agenda for each meeting. The agenda and papers for consideration are circulated at least two working days before the meeting. After each meeting, the Chairman approves the meeting notes and actions and signs any resolutions agreed by the Board.
8. The Shareholder Board will review the Terms of Reference annually.

V10: Last reviewed / updated: 19.06.2018

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**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 25 SEPTEMBER 2018 AT 2.00 PM  
AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES,  
SURREY KT1 2DN.**

These minutes are subject to confirmation by the Cabinet at its next meeting.

Members:

*Mr David Hodge (Chairman)	*Mr Mike Goodman
*Mr John Furey (Vice-Chairman)	*Mrs Mary Lewis
*Mrs Helyn Clack	*Mr Colin Kemp
*Mrs Clare Curran	*Mr Tim Oliver
*Mr Mel Few	*Ms Denise Turner-Stewart

Deputy Cabinet Members:

*Mr Charlotte Morley	Mr Jeff Harris
*Mr Cameron McIntosh	Miss Alison Griffiths

\* = Present

Members in attendance:

Mr Chris Botten, Member for Caterham Hill  
Mr Jonathan Essex, Member for Redhill East

**PART ONE  
IN PUBLIC**

**138/18 APOLOGIES FOR ABSENCE [Item 1]**

Apologies were received from Mr Jeff Harris and Miss Alison Griffiths.

**139/18 MINUTES OF PREVIOUS MEETING: 17 JULY 2018 [Item 2]**

The Minutes of the meeting held on 17 July 2018 were approved as a correct record.

**140/18 DECLARATIONS OF INTEREST [Item 3]**

Mr Tim Oliver declared a non-pecuniary interest for Item 9 – Supply and Distribution of Fresh Produce - in that he was Leader of Elmbridge Borough Council.

Mr Mike Goodman declared a non-pecuniary interest for Item 12 – Community Partnered Libraries Changes to Support Arrangements – in that he was a Trustee for Bagshot Library.

**141/18 PROCEDURAL MATTERS [Item 4]**

**1 MEMBERS' QUESTIONS [Item 4a]**

There were three questions from Members. These and the responses were published as a supplement to the agenda.

There was one supplementary question from Mr Jonathan Essex who asked for the social and financial benefits as well as the rationale and long term cost implications in relation to Question 3. The Cabinet Member explained that the private finance initiative contract was some time ago and that Anchor Trust were slowly exiting from care for the elderly and therefore the beds in question were surplus to their needs. He was unable to give cost details as it was too early to say.

**142/18 PUBLIC QUESTIONS [Item 4b]**

There were no public questions.

**143/18 PETITIONS [Item 4c]**

No petitions were received.

**144/18 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]**

No representations were received.

**145/18 REPORTS FROM SELECT COMMITTEES, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

There were no reports to consider.

**146/18 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS/ INVESTMENT BOARD TAKEN SINCE THE LAST CABINET MEETING [Item 6]**

The Leader restated that it was with great sadness that he had made the decision to close Ripley CofE School.

**RESOLVED:**

That the decisions taken by Cabinet Members / Investment Board since the last meeting as set out in Annex 1 to the report be noted.

**Reason for Decision:**

To inform the Cabinet of decisions taken under delegated authority.

**147/18 MONTHLY BUDGET MONITORING REPORT [Item 7]**

The Leader of the Council introduced the budget and finance monitoring report to the end of July 2018. He explained the changes in presentation of the papers and annexes, which explained clearly the magnitude of the task the Council faced. In reality every County Council in the country was faced with the same harsh reality, and a shortfall of funding to cover over £1bn of pressures nationally. This had been reported far and wide and included an article in the New York Times last week.

He went on to say that he could not emphasise enough that unless all members, officers and partners create the environment to transform what we

do and at pace, the Council will not be able to serve its residents in the best way it could within a fixed budget envelope.

The Council was experiencing a 6.5% rise in need of essential services, but the income that the Council received from Council Tax and other sources of funding could only currently rise by 2.4%. As the main part of the budget was seeing no increase from government grants, it clearly demonstrated the need for the Council to implement a major transformation strategy. It was this transformation strategy that would help to provide services within the Council's financial means so that it could meet its duties to residents.

He also explained that over the summer period the Cabinet and Corporate Leadership Team had been working hard to identify additional operational savings in 2018/19 in order to ease the burden on 2019/20 and future years. Whilst the report clearly laid out that the £66m savings were on track to be delivered, it was critical to reduce operational costs the Council faced over the next three years budgets. He was delighted to say that a start had been made and thanked the Cabinet and Corporate Leadership Team for agreeing the areas to reduce forecast spend this year by a further £40m, which was laid out in Annex 4 to the report.

The Cabinet Member for Children explained how national media focus was on adult social care problems but children's services were experiencing the same issues. She highlighted the imperative need to drive forward the transformation plan following an adverse Ofsted judgement. She also explained the service overspends.

The Cabinet Member for All-Age Learning spoke of how she had been talking for over a year about the problems the Council had experienced regarding Special Educational Needs and Disabilities and that transformation required practice and cultural changes. She explained some of the service overspends and how the number of children with an Education and Health Care Plan had risen 55% since 2010 and that work was being undertaken to ensure cost sharing with health was equitable.

Other Cabinet Members were given the opportunity to highlight key points and issues from their portfolios.

The Leader of the Council concluded that the Council were on track to make £66m revenue savings and highlighted the additional savings described in Annex 4 to the report.

**RESOLVED:**

1. That the Council's overall revenue and capital budget positions as at 31 July 2018 be noted.
2. That the management actions proposed to achieve a further £25m in-year savings, bringing the total additional savings to £40m be noted.
3. That the adjustments to reduce and reprofile the service capital programme for 2018-21, outlined in paragraphs 58 to 61 of the submitted report and annexed to these minutes, be approved.

4. That the draw down of £170,000 carry forwards, as given below, be approved:
  - a. Communications to draw down the £70,000 agreed carry forward, allocated to a budget engagement activity that has been undertaken.
  - b. Legal Services forecasts a +£0.2m overspend mainly because of the high cost of childcare cases. This may increase further due to the high volumes. Legal Services to draw down the £100,000 carry forward agreed to fund the delayed cases from the last financial year.

**Reason for Decisions:**

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

**148/18 FINANCE IMPROVEMENT PLAN [Item 8]**

The Leader of the Council introduced the financial improvement plan report which described how the Leader and Chief Executive had commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a review of the Council's finances and finance function. CIPFA were asked for an honest, independent challenge and their report had been published as a duty to inform residents.

The CIPFA review made for serious reading and the need for some unpalatable conversations about whether services could be provided. He went on to say that the improvement plan was solid and would be worked on and monitored for the next few years. The Leader was to lead on finance for the time being with a view to handing over to a Cabinet Member in the future.

The Cabinet Lead Member for People spoke of the stark, painful messages of the review and the need for transparency. He also spoke of the 18 streams of work detailed in the transformation programme and the importance of accurate information to get it right. He went on to say that every Member of the Council and the select committees had a role to scrutinise the plan and that he believed the right structure was in place and the Chief Executive had the resources to deliver the plan.

The Cabinet Lead Member for Place spoke of how the journey for the next two to three years was going to be difficult and that all officers and members needed to get the message across that difficult decisions would need to be taken in order to finish in a better place.

Cabinet expressed their thanks to the Chief Executive and to CIPFA for an open, honest review.

**RESOLVED:**

1. That the key findings of the CIPFA review be noted and commitment to addressing the issues identified was affirmed.

2. That the finance improvement plan set out in Annex 2 to the report be approved.
3. That the tasks, actions and deliverables assigned to the Cabinet in the finance improvement plan and that the Leader would initially lead on finance was agreed.

**Reason for Decisions:**

To remedy the financial position the Council faced would require the commitment of Members and officers to make difficult decisions on where savings could be made. Supporting the finance improvement plan would demonstrate that the Council had the collective drive and will to resolve the financial difficulties outlined in the CIPFA review.

**149/18 SUPPLY AND DISTRIBUTION OF FRESH PRODUCE [Item 9]**

The Cabinet Member for All-Age Learning introduced a report which requested approval for the award of a contract for the supply and distribution of a fresh fruit and vegetables for Commercial Services (CS). This would provide continuity of supply of the fresh produce required to deliver the school meals service in Surrey schools. Elmbridge Council also used the contract for supply of meals in their care homes and other premises.

She went on to explain that school governors had a statutory requirement to provide school meals and the Council had a discretionary responsibility within the Education Act 1996. This contract was key to support the delivery of the school meals service through the Council's trading arm Commercial Services which was also an award winning service. Strict legal standards are prescribed for school meals and fruit and vegetable consumption is a key requirement. It was also a key target of the Obesity Strategy that fruit and vegetable consumption be increased within the target age range of the school meals service.

The supply and delivery of fruit and vegetables into schools was not an easy contract to deliver and hence procure but it was absolutely business critical to the supply of meals. The requirement was for many and frequent small drops within a tight delivery window through Surrey roads and school gate congestion. Key Performance Indicators (KPIs) require missed or sub quality items to be immediately replaced requiring additional vehicle movements and the costs of vehicles and drivers with the number of small drops make this challenging for suppliers, but promote a right first time approach to performance. Local produce was an aim of the contract but there were high volume items required that were not grown in Surrey or even the U.K.

**RESOLVED:**

That the award of a contract for three years to two suppliers; Cheesman Bros Ltd and AG Axtons for the supply and distribution of a fresh fruit and vegetables was approved. The total contract value for all lots was £2.58M.

### **Reason for Decision:**

The contract awards supported the Draft Vision for Surrey in 2030, the ambitions and themes of the Transformation Programme by meeting the high service and quality standards for food supplied for Surrey schools, involving the use of local suppliers and producing a saving against current contract value.

The awards supported Commercial Services for the Council in assisting school governors meet their statutory requirement to provide school meals. The current contracts which were extended in agreement with the incumbent bidders expired on 31 October 2018, and the new contract would commence on 1 November 2018.

The tender had been conducted in compliance with the requirement of Public Contract Regulations 2015 and Procurement Standing Orders.

*Mr Tim Oliver declared a non-pecuniary interest in that he was Leader of Elmbridge Borough Council which also used the suppliers recommended in the report.*

### **150/18 CONTRACT AWARD FOR RESIDENTIAL DEMENTIA AND NURSING CARE HOME AND LEASEHOLD DISPOSAL OF THE LAND AT FORMER OLDER PERSONS IN-HOUSE CARE HOME AT BROCKHURST, BROX ROAD, OTTERSHAW [Item 10]**

The Cabinet Member for Adults presented a report which set out the Cabinet's approved direction of travel for Surrey's Accommodation with Care and Support. This set out a clear vision to reshape adult social care's accommodation options for older people, people with learning disabilities and mental health. The vision outlined the need to develop accommodation choices that met residents' health and wellbeing needs and supported them to live as independently as possible as part of their local community.

He explained that the Council had a responsibility to meet the needs of people eligible for care, to support both them and their carers, and to fund care for those people with needs who met the financial eligibility criteria. This could be achieved by working with providers to develop a range of fit for purpose and financially self-sustaining accommodation that was accessible to those eligible for social care funding.

The Council was striving to provide good quality and appropriate services, whilst under significant strain due to increasing demands and long and sustained financial challenges. The Council's approach to managing the market needed to take account all of these factors. There was a trend that showed a declining demand for 'traditional' residential care, with residential services being predominately for people living with dementia and/or other complex needs which couldn't be met within an individual's home. This was unsurprising given the increasing prevalence of disability related to dementia. Research published by Lancet Public Health medical journal, says cases of dementia related disability will rise by 40% among people aged 65 to 84. Similarly in Surrey, by 2025 there will be 24% more people living with dementia than in 2016.

Surrey was facing a shortfall in specialist residential and nursing provision that could be provided for people who had complex and challenging needs for whom independent living schemes such as extra care may not be able to offer the right environment to meet their needs. As part of the accommodation with care and support programme, officers have been working on options to meet this shortfall, including the potential to use council-owned land to stimulate the market.

Cabinet were recommended to award a contract for the construction and operation of a dementia specialist residential and nursing care home in North West Surrey at the site of the former Older Person's in house home, Brockhurst. The contract was for an initial period of 25 years.

Mr Jonathan Essex spoke to this item and asked several detailed questions for which a written response would be sent to him. The Leader requested prior sight of such detailed questions before the meeting in future, in order to be able to give the correct response at meetings.

**RESOLVED:**

1. The conclusion of the procurement process for the award of a care services contract to Care UK Community Partnerships Ltd was approved and the agreement of the final care services contract terms and conditions delegated to the Cabinet Member for Adults and the Executive Director for Adult Social Care.
2. The progression of the leasehold disposal of the former older peoples in house care home at Brockhurst was approved and:
  - a) authority to sign off that the Council had met its requirements under Section 123 of the Local Government Act 1972: Disposal of land by principal councils was delegated to the Lead Cabinet Member for Place and the Chief Property Officer; and
  - b) the agreement of the final terms and risk exposure to the Council of the Brockhurst agreement for lease and ground lease was delegated to the Lead Cabinet Member for Place and the Chief Property Officer.

**Reason for Decisions:**

The Council's vision was to promote independence, choice and control in all of its practice and to achieve this in a financially challenging climate, where the demographic of need is inherently changing.

With changing demographics, increasing financial challenges, and a joint health and social care strategy to support people to live independently in their homes for as long as possible, the Council needed to commission the right accommodation options to meet our resident's health and wellbeing needs. This included those with complex needs that can only be catered for in a specialist residential care or nursing care setting. Key to generating these options, was shared working between the Council, partners and the private sector to develop and shape the market for accommodation with care and support.

There was an opportunity to develop dementia and nursing residential care provision on the Brockhurst site. The Council was confident of the need for

such provision and analysis of the site confirms its suitability, based on the site's size, accessibility, existing planning class use and the location.

A full tender process, in compliance with the requirement of Public Contract Regulations and Procurement Standing Orders had been completed, and the recommendations provided best value for money for the Council following a thorough evaluation process.

#### **151/18 PROVISION OF PERSONAL PROTECTIVE EQUIPMENT FOR SURREY FIRE & RESCUE SERVICE [Item 11]**

The Leader of the Council thanked the fire services for the great service they provided as an important front-line service.

The Cabinet Member for Community Services introduced the report which explained that the Surrey Fire and Rescue Service (SFRS) had a statutory duty to provide firefighters with appropriate Personal Protective Equipment (PPE), compliant with the Personal Protective Equipment at Work Regulations 1992, in order that SFRS could conduct its statutory core functions in line with the Fire and Rescue Services Act 2004 (Fire safety, Fire-fighting, Road traffic accidents, Emergencies).

The current contract would expire on 8 January 2020 and a new solution was needed to be ordered and implemented prior to expiry of this contract. The required PPE ensemble includes Fire Tunics, Fire Trousers, Fire Hoods, Fire Gloves, Rescue Gloves, Leather Fire Boots, Rescue Jackets, and a Helmet.

SFRS and the Procurement Service had assessed options for ensuring continuity of this essential service and concluded that engaging with the sole service provider on the Kent and Medway Fire and Rescue Authority (Kent Fire and Rescue Service or KFRS) Framework Agreement for the Provision of Personal Equipment for Firefighters would provide best value for money.

#### **RESOLVED:**

That a contract for a supply and fully managed service provision of Personal Protective Equipment be awarded for an eight year period to Bristol Uniforms Ltd was agreed. The contract would be a call-off from the Kent and Medway Fire and Rescue Authority Framework Agreement for the Provision of Personal Equipment for Firefighters to commence on 9 January 2020.

#### **Reason for Decision:**

Surrey Fire and Rescue Service (SFRS) had a statutory duty to provide firefighters with appropriate Personal Protective Equipment (PPE).

The current contract expired on 8 January 2020 and SFRS required the replacement of the existing PPE to ensure the Council (as the Fire Authority) fulfilled its legal duties under the Fire and Rescue Services Act 2004 and the Health and Safety Act 1974. An eight year contract period was required as this was the lifespan of the PPE ensemble.

Procuring the services through this Framework had been identified as providing the best route to market and would allow SFRS to obtain efficiency

savings over the contract duration due to the collaborative approach with neighbouring Fire and Rescue Services.

## **152/18 COMMUNITY PARTNERED LIBRARIES CHANGES TO SUPPORT ARRANGEMENTS [Item 12]**

The Cabinet Member for All-Age Learning introduced the report that described how as part of the Libraries Public Value Review in 2011, 10 libraries were identified to become Community Partnered Libraries (CPLs). Cabinet had agreed a recommendation that the CPLs would have a dedicated support team and they would receive weekly on-site support from this team based on 20% of their current opening hours at the date of transfer. CPLs had been up and running successfully close to five years. They had become experienced and there was no longer a need for the 20% weekly presence on site of the CPL support team agreed by Cabinet in 2011 when they were set up. The Cabinet were asked to support the proposed redesigned support model for CPLs with reduced on-site presence. She went on to say that support would still be available for CPLs in the form of monthly visits and the link library.

The Cabinet Member for Adults worked as a volunteer and thanked the CPL for the training provided. He raised a few issues regarding IT and banking that needed to be worked on.

The Cabinet Member for Environment and Transport said it was a credit to the volunteers that Bagshot Library had not been closed.

### **RESOLVED:**

That the introduction of alternative arrangements to provide support to Community Partnered Libraries (CPL) and that the agreement to provide library team attendance for 20% of CPL opening hours be changed, with the resource being redeployed towards the development of volunteering across the library network was agreed.

### **Reason for Decision:**

Due to the maturity of the CPLs and level of knowledge and skills which had developed amongst volunteers, advances in digital technology, a well-established working relationship with the Council and a keenness amongst volunteers to expand what they do on-site to support the needs of residents, the library service was proposing changes in the support model.

The library service has consulted with CPLs about these proposed changes and the CPLs were engaged with taking this proposal forward. Their ideas and concerns had been fed into the redesigned support model.

The proposed changes recommended a decrease in the regular presence that CPL Support Team officers provide on-site at each CPL from weekly to a monthly visit. Other changes include increased access to the library management system to enable volunteers to provide a fuller service to customers locally without having to contact a member of library staff and direct contact with other parts of the library service and the Council which currently go via the CPL team.

The experience of the CPL Support team in setting up and maintaining support to the CPLs has made them ideally placed to carry out a future programme increasing the amount of volunteering which already adds value to the library service and to build on that to ensure libraries remain vibrant community destinations and meet the needs of residents.

The changes will be phased and completed by April 2019.

*Mr Mike Goodman declared non-pecuniary interest in that he was a Trustee of Bagshot Library.*

*The Chairman left the meeting for a few minutes and the Vice Chairman was in the Chair for the next item.*

### **153/18 REGULATION OF INVESTIGATORY POWERS ACT 2000 - UPDATED CORPORATE POLICY AND PROTOCOL [Item 13]**

The Cabinet Member for Community Services presented an updated Corporate Policy and Protocol on the use of the Regulation of Investigatory Powers Act 2000 (RIPA) by council services for approval and explained that a revised recommendation had been tabled as the paragraph references were incorrect. The proposed update included a section on social media and the use of online selling platforms and includes a change to the Senior Responsible Officer (SRO) for RIPA. It also included a section on how the policy complies with the General Data Protection Regulation and the Data Protection Act 2018.

#### **RESOLVED:**

The proposed new Corporate Policy and Protocol on the application of the Regulation of Investigatory Powers Act 2000 (RIPA) (Annex 1 to the report) to include the added section at paragraph 12 including the use of RIPA regarding social media and online selling platforms and the added section at paragraph 16.1 including how the policy complies with Data Protection legislation was agreed.

#### **Reason for Decision:**

The inclusion of a section within the Corporate Policy and Protocol provided an updated framework to ensure that the Council continued to comply fully with the requirements of RIPA. In line with the changing market place for goods and services, the way Trading Standards investigated legal compliance had also changed and often involved the use of social media and online selling platforms.

The Corporate Policy and Protocol on the use of RIPA was a public document and the introduction of new data protection legislation and the requirement to be open and transparent in how the Council processed personal data had led to the requirement to include a section within the Policy

### **154/18 EXCLUSION OF THE PUBLIC [Item 14]**

**RESOLVED:** That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of

exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

**155/18 SUPPLY AND DISTRIBUTION OF FRESH PRODUCE [Item 15]**

This Part 2 annex contained information which was exempt from Access to Information requirements by virtue of paragraph 3 – Information relating to the financial or business affairs of any particular person (including commercially sensitive information to the bidding companies).

The information contained in this report may not be published or circulated beyond this report and will remain sensitive for the duration of the contract.

**RESOLVED:**

See Minutes 149/18 and Exempt Minute [E-155-18].

**Reason for decision:**

See Minute 149/18.

**156/18 CONTRACT AWARD FOR RESIDENTIAL DEMENTIA AND NURSING CARE HOME AND LEASEHOLD DISPOSAL OF THE LAND AT FORMER OLDER PERSONS IN-HOUSE CARE HOME AT BROCKHURST, BROX ROAD, OTTERSHAW [Item 16]**

This Part 2 annex contained information which was exempt from Access to Information requirements by virtue of paragraph 3 – Information relating to the financial or business affairs of any particular person (including commercially sensitive information to the bidding companies).

The information contained in this report may not be published or circulated beyond this report and will remain sensitive for the duration of the contract.

**RESOLVED:**

See Minute 150/18.

**Reason for decision:**

See Minute 150/18.

**157/18 PROVISION OF PERSONAL PROTECTIVE EQUIPMENT FOR SURREY FIRE & RESCUE SERVICE [Item 17]**

This Part 2 annex contained information which was exempt from Access to Information requirements by virtue of paragraph 3 – Information relating to the financial or business affairs of any particular person (including commercially sensitive information to the bidding companies).

The information contained in this report may not be published or circulated beyond this report and will remain sensitive for the duration of the contract.

**RESOLVED:**

See Minutes 151/18 and Exempt Minute [E-156-18].

**Reason for decision:**

See Minute 151/18.

**158/18 PUBLICITY FOR PART 2 ITEMS [Item 18]**

It was agreed that non-exempt information may be made available to the press and public, where appropriate.

Meeting closed at 3.40 pm

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**Chairman**

**Monthly Budget Monitoring Report**

(Extracted paragraphs 58-61 from the submitted report)

*Revisions to the capital programme budget*

58. To ensure the capital programme aligns with its long term strategy and priorities, the Council conducted a deep dive review of the 2018-21 capital programme. The review assessed the assurances the Council can take in the delivery of the capital programme, specifically in areas with a history of significant underspending. The outputs from the review include actions to confirm the need to spend on schemes and to match capital budgets more closely to known and anticipated spending patterns and timescales.

59. In summary, after taking account of £24.4m residual capital carry forwards from 2017/18 plus current virements and other adjustments in 2018/19, the review recommends: reprofiling -£22.0m into future years (+£21.9m into 2020/21); and reducing budgets by -£22.8m to give a proposed 2018/19 capital budget of £135.0m. Table 3 outlines these changes give the proposed 2018/19 service capital programme budget.

**Table 3 Proposed 2018/19 capital programme budget**

	Current full year budget £m	Residual 2017/18 carry forwards £m	Virements £m	Reprofiling £m	Reductions £m	Proposed budget £m
Schools basic need	47.6	4.0		-7.4	-17.1	27.1
Property Services	42.0	10.6	-1.6	-14.6	-5.5	30.9
IT & Digital	4.5	2.0				6.5
Highways & Transport	42.0	0.0		0.0		42.0
Place Development & Waste	14.9	2.3				17.2
Other capital projects	6.0	5.4			-0.1	11.3
<b>Service capital programme</b>	<b>157.0</b>	<b>24.4</b>	<b>-1.6</b>	<b>-22.0</b>	<b>-22.8</b>	<b>135.0</b>

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

60. The full year service capital programme forecast as at 31 July 2018 would show -£1.0m variance against the proposed budget, in other capital projects.
61. Table 4 shows the outline capital programme expenditure for 2018-21 and the corresponding funding. The three year programme has increased from £322m to £338m mainly because of: £29m carry forwards from 2017/18 brought into 2018/19; -£23m reductions to the programme following the deep dive review; and £10m other movements, including £7m additional highways maintenance, plus grant changes.

**Table 4 Proposed capital programme expenditure and funding 2018-21**

	<b>2018/19 proposed £m</b>	<b>2019/20 proposed £m</b>	<b>2020/21 proposed £m</b>	<b>2018-21 proposed £m</b>
<b>Expenditure programme</b>				
Schools basic need	27.1	36.6	31.5	<b>95.2</b>
Property Services	30.8	28.7	21.8	<b>81.3</b>
Highways & Transport	41.9	29.7	24.2	<b>95.9</b>
Place Development & Waste	17.2	9.1	1.1	<b>27.5</b>
IT & Digital	6.5	3.5	6.9	<b>16.8</b>
Other capital projects	11.5	4.7	5.3	<b>21.5</b>
<b>Total expenditure</b>	<b>135.0</b>	<b>112.4</b>	<b>90.8</b>	<b>338.2</b>
<b>Programme funding</b>				
Government Grants	81.3	65.3	50.6	<b>197.3</b>
Reserves	3.2	0.5	3.8	<b>7.6</b>
Capital Receipts	21.0	0.9	0.3	<b>22.3</b>
Third Party Contributions	8.3	7.3	2.7	<b>18.4</b>
Borrowing	21.1	38.3	33.3	<b>92.7</b>
<b>Total funding</b>	<b>135.0</b>	<b>112.4</b>	<b>90.8</b>	<b>338.2</b>

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