

Cabinet – Supplementary Papers



Date & time
Tuesday, 31 March
2020 at 2.00 pm

Place
REMOTE MEETING

Contact
Vicky Hibbert or Angela
Guest
Room 122, County Hall
Tel 020 8541 9229 or 020
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Chief Executive
Joanna Killian



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Cabinet Members: Mr Mel Few, Mr Matt Furniss, Mr Mike Goodman, Dr Zully Grant-Duff, Mrs Julie Iles, Mr Colin Kemp, Mrs Mary Lewis, Mrs Sinead Mooney, Mr Tim Oliver and Ms Denise Turner-Stewart

Deputy Cabinet Members: Mrs Natalie Bramhall, Miss Alison Griffiths and Mr Mark Nuti

Supplementary Agenda Papers

4 PROCEDURAL MATTERS

Due to the Covid-19 pandemic all questions and petitions received will be responded to in writing and will be contained within the minutes of the meeting.

a Members' Questions

(Pages 1
- 2)

The deadline for Member's questions is 12pm four working days before the meeting (25 March 2020).

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

(Pages 3
- 4)

Cabinet to consider the following:

- A. Special Educational Needs and Disabilities (SEND) Task and Finish Group Report (in main agenda)
- B. Report from Communities, Environment & Highways Select Committee on Climate Change Emergency Response (**attached**)

Response to the recommendations to follow.

6 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING

(Pages 5
- 6)

To note any delegated decisions taken since the last meeting of the Cabinet.

7 URGENT ITEM - COVID-19 SURREY COUNTY COUNCIL RESPONSE TO COVID

This paper is being presented under the General Exception Standing Order as it has not been possible to give 28 days' notice of decisions to be taken.

a Surrey County Council Response to Covid 19 (Pages 7 - 22)

- a. The report will seek approval to i) adopt the relevant new national guidance, legislation, etc; ii) permit us to spend new money, adopting a process to govern and count extra spend and activity; iii) update our own service plans and priorities; iv) provide an update from the Director of Public Health and v) introduce a Surrey economic and community stimulus package.

[Where necessary a waiver for call-in will be sought from the relevant Select Committee Chairman.]

b Covid 19 - urgent decisions taken by officers (Pages 23 - 28)

- (b) An update paper for noting urgent decisions taken by officers under Standing Order 54 in response to the Covid pandemic.

P A R T T W O - I N P R I V A T E

13 COMMERCIAL PROGRAMME (WASTE) UPDATE (Pages 29 - 46)

This Part 2 report contains information which is 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 decisions on this item can be called in by the Communities, Environment and Highways Select Committee]

Joanna Killian
Chief Executive
Monday, 30 March 2020

CABINET – 31 MARCH 2020**PROCEDURAL MATTERS****Members Questions****Question (1) Will Forster (Woking South):**

The County Council wants to increase the cost of residential parking permits in Controlled Parking Zones, and I understand was intending to advertise and consult the public on the increase in April and then implement the increase soon after that.

However, many people are currently struggling financially, and to increase the cost of being able to park outside their homes could be an unnecessary added burden.

Please will the Council agree to abandon this increase and ease pressure on local people's finances?

If the Council is not cancelling the rise, please will the Council postpone the consultation until after the coronavirus crisis, to enable residents to fully engage and respond to the consultation?

Reply:

Thank you for this question. The council will delay a consultation regarding the cost of parking permits for as long as needed in light of the current corona crisis.

In fact we are doing everything we can to provide more flexible and free parking arrangements for residents who are staying at home and key NHS workers who are responding to the challenge at the current time.

This includes:

- Lifting restrictions on quiet residential roads so that residents can park on single yellow lines
- Providing free/more accessible parking for NHS carers/medics/volunteers and responders
- Lifting on street parking charges in all parts of the county until further notice

Mr Matt Furniss
Cabinet Member for Highways
31 March 2020

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COMMUNITIES, ENVIRONMENT & HIGHWAYS SELECT COMMITTEE**Item under consideration: UPDATE ON COUNCIL CLIMATE EMERGENCY RESPONSE****Date Considered: 24 March 2020**

- 1 The Select Committee met virtually on 24 March to consider a suite of documents produced as a result of the council agreed call for action that followed the initial announcement of a climate emergency in July 2019. Members reviewed the emerging council strategy, the Greener Futures investment programme and the new Tree Strategy.
- 2 The Select Committee recognised the ambition behind the strategy and proposed investments and noted the need for continued support from central government if the council is to meet its target of becoming net zero carbon by 2050.
- 3 Given the current unprecedented events being experienced as a result of the coronavirus epidemic Members raised concern about the impact this could have on the ability of authorities to meet their targets on climate change.
- 4 The Select Committee discussed the importance of acting in partnership with colleagues in Surrey's district and borough councils, NHS and other organisations to realise the strategy's aims. Members agreed that some form of joint scrutiny would be required to ensure that the strategy was delivering across the county.
- 5 Particular focus was given to the area of transport and how Surrey's public transport network could be improved to increase patronage and reduce private car use.

Recommendations:

The Select Committee agreed the following:

- a) The Committee supports the current approach taken to develop the Climate Change Strategic Framework and Action Document
- b) The Committee supports the continuation of engagement of the council with district and boroughs with the intention to support joint endorsement across the 12 authorities
- c) The Committee encourages the continued development of the actions contained within the action plan document, to develop ownership, appropriate levels of funding and key KPIs for monitoring
- d) That the Committee investigate avenues for joint scrutiny with district and borough councils to review the impact of the climate strategy and continue its development

John O'Reilly
Chairman of the Communities, Environment & Highways Select Committee

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**STRATEGIC INVESTMENT BOARD DECISIONS
27 MARCH 2020**

1. URGENT ITEM - SALE AND LEASEBACK OF PROPERTY ASSETS IN THE EPSOM & EWELL AREA

The Board considered an urgent Part 2 report that 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).

Waiver to Call-in was given by the Chairman of the Resources & Performance Select Committee.

Details of decision

The following recommendations were agreed:

1. Approval was given for the sale and leaseback transaction at a purchase price of [Exempt Minute] net of costs on the terms agreed.
2. Approval was given for the additional capital expenditure in 2019/20 at a value of [Exempt Minute], including the purchase cost of [Exempt Minute] plus associated Stamp Duty Land Tax (SDLT) and fees.

Reason for decision:

The Vendors require [Exempt Minute] to facilitate the future development facilities for the benefit of Surrey residents. The transaction created a 25-year leaseback investment for SCC with potential for future redevelopment for residential purposes. SCC were investing in the delivery of improved facilities for the residents of Surrey. The price was supported by an Investment Valuation from Vail Williams.

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SURREY COUNTY COUNCIL

DATE: TUESDAY 31 MARCH 2020

REPORT OF: MR TIM OLIVER, LEADER OF THE COUNCIL

LEAD OFFICER: MICHAEL COUGHLIN, EXECUTIVE DIRECTOR FOR TRANSFORMATION, PARTNERSHIPS AND PROSPERITY

SUBJECT: COVID-19: SURREY COUNTY COUNCIL RESPONSE

SUMMARY OF ISSUE:

Surrey County Council has a vitally important role in leading the local response to COVID-19, to save lives, protect the NHS, ensure our residents are protected wherever possible and crucial council services continue to operate in these unprecedented times.

The situation is changing rapidly. The purpose of this report is to set out the latest Public Health information about COVID-19, the impact on our services, financial situation and our response to date. This includes immediate action and deployment of staff to support the Local Resilience Forum Strategic Coordination Group (chaired by the County Council Chief Executive), adopting new legislation and establishing support for key providers and businesses. These measures will help the Council to manage the immediate impacts of the crisis and enable communities, businesses and voluntary, community and faith sector organisations to recover as quickly as possible when the pandemic resolves, while being prepared for any further, more stringent restrictions, controls and legislation deemed necessary to deal with Covid-19.

RECOMMENDATIONS:

Cabinet are asked to:

1. Note the latest public health situation with regard to COVID-19 and Surrey's response and acknowledge the impact on Surrey's residents and the Council
2. Note the changes to Local Authority powers and duties introduced by the Coronavirus Act and delegates to the relevant Executive Director in consultation with the relevant Cabinet member authority to amend service provision in accordance with the Council's statutory duties as these may be varied by the Act, regulations and guidance made thereunder
3. Note the initial assessment of the impact on Surrey County Council's short and medium-term financial position
4. Approve the development of a COVID-19 package of support for key suppliers and service providers and the Voluntary, Community and Faith Sector in Surrey, delegating authority to the Executive Director of Resources and Executive Director of Transformation, Prosperity and Partnerships in consultation with the Leader to determine the detail of the scheme

5. Agree to the reprioritisation of services and transformation programmes due to the impact of COVID-19, acknowledging it is a fast-changing situation that will require regular review of priorities
6. Agree to the establishment of economic stimulus measures for businesses to support their survival and recovery from COVID-19, delegating authority to the Executive Director of Resources and Executive Director of Transformation, Prosperity and Partnerships in consultation with the Deputy Leader and Cabinet Member for Finance to determine the detail of the scheme.

REASON FOR RECOMMENDATIONS:

We are facing unprecedented challenges due to the COVID-19 emergency and therefore need to supplement our established goals and ambitions for Surrey and its communities, as outlined in the Community Vision 2030, with very clear immediate priority objectives, to: delay the spread of the virus in Surrey and save lives, protect our most vulnerable residents and communities and support colleagues in health to ensure that we reduce pressure on the health system.

These will guide our decisions, both at a strategic level as we regularly re-prioritise services and redirect our staff and resources, and at an individual level as we make important choices day-by-day. The recommendations set out in this report will enable us to do this and provide the best services and support to our communities through the emergency and recovery phases.

DETAILS:

Public Health Update

1. COVID-19 has now been labelled a pandemic by the World Health Organization (WHO), as it is spreading in multiple countries around the world at the same time. The Government's assessment of **the existing risk to the UK population is HIGH**.
2. The Department of Health & Social Care (DHSC) and Public Health England (PHE) are leading the UK government response to the Coronavirus (COVID-19) outbreak. **This is an extremely fluid situation**, therefore up-to-date information about the current numbers of COVID-19 cases in the UK and Surrey can be found here: <https://www.gov.uk/guidance/coronavirus-covid-19-information-for-the-public>

Surrey's response to COVID-19

3. A 'Major Incident' for the COVID-19 outbreak was declared on Thursday 19 March and the Strategic Coordination Group (SCG) was stood up to ensure strategic co-ordination across partners to support the COVID-19 response. The SCG is working with all partners and agencies across Surrey to provide a co-ordinated response, with the main aims to:
 - support colleagues in health to ensure that we reduce pressure on the health system;
 - delay the spread of the virus and save lives;
 - support communities and protect our most vulnerable residents.
4. A number of SCG subgroups/cells have been set up to co-ordinate activity across the system to address the impact of COVID-19 on individuals, communities and services.
5. Supporting vulnerable individuals and communities in Surrey is a key priority and specific immediate steps have been taken to support the most vulnerable individuals and communities, including establishing a new community helpline and the Surrey

Community Hub, coordinating measures to support the approx. 17,000 most vulnerable¹ people in Surrey and ‘shield’ them from COVID-19, as well as a wider constituent of those in need.

COVID-19 Legislation and national guidance

6. The Coronavirus Act became law on 25 March 2020, and it contains significant changes to Local Authority duties and powers, in particular under the Care Act 2014. The powers can be triggered by the Secretary of State, although many will be reserved only for when necessary at the peak of the outbreak. The main provisions of the Act include:
 - scheduled Local Authority elections are postponed to May 2021;
 - power to make regulations to hold Local Authority meetings “virtually”
 - lifting of duties under the Care Act 2014, and delaying Continuing Health Care assessments
 - Secretary of State has power of direction over education and childcare systems
 - emergency registration of social workers and health professionals
 - Local Authorities to identify emergency volunteer leave opportunities
 - relaxation of registration of deaths and still-births
 - regulation of disposal of bodies

The Care Act 2014

7. During the peak of the coronavirus outbreak, adult social care services will face surging demand and reduced capacity arising from higher rates of staff absence. This may make it impossible for LAs to continue to deliver at current service levels or undertake the detailed assessments they would usually provide.
8. The Coronavirus Act makes temporary changes to the Care Act to enable LAs to prioritise care in order to protect life and reach rapid decisions over the provision of care without undertaking full Care Act compliant assessments, and to do so without the fear of legal challenge.
9. These prioritisation decisions are complex and it is important that LAs can use their expertise and knowledge of individuals’ needs to make the right decision in each situation. However, Government guidance, and the power to direct LAs to follow this, will ensure that these decisions are underpinned by consistent principles.

Power to make directions in connection with the running of the education and registered childcare systems

10. These powers may be used to require relevant education and childcare establishments to stay open or reopen, enable individuals or groups to attend different premises, to change term/holiday dates. The powers may also be used to require relevant institutions to provide additional services, for example, provide extended hours childcare.

¹ The extremely vulnerable have been defined by Government as all those who are at particularly high risk of severe illness if they contract COVID-19 due to underlying health conditions. The list includes organ transplant recipients, those with specific cancers, severe respiratory conditions (e.g. cystic fibrosis, severe asthma and COPD), rare diseases with increased risk of infection, people on immunosuppression therapies with increased risk of infection and pregnant women with significant heart disease.

Procurement

11. National guidance contained in PPN (001) sets out the circumstances when the application of the Public Procurement Regulations can be relaxed. With immediate effect there are options that will allow the Council to: Direct award, in particular circumstances around extreme urgency or lack of competition; Using existing procedures but with accelerated timescales; Using existing suppliers for additional works or services; Extending or modifying contracts during their term
12. It is important to note that in order to make use of the relaxed rules, a number of tests must be satisfied, including extreme urgency relating to COVID-19, unforeseeable circumstances, impossibility of complying with usual timescales and the situation not attributable to the contracting authority.

Meetings and Decision Making

13. The Coronavirus Act contains clauses to confer power on the Secretary of State to make regulations in relation to local authorities' meetings. It may be used, for example, to remove requirements to hold annual meetings, or to allow virtual meetings where members can attend remotely and vote. It may only be used in relation to meetings taking place before 7 May 2021.
14. When regulations are available this report recommends that the Council adopts any new powers in relation to decision making and virtual meetings so that collective member decision making through the Cabinet and Committee structures continues as far as reasonably practicable.

Financial Implications for the Council

15. Cabinet reviewed the Council's 2020/21 Revenue and Capital Budget on 28 January 2020 and recommended it for approval by Full Council on 4 February 2020, at which point it was approved. The budget was focused on financial sustainability and a proactive, investment-led approach to transform the way the Council operates in a more flexible and responsive way to drive improvements in resident outcomes.
16. With the onset of the COVID-19 pandemic, the Council's course of action has changed to an immediate and urgent response effort. There is much uncertainty around how long the pandemic will continue or the financial implications, but it is anticipated it will severely impact the financial forecasts for the first quarter of 2020/21 and perhaps beyond.
17. COVID-19 will have four main financial impacts for the Council:
 - **Immediate additional costs** to ensure critical services are maintained and impacts dealt with;
 - **A reduction in income generating and commercial activities**, as a result of a slow-down in economic activity, with the country in 'lockdown';
 - **Budget delivery is at risk**, as efficiency plans will be adversely affected; and
 - **Liquidity issues**, with associated borrowing costs, in relation to the Council's cash flow, as payments are made earlier than forecasted exacerbated by a shortfall in cash into the Council.
18. Specific elements of the impacts above, to the extent possible at the time of writing, are contained within this report for Cabinet approval on 31 March 2020. However, a certainty is that expenditure incurred will be over and above existing budgets agreed

for 2020/21, existing income targets will be unachievable and all efficiency plans to deliver a balanced budget outturn will not be achieved.

19. Financial risks and opportunities are also being collated and will be refined over the coming months, clarifying to what extent these risks materialise and the subsequent cost to the Council.

Government Funding for COVID-19

20. In the week commencing 16 March 2020, the Government dramatically increased its efforts to reduce the spread of the COVID-19 virus. Some of the measures announced, which included enforced closures of some businesses and other venues, will result in many businesses and residents experiencing hardship. Consequently, the Government has provided a range of funding streams in an effort to support individuals, businesses, communities and the wider economy during these unprecedented times. Local government specific measures are detailed below:

21. £5bn COVID-19 Response Fund

SCC is a direct beneficiary of this funding and has received **£25.2m**, for 2020/21, of the £1.6bn being paid 'to local authorities to help respond to COVID-19 pressures across all services' as part of the first phase of the response. The Government will be reviewing the adequacy of the funding and all authorities will need to provide a high-level breakdown of how they intend to allocate this grant.

22. This funding is **not ring-fenced**; however, in guidance provided, the government has stated that the funding should enable Local Authorities to:
- **Meet the increased demand for adult social care** and enable councils to provide additional support to social care providers;
 - **Work with CCGs to iron out any 'boundary issues'** to avoid delays;
 - **Meet the cost of extra demand and higher business-as-usual costs of providing children's social care**, including unaccompanied asylum seekers and need for increased accommodation;
 - **Provide support for homeless and rough sleepers**, including where self-isolation is needed.
 - **Support those at higher risk of severe illness from COVID-19**, who may soon be asked to self-isolate in their homes for the duration of the pandemic. This funding is available to support initial costs incurred by LAs in their critical role in supporting those within the most clinically high-risk cohort who also have no reliable social network; and
 - **Meet pressures across other services**, as a result of reduced income, rising costs or increased demand.
23. There is an expectation that Local Authorities will have to pool an element of their allocation with CCGs to help fund additional discharges. This is a risk as it is unclear how much SCC will have to contribute. Of the remaining £5bn of funding, the NHS will receive £1.3bn leaving £2.1bn unallocated at this stage.

24. £500m Government Hardship Fund

The Government Hardship Fund will be paid directly to billing authorities (in Surrey these are Districts and Boroughs) and should be used to reduce council tax payments for those eligible for Local Council Tax Support Schemes. Councils should then use any remaining grant to establish their own local approach to assist those in

need. The total funding allocated to the Districts and Boroughs in Surrey is £5.4m. Any Council Tax support granted from this fund will be revenue neutral for SCC.

25. **£3.2m Rough Sleepers Emergency Support Fund.**

Similarly, billing authorities lead on initiatives aimed at reducing rough sleeping and therefore councils providing upper tiers services (SCC) will not expect to receive any of the £3.2m emergency support fund. Details of this allocation are yet to be published.

26. **Business Rates**

The Government has announced a support package for businesses in some sectors that includes a 'business rates holiday'. This will be administered by Districts and Boroughs in Surrey, who are billing authorities. Local authorities will be fully compensated via sections 31 grants, so this will be revenue neutral for SCC in 2020/21. However, the timing of the S31 grants has not been announced and there is a possibility that some authorities will experience cash flow issues as a result.

COVID-19 Financial Response

27. A financial risk register is being created including the likely impact on the 2020/21 budget through the loss of income or additional costs. Until these risks emerge it is proposed that expenditure on the delivery of services continues, if within existing budget envelopes, in response to COVID-19 activities, even if this means a delay in efficiency proposals. If costs are over and above existing envelopes, then additional approvals will need to be exercised, such as approval by the relevant service Executive Director and the express approval of the Executive Director of Resources (Section 151 or Deputies), in consultation with the Cabinet Member for Finance. This approach is consistent with the Council's current Financial Regulations and are covered by regulation FR4.4 which states:

"...Any additional expenditure not already included in the existing Revenue Budget must be found from corresponding savings in other areas. Under no circumstances can additional expenditure be incurred without the express approval of the Section 151 Officer."

28. In the initial capture of risks, a critical area where the Council will need to respond to immediately is to sustain the providers of social care to make sure that they are able to continue providing essential care. Beyond care providers, it is the Council's intention to support other critical front-line suppliers, as well as the Voluntary, Community and Faith (VCF) sector, in Surrey, in order to maintain services during the current crisis.

29. It is proposed that three overarching support measures are made available to all organisations in the priority order of the categories set out below:

- **Support and funding on an agreed % sliding scale basis** - for Commissioned Providers unable to deliver their contracted services. To be funded from within existing budgets;
- **Payments on account** – the proposal is that all organisations that SCC commissions services with should be able to submit a claim for an up-front payment on account equivalent to a maximum of what SCC would have normally expected to pay for their services in April – June 2020. To be funded from within existing budgets; and
- **Hardship payments** – it is proposed that organisations are able to submit claims setting out the additional costs and/or loss of funding they have suffered as a

result of COVID-19. All approved claims will be funded from SCC's allocation of the COVID-19 Response Fund.

30. Organisations will be able to submit claims setting out the additional costs and/or loss of funding they have suffered as a result of COVID-19. SCC will consider these claims, (with the onus on organisations to pursue national support wherever available) and subject to other means available to organisation to mitigate pressures, will consider making hardship payments to sustain organisational viability. These payments would be a goodwill gesture and repayment would be dependent on whether the provider has also been funded through the Government and we will pay with regard to support available from the Government before applying additional remedies ourselves.
31. A robust process is being established for assessing and recording claims with a clear audit trail. In order to ensure the claims are assessed by officers with the most relevant service knowledge and to achieve balance and consistency across the County Council, a team from Resources (in this instance predominantly Finance, Procurement, Legal) will contribute to processes led by the Directorate for each service area. This will allow some tailoring of the process, although the overarching approach will be the same.
32. In addition to the above support measures, the Council has received and will receive requests for cancellation of chargeable services e.g. hire of venues, weddings. In such instances our intention is to encourage, in order of priority:
 - **Postponement** rather than cancellation and waive administration fees;
 - **Honour 19/20 prices** for those bookings moved to 20/21; and
 - **Provide a full refund** with no cancellation fees.
33. The Council has also had requests to defer or suspend rents from commercial tenants; and rather than a blanket suspension or waiver, it is proposed that three overarching support measures are made available to such organisations in the priority order set out below:
 - **Government advice** - point tenants to Government advice first;
 - **Defer payments** - set up a repayment plan for later in the year; and
 - **Suspension of rent** - process to enable specific suspension of rent.
34. It is proposed to provide a three-month rent-free period to all tenants within the VCFS that occupy Surrey County Council premises. For all categories of tenants, the same approach as for Hardship Payments should be followed.

Procurement

35. In response to a number of supplier requests, Procurement is looking into a range of options to alleviate the need to invoke a tender process which is putting additional strain on our current supply base at this difficult time. Work is being done with Directorates to understand whether there is an option to defer/pause or cancel pre-approved tender activity and extend current provision for a maximum period of one year for services that are pre-existing, subject to the new powers under Procurement Policy Note (PPN) PPN001, and taking into consideration, legal advice, market conditions, service impact and effective competition. If the provision of goods and service are new, then we would look to expedite those tenders ensuring the need to ensure value for money. At this time, Procurement is assessing the impact and we propose to seek further authority via Cabinet for any material changes to the current

Annual Procurement Forward Plan and will work with Directorates to amend the plan where necessary.

36. It is important to note that in order to make use of the relaxed rules under PPN (001), we must satisfy a number of tests including extreme urgency relating to COVID-19, unforeseeable circumstances, impossibility of complying with usual timescales and the situation not attributable to the contracting authority. Application of the relaxed regulations should be on a case by case basis and records must be kept which demonstrate why the Council has deviated from the usual restrictions. Proposals for any changes in Procurement rules are to be managed through the Director of Procurement.

Costs, Income Loss and Emerging Financial Risks

37. As outlined above, a number of financial risks have materialised and are continuing to emerge. The likelihood is that the majority of these risks will materialise in 2020/21, given that we are at the closing stages of 2019/20. An initial assessment of actual costs and risks has been collated and assessed and a summary is set out below.
38. Where costs are forecast it is important to note that there is still on-going refinement of estimates and these will become more accurate as they are iterated over the coming days and weeks.
39. Details of the financial implications for 2019/20 to date and the forecast implications in 2020/21 are summarised in the following tables:

40. 2019/20 - Actual costs committed or loss of income to date:

Directorate	£'m	Comments
CP	0.1	Additional costs for PPE, staffing costs for Emergency Management and costs for body storage
ETI	0.1	Reduced income due to closure of car parks; and closure of CRC and training
TPP	0.1	COVID-19 public information campaign
Resources	0.8	Reduced income from school meals due to school closures (£0.7m) . IT project resources for device deployment (£0.1m)
	1.0	

41. 2020/21 - Forecast costs or loss of income 2020/21 to Q2*:

Directorate	£'m	Comments
CFLC	7.0	Loss of income in SOLD, Registrars, Libraries, vulnerable learners and Surrey Arts; additional staffing costs to cover increasing demand
ASC	12.2	Forecasted additional spend on care packages; locums to manage demand and cover absence; SCC support to people who would normally fund their own care; and reduction in assessed charging income
TPP	0.1	Further support to the VCF; and cancellation charges for training
CIE	5.1	Reduction in rental income and dividend to SCC from Halsey Garton; reduction in rental income to the wider commercial portfolio
Resources	9.0	Reduced income from school meals due to school closures; reduced property rental income; and filming and wedding income
Cross-cutting	10.0	Estimated Hardship Payments
	43.4	

* Forecasts are being continually refined for accuracy and the latest emerging information.

42. 2020/21 – Not yet quantified costs or loss of income to Q2:

Directorate	Risk	Comments
ASC	Discharge to Assess	Increased costs for ASC related to Discharge to Assess.
ASC	Additional VCF Support	Support to VCF sector to provide additional capacity in the community and maintain organisational viability
CP	Emergency Planning	Potential requirement for additional resources/overtime within the Emergency Planning team.
CP	Fire & Rescue response	Potential requirement to secure lifting of Action Short of Strike in order for staff to work more flexibly and respond to Covid-19
ETI	Planning income	Reduced planning activity and therefore planning income
ETI	Waste volumes	Risk of increased waste volumes as more people at home, due to 'lockdown'
ETI	General Income	Risk of reduced income from street works permits, licences, fees & charges, provision of highway information, countryside income and parking income
TPP	HR&OD interim workers	Additional Temporary Worker payments (Adecco & Interims) to cover for perm staff who are self-isolating or ill
Resources	Legal costs	Court sessions may be delayed, which could impact Safeguarding issues resulting in increased costs

Medium-Term Financial Impact

43. Longer-term, the wider impact of the COVID-19 pandemic could mean that some residents continue to experience personal hardship and some businesses cease to trade. Both of these scenarios would have a direct impact on the level of tax that authorities are able to collect. There could be a very real negative impact in the overall level of funding available from both council tax and business rates. Further, the Collection Funds for both council tax and business rates may reduce, which will have a budgetary impact in 2021/22 and future years. It is too early to fully understand the magnitude of the risk at this stage.
44. Finance will undertake a separate financial risk assessment on the £38m efficiency proposals agreed by Cabinet and Council to deliver and balance the 2020/21 budget over the coming weeks. However, current estimates suggest that c£18m of efficiency proposals will not be achievable by the second quarter of 2020/21.

2020/21 Capital Programme Delivery and Community Investment Fund

45. There is a real risk to the delivery of the Council's Capital Programme Budget and the Community Investment Fund proposals in 2020/21. This is as a result of reduced resources (supplies, materials and labour) and the potential closure of building sites.
46. Beyond delays there is uncertainty over the likelihood of increased costs to deliver projects once social distancing is lifted. Demand is likely to be significantly ramped up, and potentially supply shortages for a period, so we may well see an increase in costs. There is also the risk that funding will expire and be clawed back by grant providers.
47. The funding of the capital programme budget is predicated on borrowing, the cost of which is built into the current 2020/21 revenue budget. Delays in the capital

programme delivery will result in lower borrowing costs, which could be used to offset other pressures.

Cashflow

48. We are currently refining the Council's rolling cash flow for Q1 of 2020/21. This could be impacted by the ability of Districts and Boroughs to honour precepting payments, as council tax payments and business rates payments fall. The precepts total £90m a month in cash for SCC, which have previously been used to support our cash position. Any advanced payment to providers could also have an impact on the Council's cash flow and any decision to do so will have to be made with the Council's cash position in mind.
49. Liquidity in the local authority-to-local authority lending market has been squeezed as councils hold on to cash and so the day-to-day management of the council's cash flow position is therefore at risk. This will inevitably mean high borrowing costs to the Council as the local authority market has been the most cost-effective way for us to access short-term borrowing in the past. The full impact of our cash position is currently being worked through and will emerge over the coming days/weeks.
50. MHCLG are aware of cash flow issues facing Local Authorities and have proposed to bring forward some grant payments. However, in the absence of detail around when these advances are likely to be made, the Council's cash flow remains a risk.
51. We are in regular dialogue with our Treasury Advisors, Arlingclose, on our strategy moving forward.

Financial Delegations and Approvals

52. In responding to the on-going emergency, it is likely that officers will have to authorise spend or re-prioritise budgets outside the of the normal governance framework.
53. In making decisions Cabinet will have to be mindful of Relevant Functions reserved for full Council for example, decisions in respect of any executive functions which are contrary to or not wholly in accordance with the agreed budget and policy framework, apart from those falling into the categories approved by the Council as in-year decisions which the Leader/Cabinet can take.
54. Where decisions are made within existing budgets no further delegations to officers are required. However, The Chief Executive, and the Executive Directors and Directors are authorised to exercise the powers of the County Council under section 138 of the Local Government Act 1972 **but only** in the event of an emergency or disaster.

Summary of Financial Recommendations

1. Approve the support to suppliers, providers and the Surrey VCFS;
2. Approve the process for assessing Hardship Payments;
3. Approve the procurement approach under the new powers granted by Procurement Policy Note (PPN) PPN001;
4. Notes the s151 Officer (or deputies', as provided for in Section 138 of the Local Government Act 1972) authority in decision-making for above budget envelope spend

and the allocation of funding, including Hardship Payment allocations, in consultation with Corporate Leadership Team and the Cabinet Member for Finance.

Impact of COVID-19 on our services and transformation

55. As a consequence of responding to Covid-19, services, functions, plans and programmes to achieve our mission are having to be re- and de-prioritised in a fast changing and fluid situation, including the regular provision of new guidance and legislation. There is an immediate need to ensure our resources and available workforce are directed at urgent new tasks and functions required in response to COVID-19 and our core services that support the most vulnerable residents (and the support functions that will enable these to operate effectively)
56. National measures in place to stop the spread of COVID-19 mean some services are necessarily suspended or reduced. This includes, for example, the libraries network, arts, heritage and adult education services, non-priority highways management. Staff from services that are suspended, or from non-critical functions, are being actively encouraged to volunteer in other priority services and we are re-deploying groups of staff as required.
57. We have also started to review the impact of our revised priorities on our Transformation Programme. It is necessary to pause and modify a significant number of the programmes and initiatives that were underway. In a number of areas, the planned work to develop future approaches and new operating models simply can't proceed while our staff, leaders, partners and residents are fully focused on the COVID-19 emergency response.
58. The position on each of our key Transformation Programmes has been assessed and will be subject to ongoing review. Overall these changes will have a significant impact on the expected benefits (outcomes and financial) and further work will be completed, alongside budget forecasting, to track and understand this.

Support for voluntary, community and faith organisations

59. As a council we are committed to supporting the voluntary, community and faith sector (VCFS) in Surrey, recognising the importance of a strong and vibrant third sector in realising the Community Vision for Surrey in 2030.
60. VCFS organisations are playing a vital role in responding to the pandemic and delivering support to our residents who are particularly vulnerable as a result of COVID-19, as well as playing an important role in both recruiting and matching volunteers to local organisations.
61. The COVID-19 outbreak is posing a substantial risk to the VCFS due to a combination of factors. Financial support already announced by Government will be available to the VCFS. However, in recognition of their contribution to the work of the Council, we are proposing the establishment of a support package for the VCFS including:
- Access to the financial provision for those meeting key criteria as service providers
 - A three-month rent-free period for all VCFS organisations who are tenants in council buildings

- Increased flexibility around grant/contract conditions and relaxed contract monitoring deadlines e.g. paying for contracts upfront, not in arrears, suspending most/all delivery targets for six months, preparing to vary contracts at speed to allow organisations to change their service delivery models, consider extensions and suspensions of competitive processes.

Economic stimulus

62. Many are already forecasting that the restrictions imposed to control the outbreak of COVID-19 will tip the UK economy into recession; the Office for Budget Responsibility (OBR) downgraded the UK's growth prospects in calculations made before the full impact of coronavirus could be reflected.
63. Surrey has a higher proportion of businesses in the 'micro' size band, which are businesses employing nine people or fewer, compared to the South East of England. Small businesses support employment creation and place ambition; they are expected to play a critical role in the transformation of Surrey's urban centres. High-growth firms, many of which are micro/small businesses, are also critical to driving innovation and productivity.

Measures Introduced to Support the Economy

64. On 17 March, the Chancellor announced a package of government-backed and guaranteed loans to support businesses, making available an initial £330bn of guarantees. This was in addition to a series of measures announced at Budget 2020, including £30 billion of additional support for public services, individuals and businesses experiencing financial difficulties because of COVID-19.
65. The EM3 Board has been asked to consider use of existing Local Growth Fund (LGF) funds to support business now and for the future. They have initial agreement to £250,000 from revenue funds. The C2C LEP have asked their Board if they can create a £2m fund, offering immediate grants to SMEs of up to £25k each. This will be funded through the Growing Places Fund (GPF) funds and £253k EU underspend.
66. Districts and Boroughs: The package from Districts and Boroughs includes:
- Grants – Government have announced grants of either £10,000 or £25,000 for businesses who receive Small Business Rate Relief or are in the retail, hospitality or leisure sectors. Surrey Districts and Boroughs have agreed to start paying from 1st April 2020 to ensure consistency across the County.
 - Business Rates relief – the support announced by Government includes 100% business rate relief for retail, hospitality and leisure businesses for 2020/21. Also 100% relief will apply to premises occupied by providers of Ofsted's Early Years Registers.
 - Hardship Fund - £5.4m to Districts and Boroughs
67. Surrey Chambers of Commerce: priorities for the Chamber include collating information and guidance from government and disseminating to the wider Surrey business community, listening to business concerns and feeding back to government and supporting local authorities in promoting their services.

Proposed additional and co-ordinating measures by Surrey County Council

68. There are a number of additional measures, which we suggest Surrey County Council consider taking to enable good growth for Surrey over the immediate period and in the medium term/recovery phase:
- Promoting, co-ordinating and aligning existing or proposed national and regional schemes of support so that Surrey businesses can navigate their way to support more readily,
 - Providing small grants to support those businesses who do not have recourse to any other support measure, funded from the national Covid-19 fund allocation for Surrey,
 - Use of the emergent Community Infrastructure Fund to support local businesses with capital costs that help mitigate the impact of Covid-19 on the business.
 - A three-month rent-free period for key partner VCFS tenants in County Council properties
 - Car parking charge amnesty for shoppers/residents for a period after Covid-19 recovery to support the revitalisation of our high streets and retail centres.
69. We are also committing to support the local economy on the road to recovery, once the crisis is over. Working with our partners we will provide financial support to businesses who are not able to receive adequate support from the government. It is proposed to make funding available once costing and details of the measures are finalised.

CONSULTATION:

70. The proposed measures in this report have been put together following extensive consultation with health colleagues, districts and boroughs, Surrey Police, LEPs, businesses and VCSF organisations who are already working tirelessly to help our residents through the pandemic.

RISK MANAGEMENT AND IMPLICATIONS:

71. Risk implications are stated throughout the report and COVID-19 related risks are managed through the Strategic Coordination Group governance structure.

SECTION 151 OFFICER COMMENTARY

72. In total, the current pressures identified at the time of writing, as a result of COVID-19 total £44.4m, of which £1m is in relation to 2019/20. If the 2019/20 commitments materialise it is proposed that the Council make use of the Corporate Contingency to fund the shortfall.
73. The £43.4m pressure in 2020/21 is in relation to spend and shortfall in income in Q1 and Q2 of the financial year. However, these numbers are being validated for accuracy and are not an exhaustive list of pressures. In addition to this, the current estimates are c£18m of efficiency proposals will not be achievable by Q2, if the pandemic continues. In total the estimated shortfall to the Council could reach £61.4m based on current information.
74. If the £25.2m COVID-19 Response Fund was allocated to fund these immediate pressures that would leave unfunded pressures of £36.2m (based on current estimates of costs and income loss and non-delivery of efficiency proposals). This is

before funding any new measures other than those included in this report and any potential contribution into a joint fund with the NHS.

LEGAL IMPLICATIONS – MONITORING OFFICER

75. The report sets out in summary the proposed changes that may be implemented to the Council's statutory duties and powers, in particular further to the Care Act 2014. The report recommends that relevant Executive Directors acting in consultation with the relevant Cabinet Member are authorised to arrange service provision to meet the Council's statutory duties as these may be modified during the response to the pandemic.
76. The decision making and governance arrangements of the Council will be amended as a matter of law if and when regulations are made by the Secretary of State in relation to remote meetings and decision making. These new and time limited provisions will supplement the changes already introduced by the Council further to the Local Government Act 1972 in the additional delegations given to Cabinet Members and Officers to act in consultation with members and committee chairs. Any new remote decision-making powers will be incorporated in the Council's protocol on virtual decision making and agreed by the Chair of Council and group leaders,
77. The report refers to the various emergency and urgent authorisations and delegations that are available to be used in an emergency, in particular to the Chief Executive and the s151 Officer further to s138 of the Local Government Act 1972 and the provisions of the Council's Constitution and financial regulations.

EQUALITIES AND DIVERSITY

78. The decisions Cabinet are being asked to make are wide ranging and will potentially have significant implications for the services our residents receive, particularly the most vulnerable in Surrey. Re-prioritising services, and closure of buildings, may affect residents from protected groups who use services that are being de-prioritised. As the national picture for COVID-19 is shifting rapidly, and with new guidance coming from the Government daily, we are continuing to assess what the equality implications of these are for residents and staff.
79. The Response Fund of £25.2 million provided by government will be used to support those key services our most vulnerable residents rely on, such as adults and children's social care. In addition, should Cabinet agree to the economic and community stimulus package today, there are further opportunities to support those residents suffering economic hardship as a result of COVID-19. Support for the VCFS will also enable them to focus on their critical role in helping some of our vulnerable residents from protected groups as part of Surrey's wider response to the pandemic.

Contact Officer:

Sarah Richardson, Head of Strategy, 07971 091475

Consulted:

- Cabinet Members
- Corporate Leadership Team and other staff

- Districts and Boroughs
- Surrey Police
- Voluntary, community and faith sector organisations

Sources/background papers:

- [Care Act 2014](#)
- [Coronavirus Act 2020](#)
- [Procurement Policy Notice PPN 001](#)

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Record of decisions taken by an officer under Standing Order 54 – urgent decision making



Title:	COVID-19 Surrey County Council Response to Covid: Policy on providing support to service providers
Divisions Affected:	All
Key Decision:	Yes
Reason Key:	Affects two or more Divisions
Decision taken under delegation by virtue of:	Standing order 54 – urgent decision making

Meeting date/time	23 March 2020 13:00-15:00
Meeting title	CLT meeting

Summary

The Council is responding to the Covid-19 major incident and therefore needs to make urgent decisions to ensure that residents are protected. Urgent decisions taken at the above named meeting are listed below with reasons.

Decision made

Decision made:

It was AGREED that:

1. In order to ensure that the Council is able to resume providing services once the COVID 19 emergency has eased, the following measures of financial support to be offered to existing service providers were agreed:
 - 1.1 Payments on account, whereby all organisations that SCC commissions services with should be able to submit a claim for an up-front payment on account equivalent to a maximum of what SCC would have normally expected to pay for their services in April – June 2020.
 - 1.2 Support & Funding on an agreed “percentage sliding scale” basis in instances where Commissioned Providers are unable to deliver their contracted services but payment is needed to ensure their survival.

Reasons for Decision:

1. With the Covid 19 emergency likely to last for a number of months, service providers that the council currently contracts with are likely to be adversely

affected for a variety of reasons, including an inability to deliver services because of Government advice or direction, the impact on their workforce and the impact on the end user. It is vital that the Council is able to resume providing services as the crisis eases, and it will be much easier to do this if existing providers are still in place. It is also consistent with the Council's role in protecting the local economy and the employment of its residents.

2. In March 2020, the Cabinet Office published [Procurement Policy Note 02/20](#) (PPN02), setting out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current coronavirus, COVID-19, outbreak. According to PPN02, contracting authorities must act now to ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over. All contracting authorities are advised to put in place the most appropriate payment measures to support supplier cash flow, including a range of approaches such as forward ordering, payment in advance/prepayment, interim payments and payment on order (not receipt).

3. At its meeting on 23 March, the Corporate Leadership agreed the following principles for extending measures of support to providers to help ensure their sustainability through the current crisis:
 - 3.1 There is a genuine long term need for the service
 - 3.2 Providers use the full range of support offered by national Government as these are made available to minimise the impact on the County Council.
 - 3.3 Help to businesses maintains the employment of the current workforce.
 - 3.4 Where Providers are being paid and no service is being delivered, the workforce is repurposed (where possible) to support other critical activity. Taking advantage of the Government's offer to reimburse 80% of wage costs to staff who are kept on, despite having little or no work to do, would be one way on doing this.

4. Two measure were agreed:
 - 4.1 **Payments on account.** Payments for these services would only be made once the value of actual services delivered exceeds the payment on account. If at the end of June 2020, the value of services actually delivered does not exceed the payment on account, then SCC will need to agree with providers how to manage future payments. This could include agreeing to write off the difference (i.e. in effect this would become a hardship payment) and / or making a further payment on account. As the end of the first quarter of 2020/21 approaches, SCC can consider whether it wishes to put in place arrangements for another set of payments on account for a further period.

 - 4.2 **Support & Funding on an agreed % sliding scale basis.** As the Covid 19 outbreak spreads and its impact on service delivery increases there will be a number of providers, who for a variety of reasons will be unable to deliver their contracted services. Although the Government is making commitments to support organisations and employees, this may not be

enough to secure the survival of these organisations. Funding organisations at any level when they are unable to deliver their services would not be done under ordinary circumstances. However, CLT considered that the infrastructure of provision needs to be maintained at some level or there will be insufficient capacity after the current crisis abates to deliver statutory services and costs will significantly escalate. It was agreed that a percentage of funding will be needed to preserve the provider base. These payments may turn out to be payments on account in the same way as at 12.1. However, further analysis of providers may identify some as “high risk” which may result in them requiring additional financial support. Treatment can then be considered on a case by case basis such as in option 1.

5. CLT also considered a third measure consistent with government guidance: hardship payments, whereby all organisations are able to submit claims setting out the additional costs and / or loss of funding they have suffered as a result of Covid19. Under the advice of the Monitoring Officer, this option will be part of an urgent report to be considered by Cabinet on 31 March.

Decisions taken by:	Joanna Killian Chief Executive
Decisions taken on:	23 March 2020
To be implemented on:	23 March 2020

Decision taken in consultation with

Leigh Whitehouse
Michael Coughlin
Simon White
Katie Stewart
Patricia Denney
Hannah Futter
Piali Das Gupta

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Record of decisions taken by an officer under Standing Order 54 – urgent decision making



Title:	COVID-19 Surrey County Council Response to Covid: Refunds and charges policy
Divisions Affected:	All
Key Decision:	Yes
Reason Key:	Affects two or more Divisions
Decision taken under delegation by virtue of:	Standing order 54 – urgent decision making

Meeting date/time	23 March 2020 13:00-15:00
Meeting title	CLT meeting

Summary

The Council is responding to the Covid-19 major incident and therefore needs to make urgent decisions to ensure that residents are protected. Urgent decisions taken at the above named meeting are listed below with reasons.

Decision made

Decision made:

It was AGREED that:

1. The following principles to be applied to cancellations of bookings for SCC facilities:
 1. Encourage postponement rather than cancellation
 2. Waive any admin fees charged for making changes to bookings.
 3. Honour 19/20 prices for bookings which need to be rearranged in 20/21 year at higher prices.
 4. Amend cancellation policies, particularly those that would not honour a refund for short notice cancellation
 5. Provide a full refund with no cancellation fee.

Reasons for Decision:

1. The council is committed to supporting the government's [guidance](#) to the public to avoid all unnecessary gatherings to help reduce the spread of the

virus and reduce the mounting pressure on our National Health Service. On 22 March, the Government issued [new instructions](#) to businesses and other venues across the United Kingdom to close as soon as they reasonably can, and not to open for trade from Saturday 21 March in order to ensure that the public avoids unnecessary social contact. Councils were made responsible for enforcing regulations requiring those businesses asked to close. In order to be consistent with the expectations of businesses, the council is also closing all sites and facilities that could facilitate or encourage non-essential contact.

2. Even before these strictures came into place, the council had started to receive an increasing number of requests to cancel or postpone existing bookings of council facilities as a result of COVID19. The main areas affected are
 - Registrars – ceremonies
 - Property – weddings & filming at County Hall
 - Outdoor Learning Centres
 - Libraries
 - Adult Education*
3. Ordinarily, such cancellations or postponements would be subject to penalties or charges made clear in the terms and conditions of the original booking. In light of both our commitment to prevent non-essential contact and on compassionate grounds recognising the tremendous uncertainty and disruption currently facing residents, the Corporate Leadership Team agreed the new policy on refunds and charges.
4. It is recognised that this policy could result in a material loss of income for the council. One potential mitigation to the loss of income could be to draw on the new emergency funding being made available to councils, of which Surrey County Council's allocation is £25 million.

Decisions taken by:	Joanna Killian Chief Executive
Decisions taken on:	23 March 2020
To be implemented on:	23 March 2020

Decision taken in consultation with

Leigh Whitehouse
Michael Coughlin
Simon White
Katie Stewart
Patricia Denney
Hannah Futter
Piali Das Gupta

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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