Notice of Meeting

Council Overview & Scrutiny Committee

Date & time	Place	Contact	Chief Executive
Wednesday, 5 December 2012 at **10.00 am**	Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN	Bryan Searle or Andrew Spragg Room 122, County Hall Tel 020 8541 9019 or 020 8213 2673 bryans@surreycc.gov.uk or andrew.spragg@surreycc.gov.uk	David McNulty

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9068, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 8914, fax 020 8541 9009, or email bryans@surreycc.gov.uk or andrew.spragg@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Bryan Searle or Andrew Spragg on 020 8541 9019 or 020 8213 2673.

Members

Mr Mel Few (Chairman), Mr David Harmer (Vice-Chairman), Mr Mark Brett-Warburton, Mr Stephen Cooksey, Mr Steve Cosser, Mrs Clare Curran, Mr Eber A Kington, Dr Zully Grant-Duff, Mrs Sally Ann B Marks, Mr Steve Renshaw, Mr Nick Skellett CBE, Mr Chris Townsend, Mrs Denise Turner-Stewart, Mr Richard Walsh and Mrs Hazel Watson

Ex Officio Members:

Mrs Lavinia Sealy (Chairman of the County Council) and Mr David Munro (Vice Chairman of the County Council)

TERMS OF REFERENCE

The Committee is responsible for the following areas:

Performance, finance and risk monitoring for all Council services	HR and Organisational Development
Budget strategy/Financial Management	IMT
Improvement Programme, Productivity and Efficiency	Procurement
Equalities and Diversity	Other support functions
Corporate Performance Management	Risk Management
Corporate and Community Planning	Europe
Property	Communications
Contingency Planning	Public Value Review programme and process

PART 1
IN PUBLIC

1   APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2   MINUTES OF THE PREVIOUS MEETING: 14 NOVEMBER 2012

To agree the minutes as a true record of the meeting.

3   DECLARATIONS OF INTEREST

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

Notes:
- In line with the Relevant Authorities (Disclosable Pecuniary
  Interests) Regulations 2012, declarations may relate to the
  interest of the member, or the member's spouse or civil partner,
  or a person with whom the member is living as husband or wife,
  or a person with whom the member is living as if they were civil
  partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the
  Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests
  disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item
  where they have a disclosable pecuniary interest.

4   QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:
1. The deadline for Member's questions is 12.00pm four working
   days before the meeting (Thursday 29 November 2012).
2. The deadline for public questions is seven days before the
   meeting (Tuesday 27 November 2012).
3. The deadline for petitions was 14 days before the meeting, and
   no petitions have been received.

**5   RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE
       SELECT COMMITTEE**

To provide feedback from Cabinet on issues and comments raised
by the Council Overview & Scrutiny Committee at its meeting on 14
November 2012.

6   RECOMMENDATION TRACKER

The Committee is asked to monitor progress on the implementation
of recommendations from previous meetings.

| 7 | **FORWARD WORK PROGRAMME** | |

The Committee is asked to review its Forward Work Programme.

| 8 | **CHANGE & EFFICIENCY SERVICE REVIEW - FINANCE** | |

Purpose of report: Scrutiny of Services and Budgets

To update the Committee on the progress of the Financial Management Public Value Review.

| 9 | **BUDGET MONITORING REPORT** | |

Purpose of report: Scrutiny of Services & Budgets

To review the month end budget report and make recommendations as appropriate.

| 10 | **COMPLETED AUDIT REPORTS** | |

Purpose of report: Scrutiny of Services and Budgets

The purpose of this report is to inform Members of the Internal Audit reports that have been considered since the last meeting in November 2012 and to provide an update on management action plans for audits previously reported to this Committee.

| 11 | **CHANGE & EFFICIENCY REVIEW - SHARED SERVICE CENTRE** | |

Purpose of report: Scrutiny of Services and Budgets

To update the Committee on developments in the Shared Service Centre.

| 12 | **SUPERFAST BROADBAND** | |

Purpose of report: Policy Development and Review

To scrutinise implementation of the Superfast Broadband contract, including details of the proposed governance arrangements and organisation structure for the Joint Services Centre and delivery arrangements.

| 13 | **STAFFING BUDGET - STAFF NUMBERS AND MANAGEMENT OF VACANCIES** | |

Purpose of report: Scrutiny of Services and Budgets.

To consider a review in to the way staff and vacancy numbers are calculated and managed with the objective of understanding the impact these practices have on budgeting, operational efficiency and costs for Surrey County Council.

14   DATE OF NEXT MEETING

The next meeting of the Committee will be held at 10am on 1 February 2013.

David McNulty
Chief Executive
Published: 27/11/12

MOBILE TECHNOLOGY – ACCEPTABLE USE

Use of mobile technology (mobiles, BlackBerries, etc.) in meetings can:

- Interfere with the PA and Induction Loop systems
- Distract other people
- Interrupt presentations and debates
- Mean that you miss a key part of the discussion

Please switch off your mobile phone/BlackBerry for the duration of the meeting. If you wish to keep your mobile or BlackBerry switched on during the meeting for genuine personal reasons, ensure that you receive permission from the Chairman prior to the start of the meeting and set the device to silent mode.

Thank you for your co-operation

MINUTES of the meeting of the **COUNCIL OVERVIEW AND SCRUTINY COMMITTEE** held at 10.00am on Wednesday 14 November 2012 at County Hall, Kingston upon Thames.

These Minutes are subject to confirmation by the Committee at its meeting on 5 December 2012.

Members:

*   Mr Mel Few (Chairman)
*   Mark Brett-Warburton
*   Mr Stephen Cooksey
*   Mr Steve Cosser
*   Mrs Clare Curran
*   Dr Zully Grant-Duff
*   Mr David Harmer (Vice-Chairman)
*   Mr Eber A Kington
*   Mrs Sally Marks
*   Mr Steve Renshaw
*   Mr Nick Skellett CBE
*   Mr Chris Townsend
*   Mrs Denise Turner-Stewart
*   Mr Richard Walsh
*   Hazel Watson

Ex-officio Members:

Mrs Lavinia Sealy (Chairman of the Council)
Mr David Munro (Vice-Chairman of the Council)

Present:

Peter Martin (Deputy Leader of the Council)

*   = present
A = apologies

P A R T   1

I N   P U B L I C

129/12 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were no apologies or substitions.

130/12 MINUTES OF PREVIOUS MEETING: 18 OCTOBER 2012 [Item 2]

The minutes were agreed as an accurate record of the meeting.

131/12 DECLARATIONS OF INTERESTS [Item 3]

There were no declarations of interests.

132/12 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions.

133/12 RESPONSES BY THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

No referrals were made to Cabinet at the last meeting so there were no responses.

134/12 FORWARD WORK PROGRAMME [Item 6]

Declarations of interest: None.

Witnesses: None.

Key points raised during the discussion:

1. Members discussed the change of Chairman for the Countryside Management Task Group. The change was as result of the Leader's request that Task Groups were not chaired by Select Committee Chairman. The change in the reporting timeline was agreed with the portfolio holder due to an increase in the number of witnesses.

2. Members were informed that the Engagement with High Need Areas in Surrey Task Group would be deferred until after May 2013. This was in order that the work could be completed thoroughly following the 2013 election.

3. The Committee discussed the work of the Localism Task Group. The recommendations had been accepted by Cabinet but implementation was pending the outcomes of the Community Partnerships Public Value Review. Members recognised that there was a synergy between the two areas of work, and that there was now a necessity to set down a timescale for implementation of the recommendations.

Recommendations:

a) That the Cabinet provide a statement as to the current status and proposed timetable for implementing the recommendations of the Communities Select Committee's Localism Task Group.

   Action by: Bryan Searle

Actions/further information to be provided:

   None.

Committee Next Steps:

The Committee will review its work programme at its meeting on 5 December 2012

135/12 RECOMMENDATIONS TRACKER [Item 7]

Declarations of interest: None.

Witnesses: None.

Key points raised during the discussion:

1. The following response was received from Trevor Pugh (Strategic Director for Environment and Infrastructure) in reference to COSC 110:
"Thank you for this feedback. We are intending to use the vacant business support posts to provide additional support to the teams based at the Godstone and Bagshot Depots. This has been highlighted by Members and our Area Managers as a particular issue. I do not anticipate that doing this will cause difficulties for our engineers generally. With regard to the suggestion for an RIE for Local Schemes we are running an extensive improvement programme for Local Schemes, involving a Local Committee Chairs Task Group. Both these issues are being monitored and scrutinised carefully by the Environment and Transport Select Committee."

2. Referring to COSC 104 on the Recommendations Tracker Members queried whether there was a definitive list of where Superfast Broadband would not be available. An update report was due to come to Committee on 5 December 2012.

3. In reference to COSC 112 it was noted that there was an item concerning dental checks for Looked After Children was scheduled for the meeting of the Children & Families Select Committee on 19 December 2012.

Recommendations:

None

Actions/further information to be provided:

None.

Committee Next Steps:

None.

136/12 TASK GROUP SCOPING REPORT – SUPPORTING FAMILIES [Item 8]

Declarations of interest: None.

Witnesses:

None.

Key points raised during the discussion:

1. The Task Group Scoping Report for the AIS Business Process Review was shared with the Committee. Members discussed a number of alterations to the document, concerning the Members Reference Group's change in scope. The

title AIS Business Process Review was not sufficient as it did not reflect that the Members Reference Group was looking at the business processes that AIS had set out to handle. The Members Reference Group had so far recommended a Rapid Improvement Event to look at the process of inputting data. The Group would set out to identify weaknesses within current business process and then recommend solutions.

2. The Committee endorsed the scoping document for the AIS Business Process Review, pending the recommended changes.

Recommendations:

a) That the title of the Scoping Document for AIS Business Process review is altered to "Adult Services Business Process Review" in order to accurately reflect the Task Group's scope, and that the question that the Members reference group is aiming to answer be altered to the following: "do Adult Services Business Processes meet the needs of the directorate?"

Action by: Leah O'Donovan

Actions/Further Information to be provided:

None

Committee Next Steps:

The Committee will review the progress of the Task Group as part of its monthly monitoring process.

137/12 **COMPLETED AUDIT REPORTS [Item 9]**

Declarations of interest:

None.

Witnesses:

Sue Lewry-Jones – Chief Internal Auditor

Key points raised during the discussion:

1. The Committee was given a summary of the Internal Audit Reports by the Chief Internal Auditor. Reports highlighted for discussion included Special Residential Schools – Teachers' additional payments, Local Safeguarding Children Board, Overtime, Performance Management – Data Quality, and Review of Concessionary Fares.

2. Members requested details of recommendations rated as high priority in reference to the audit on the Review of Concessionary Fares. The Chief Internal Auditor explained that the two recommendations pertained to the following: data quality, and the memorandum of agreement between the

Library Service and the Travel and Transport Group. The Chairman of the Environment and Transport Select Committee briefly outlined the report on Concessionary Fares that had been presented at the meeting of Environment & Transport Select Committee on 8 November 2012. A paper was due to go to Cabinet in January 2013 with a further report being presented to the Environment & Transport Select Committee in June 2013.

3. The Committee discussed whether the Council Overview & Scrutiny Committee should also look at high priority recommendations in order to ensure that they were being covered by the relevant Select Committee. It was decided that the report could be altered to show the responsible Select Committee and Cabinet Member for each audit report. The audit reports would also be shared with the relevant Scrutiny Officer within Democratic Services. This would enable an appropriate line of responsibility and governance to be identified without dramatically widening the remit of COSC.

Recommendations:

a) That in order to assist with the monitoring of outcomes from Audit two additional columns be added to the table in paragraph 6 of future reports to show the names of the relevant Select Committees and Cabinet Members for each audit.

Action by: Sue Lewry-Jones

b) That Internal Audit notify the relevant Scrutiny Officer in Democratic Services when audit reports are published.

Action by: Sue Lewry-Jones

Actions/Further Information to be provided:

None.

Committee Next Steps:

None.

138/12 **BUDGET MONITORING REPORT [Item 10]**

Declarations of interest: None.

Witnesses:

Kevin Kilburn, Deputy Chief Finance Officer
Peter Martin, Deputy Leader

Key points raised during the discussion:

1. Members raised concerns around the number of overspends that were being covered by one off payments. The Committee felt that this gave an imprecise view of run-rates and made budget planning difficult for the next year.

2. The Committee discussed the practicality of reviewing the Medium Term Financial Plan in light of additional pressures and a continuing overspend by some areas of the Council. It was expressed that there was a need for directorates to focus on addressing the current rates of overspend through further efficiency savings.

3. There was a discussion about business rates pooling, and the proposed development of a business rates retention system. The Deputy Chief Finance Officer offered to share information briefing Members on this work and its potential impact.

Recommendations:

a) That the Chairman write to David Hodge on behalf of the Committee to request that he seek reassurance from all Cabinet Members that the risks of overspends within their portfolios have been properly assessed, and that appropriate steps have been put in place to address any potential overspends identified.

Action by: Mel Few

b) That Finance reports on a monthly basis (in a format of month and year to date) all one-off transfers from reserves by individual services to cover budget shortfalls.

Action by: Kevin Kilburn

Actions/Further Information to be provided:

None.

Committee Next Steps:

None.

139/12 **2012/13 QUARTER TWO BUSINESS REPORT [Item 10a]**

Declarations of Interest:

None.

Witnesses:

Ben Unsworth, Senior Performance & Research Manager
Liz Lawrence, Head of Policy & Performance
Matthew Baker, Deputy Head of HR & OD
Carmel Millar, Head of Human Resources & Organisational Development

Key points Raised During the Discussion:

1. Members highlighted that the report indicated that 68% of residents had expressed that they were satisfied with how the Council runs things, and queried what was being done to identify how to address the concerns of the

remaining 32%. The Senior Performance & Research Manager outlined that the remainder would not be entirely comprised of dissatisfied residents, as there were a number of possible responses. It was outlined that work was being undertaken to identify what the driving factors were with regards to dissatisfaction amongst residents.

2. The Committee discussed how the Council performed in the Residents' Survey alongside other Local Authorities. The Senior Performance & Research Manager explained that accurate benchmarking is more difficult now that there is not a standardised local government satisfaction survey methodology. Looking at trends in a recent national survey and taking into account some of the demographic factors that influence satisfaction, Surrey performs well..

3. The Committee questioned the sample size of the survey results. The Senior Performance & Research Manager outlined that 6,600 residents are interviewed each year. This sample size allows the Council to analyse the data at district and borough level, as well as Countywide. Further questions were raised as to the methodology of the Report and whether it would continue for a fixed period or indefinitely. It was outlined by officers that the survey is particularly valuable in its ability to highlight key trends in satisfaction. The Committee asked for information on the costs of undertaking the survey; officers agreed to provide this information.

4. Members raised concerns around the use of the term "promises" in the One County, One Team: People Strategy 2012-2017 annex of the report. It was felt that a number of the promises were not measurable, and so they should be renamed 'aspirations' where appropriate. It was also felt that a number of the targets were not consistent with the promise, highlighted amongst these was the promise regarding annual appraisals. Officers expressed that these targets were intended to increase on a yearly basis, in order that the promise could be achieved by 2017.

5. There was a discussion about the purpose of the employee promises, and whether they were intended as a tool for managers or employees. Members expressed that an overall target would appear meaningless to an individual employee who felt that their manager had not fulfilled one of the identified promises. It was expressed that there needed to be greater clarity about the interpretation of the promises and who was taking key responsibility for challenging where these were not being kept.

Recommendations:

a) That consideration be given to revising the terminology used in the current People Strategy, to ensure that all the promises made are clearly defined and measurable.

Action by: Carmel Millar

b) That, in order to reflect the importance of staff appraisal and personal development within the organisation, the targets for the promises 'everyone will have an effective annual appraisal' and 'everyone will have a development plan linked to their goals and organisational goals' should be 100% from 2013/2014 rather than by 2017 as currently profiled.

Action by: Carmel Millar

c) That a breakdown of costs involved with production of the Residents Survey be provided to the Committee.

Action by: Ben Unsworth

Actions/Further Information to be provided:

None

Select Committee Next Steps:

None

140/12 **SURREY-i [Item 11]**

Declarations of Interest:

None

Witnesses:

Ben Unsworth, Senior Performance & Research Manager
Liz Lawrence, Head of Policy & Performance

Key Points Raised During the Discussion:

1. The Committee received an update on the implementation of Surrey-i. The Senior Performance & Research Manager outlined how Surrey-i had helped in the following three areas: policy design, service delivery and evaluation. As part of the project's development the data and analysis tools have been made open to the public. The Senior Performance & Research Manager expressed that Surrey-i's primary audience was people involved in the design and delivery of public services. It was acknowledged that the site had worked well with a primary audience of officers and service managers; however, more work is being done to make the website as accessible as possible for residents.

2. The Committee queried what specific services and information Surrey-i offered. The Senior Performance & Research Manager outlined that there was significant expertise and analysis involved, for example, in mapping census information onto the Boroughs & Districts. The provision of information through Surrey-i had benefits for users in terms of accessibility and time-saving, compared to an alternative of obtaining the data from a series of separate sources. Members asked whether consideration could be given to charging for the specialist information connected to producing the website and presenting the data. The Committee discussed whether a marketing exercise could be undertaken to identify whether Surrey-i could be developed as a commercial product.

Recommendations:

a) That, in order to optimise the benefits of Surrey-i, a review be undertaken to re-establish the future user market for the service, identify their specific requirements, and ensure that any further development of Surrey-i is primarily tailored towards meeting the needs of the target audience.

   Action by: Ben Unsworth

b) That consideration be given to the viability of covering the costs of Surrey-i through charging for use of the service.

   Action by: Ben Unsworth

c) That the Committee receives a further update report on Surrey-i at its meeting on 13 February 2013.

   Action by: Ben Unsworth

Actions/Further Information to be provided:

None.

Select Committee Next Steps:

None.

141/12 **PROCUREMENT PARTNESHIP WITH EAST SUSSEX COUNTY COUNCIL [Item 12]**

Declarations of Interest:

None.

Witnesses:

Laura Langstaff, Procurement and Commissioning Manager

Key Points Raised During the Discussion:

1. The Committee received an update on the Procurement Partnership with East Sussex County Council. The Procurement and Commissioning Manager outlined key milestones and gave a brief verbal update on the current work being undertaken to centralise resources.

2. The Committee noted the forecast savings outlined in the report and asked for further details about how this saving was split between the two Local Authorities.

3. The Committee raised the question of why the Partnership had been developed with East Sussex specifically. The Procurement and Commissioning Manager outlined the reasoning behind the decision, stating that there were strong Member and Officer links. It was also felt that the partnership enabled a stronger regional influence.

Recommendations:

a) That further information be provided about the forecast procurement savings and how these will be split between Surrey County Council and East Sussex County Council.

    Action by: Andrew Forzani

b) That the lessons learnt from the process of developing the Procurement Partnership are formally recorded in order that they can be used in future instances.

    Action by: Andrew Forzani

c) That the Committee receives a further progress report at its meeting on 13 February 2013.

    Action by: Andrew Forzani

Actions/Further Information to be provided:

None.

Select Committee Next Steps:

None.

142/12 **DATE OF NEXT MEETING [Item 13]**

It was noted that the next meeting of the Committee would be at 10.00am on Wednesday 5 December 2012.

[Meeting ended: 12:49pm]

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Chairman

Surrey County Council

Council Overview & Scrutiny Committee
5 December 2012

Responses from the Cabinet to Issues Referred by the Committee

Purpose of the report: Policy Development and Review

To provide feedback from Cabinet on issues and comments raised by the Council Overview & Scrutiny Committee at its meeting on 14 November 2012.

Introduction:

1. The Council Overview & Scrutiny Committee considered the Select Committee Task Group Tracker at its meeting on 14 November 2012, and made a recommendation to Cabinet in relation to the outcomes from the work of the Localism Task Group.

2. The Committee's recommendation was considered by the Cabinet on 27 November 2012, and this report provides an update on the Cabinet response.

Localism Task Group:

3. At its meeting in November 2012, the Council Overview & Scrutiny Committee received a report updating progress on the work of current and recent Select Committee task groups. The report included details of the work of the Communities Select Committee's Localism Task Group, the recommendations of which were presented to the Cabinet on 24 April 2012.

4. The Task Group's report contained 12 recommendations, all of which were accepted by the Cabinet. However, the Cabinet agreed at that time that implementation of the recommendations should not be taken forward pending the outcomes of the Community Partnership Public Value Review (PVR). This was to ensure that that any links between the outcomes from the two pieces of work could be managed effectively. As the PVR has now concluded, the Council Overview &

Scrutiny Committee is keen to ensure that the work of the Task Group is taken forward.

5. Therefore the Committee recommends:

That the Cabinet provide a statement as to the current status and proposed timetable for implementing the recommendations of the Communities Select Committee's Localism Task Group.

MR MEL FEW
Chairman of the Council Overview & Scrutiny Committee

Cabinet Response:

6. The Cabinet Member for Community Services and the 2012 Games, in her response to the Localism Task Group Report presented to the Cabinet in April 2012, committed to considering some of the recommendations in the report as part of the work being conducted by the Public Value Review (PVR) of Community Partnership.

7. The Cabinet Member believes the PVR has built on the conclusions of the Localism Task Group Report, particularly with regard to:

- supporting the role of the individual divisional member as a community leader
- reviewing where decisions should be taken, or influenced, more locally
- strengthening local priority setting and the advisory role of SCC's Local Committees
- implementing an e-communications strategy
- strengthening the role of the Community Partnerships Team to facilitate partnership, engagement and democratic support.
- implementing a culture change programme to deliver the Leader's vision of a member led, customer focused Council.
- recognising that each committee may need to adopt a different approach

8. The Community Partnership PVR has been accompanied by a detailed action plan which the Cabinet Member has committed to take forward with the Local Committee Chairmen and the Chairman of the Communities Select Committee.

9. The Cabinet Member was pleased to note that there was support for the PVR's recommendations from the Local Committee Chairmen following her attendance at Local Committee Chairman's informal meeting on the 10 October 2012 and 23 November 2012.

10. The Cabinet Member was also pleased to note that the Communities Select Committee, who reviewed the Cabinet report and action plan on 21 November 2012, also generally welcomed the recommendations and felt that it was informed by effective consultation with Members and other stakeholders.

Helyn Clack
Cabinet Member for Community Services and the 2012 Games
27 November 2012

Recommendations:

The Committee is asked to consider the responses and agree any next steps as appropriate.

Report contact: Bryan Searle, Senior Manager Scrutiny and Appeals

Contact details: 020 8541 9019, bryans@surreycc.gov.uk

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SURREY
COUNTY COUNCIL

Council Overview & Scrutiny Committee
5 December 2012

RECOMMENDATIONS TRACKER

1   The Committee is asked to review its Recommendations Tracker, which is attached.

2   The recommendations tracker allows Committee Members to monitor responses, actions and outcomes against their recommendations or requests for further actions. The tracker is updated after each Committee. Once an action has been completed and reported to the Committee, it will be removed from the tracker. The next progress check will highlight to Members where actions have not been dealt with.

Recommendation:

That the Committee reviews progress on the implementation of its recommendations and actions.

Next Steps:

The Committee will review its recommendations tracker at each of its meetings.

Report contact: Bryan Searle, Senior Manager Scrutiny and Appeals.

Contact details: 020 8541 9019, bryans@surreycc.gov.uk.

Sources/background papers: None.

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COUNCIL OVERVIEW AND SCRUTINY COMMITTEE
ACTIONS AND RECOMMENDATIONS TRACKER – OCTOBER 2012

The recommendations tracker allows Committee Members to monitor responses, actions and outcomes against their recommendations or requests for further actions. The tracker is updated following each Committee. Once an action has been completed and reported to the Committee, it will be removed from the tracker.

Date of meeting and reference	Item	Recommendations/Actions	Responsible officer or member	Response	Next progress check:
17/04/12 COSC 63	Staff Vacancies [Item 9]	That the Finance Sub-Group investigate further how decisions about vacancies are handled by services, and the impacts of these decisions on budgets.	Zully Grant-Duff and Mark Brett-Warburton	The review has been completed and a report is attached as Item 13 of the agenda.	Complete

17/04/12
 	
COSC 65
	Business Continuity [Item 11]	That a further report concerning the following issues be submitted to the Committee in July 2012:
		  o Work underway to ensure the move of the Director for Public Health's team is incorporated into the SCC Business Continuity Management.
		  o The maintenance of Business Continuity arrangements alongside the current changes in the estate and IMT portfolios.
			Ian Good	This item has been deferred by Committee and will be re-scheduled in the work programme.	5/12/12

13/06/12 COSC 94	Scrutiny Annual Report [Item 11]	That work be undertaken to understand the influence of Select Committee recommendations on decisions made by the Cabinet.	Bryan Searle/Democratic Services	This will be addressed as part of the Democratic Services Scrutiny Improvement Plan and details will be shared with Members as agreed at the meeting on 18 October 2012.	5/12/12
11/07/12 COSC 96	Recommendations Tracker [Item 6]	That a special meeting be arranged in order for Tony Samuels to provide the Committee with an update on his work relating to the Council's property portfolio.	Bryan Searle	The Finance Sub-Group is due to meet Tony Samuels on 3 December 2012 to discuss proposals for the 2013/14 Capital Programme.	Complete

11/07/12 COSC 104	Superfast Broadband [Item 13]	That details of the proposed governance arrangements and organisation structure for the Joint Operations Centre be shared with the Committee.	Ben Skipp	Information to be provided as part of an update report at the meeting on 5 December 2012.	5/12/12
12/09/12 COSC 109	Change & Efficiency Service Review [Item 13]	Further details of the staffing structure prior to and following the reorganisation, as well as the savings achieved by bringing services back in-house, to be provided to the Committee.	John Stebbings	The Committee to receive a report at its meeting in February 2013.	13/2/13
18/10/12 COSC 110	Recommendations Tracker [Item 6]	That the Chairman write to the Strategic Director for Environment and Infrastructure, with a copy to the Cabinet Member for Transport and Environment, to express concern about the impact of holding business support vacancies on the work of Highways engineers. In addition, that the Chairman reiterates the request for a Rapid Improvement Event to review the process for local highways schemes.	Bryan Searle/ Mel Few	An update was provided 14 November 2012.	Complete

18/10/12 COSC 111	Budget Monitoring Report [Item 9]	That the Chairman and Vice-Chairman have further discussions with the Leader and Finance officers about the timing of Council Overview & Scrutiny Committee and Finance Sub-Group meetings in order to ensure timely and effective scrutiny of the budget in the future.	Bryan Searle/Kevin Kilburn	The Chairman and Vice-Chairman have discussed this with finance officers and agreed that the aim will be for the finance sub-group to meet on the Thursday or Friday of Cabinet week, with Committee meetings scheduled within one week of the Cabinet meeting.	Complete
18/10/12 COSC 114	One Team Review [Item 11]	That the aim of the review should be to achieve a Communications Service which is aligned to the Corporate Strategy, with clearly defined goals and processes, and the One Team Review should be conducted with this outcome in mind.	Louise Footner/ Sally Wilson	An update is attached.	Complete
18/10/12 COSC 115	One Team Review [Item 11]	That a further progress report be presented to the Committee at its meeting on 13 February 2013	Louise Footner/ Sally Wilson	The Committee to receive a report at its meeting on 13 February 2013.	13/02/13

18/10/12 COSC 116	One County, One Team People Strategy Review [Item 12]	That further consideration be given to how the targets and promises to which they relate can be better matched, that the targets are seen as being sufficiently challenging, and that the promises made are given necessary priority.	Matthew Baker	An update is attached.	Complete
14/11/12 COSC 117	Recommendation Tracker [Item 7]	That the Cabinet provide a statement as to the current status and timetable proposed for implementing the recommendations of the Communities Select Committee's Localism Task Group.	Bryan Searle	A recommendation is going to Cabinet on 27 November 2012 and a response will be reported to Committee.	Complete
14/11/12 COSC 118	Task Group Scoping Document [Item 8]	That the title of the Scoping Document for AIS Business Process review is altered to "Adult Services Business Process Review" in order to accurately reflect the Task Group's scope, and that the question that the Members reference group is aiming to answer be altered to the following: "do Adult Services Business Processes meet the needs of the directorate?"	Leah O'Donovan	The recommendations have been fed back and implemented.	Complete

14/11/12 COSC 119	Completed Audit Reports [Item 9]	That in order to assist with the monitoring of outcomes from Audit two additional columns be added to the table in paragraph 6 of future reports to show the names of the relevant Select Committees and Cabinet Members for each aduit.	Sue Lewry-Jones	The Committee are asked to note the two additional columns in the Internal Audit report.	Complete
14/11/12 COSC 120	Completed Audit Reports [Item 9]	That Internal Audit notify the relevant Scrutiny Officer in Democratic Services when audit reports are published.	Sue Lewry-Jones	This process has been implemented	Complete
14/11/12 COSC 121	Budget Monitoring [Item 10]	That the Chairman write to David Hodge on behalf of the Committee to request that he seek reassurance from all Cabinet Members that the risks of overspends within their portfolios have been properly assessed, and that appropriate steps have been put in place to address any potential overspends identified.	Mel Few	An update will be provided at the meeting.	5/12/12

14/11/12 COSC 122	Budget Monitoring [Item 10]	That Finance reports on a monthly basis (in a format of month and year to date) all one-off transfers from reserves by individual services to cover budget shortfalls.	Kevin Kilburn	An update will be provided at the meeting.	5/12/12
14/11/12 COSC 123	2012/13 Quarter Two Business Report [Item 10a]	That consideration be given to revising the terminology used in the current People Strategy, to ensure that all the promises made are clearly defined and measurable.	Carmel Millar	An update will be provided at the meeting.	5/12/12
14/11/12 COSC 124	2012/13 Quarter Two Business Report [Item 10a]	That, in order to reflect the importance of staff appraisal and personal development within the organisation, the targets for the promises 'everyone will have an effective annual appraisal' and 'everyone will have a development plan linked to their goals and organisational goals' should be 100% from 2013/2014 rather than by 2017 as currently profiled.	Carmel Millar	An update will be provided at the meeting.	5/12/12
14/11/12 COSC 125	2012/13 Quarter Two Business Report [Item 10a]	That a breakdown of costs involved with production of the Quarterly Business Report be provided to the Committee.	Ben Unsworth	These figures are attached.	Complete

14/11/12 COSC126	Surrey-i	That, in order to optimise the benefits of Surrey-i, a review be undertaken to re-establish the future user market for the service, identify their specific requirements, and ensure that any further development of Surrey-i is primarily tailored towards meeting the needs of the target audience.	Ben Unsworth	An update will be provided at the meeting.	5/12/12
14/11/12 COSC127	Surrey-i	That consideration be given to the viability of covering the costs of Surrey-i through charging for use of the service.	Ben Unsworth	An update will be provided at the meeting.	5/12/12
14/11/12 COSC128	Surrey-i	That the Committee receives a further update report on Surrey-i at its meeting on 13 February 2013.	Ben Unsworth	This item has been included on the Committee's Forward Work Programme	Complete
14/11/12 COSC129	Procurement Partnership with East Sussex County Council [Item 12]	That further information be provided about the forecast procurement savings and how these will be split between Surrey County Council and East Sussex County Council.	Andrew Forzani	An update will be provided at the meeting.	5/12/12

14/11/12 COSC 130	Procurement Partnership with East Sussex County Council [Item 12]	That the lessons learnt from the process of developing the Procurement Partnership are formally recorded in order that they can be used in future instances.	Andrew Forzani	An update will be provided at the meeting.	5/12/12
14/11/12 COSC 131	Procurement Partnership with East Sussex County Council [Item 12]	That the Committee receives a further progress report at its meeting on 13 February 2013.	Andrew Forzani	This item has been included on the Committee's Forward Work Programme.	Complete

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COSC 114 – One Team Review

"That the aim of the review should be to achieve a Communications Service which is aligned to the Corporate Strategy, with clearly defined goals and processes, and the One Team Review should be conducted with this outcome in mind."

The COSC recommendations for the One Team Review of Communications are helping to define the work undertaken by the Project Team and the Steering Board. Emerging proposals to create a clear process for setting one set of communication priorities which ties into corporate planning and Medium Term Financial Plan (MTFP) supports the COSC recommendations and will allow clearly defined goals, along with understanding resource and skills requirements. All emerging proposals will be presented to the COSC early next year for consideration.

Sally Wilson
Service Improvement Manager
Customer & Communities

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COSC 116 – One County, One Team People Strategy Review

"That further consideration be given to how the targets and promises to which they relate can be better matched, that the targets are seen as being sufficiently challenging, and that the promises made are given necessary priority."

As discussed at the last Committee HR&OD has developed the 12 promises based on comprehensive consultation with management and feedback from members of staff. The promises have been incorporated into 5 different work-streams namely workforce development and performance, nurturing talent, My Reward, Well-being and the Employee Experience, each of which is governed by 5 different boards that monitor progress against the promises and targets. We have appointed a Programme Manager who oversees the work-streams as well as the promises and targets and these are reviewed at fortnightly HR Leadership Team meetings including the leads for each of the work-streams. In addition each work-stream has a different CLT sponsor and the progress is regularly reported to the sponsors and to CLT at their meetings. In addition regular updates will be provided to this Committee by the Head of HR&OD. Each of the targets are considered to be realistic based on the feedback, consultation and analysis but will be kept under review.

Matthew Baker
Deputy Head of HR & OD

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Council Overview & Scrutiny Committee
5 December 2012

FORWARD WORK PROGRAMME

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1   The Committee is asked to review its Forward Work Programme, which is attached as **Item 7a**.

2   Also attached (**Item 7b**) is a Select Committee Task Group Tracker, which provides an update on progress with the committees' current task groups.

Recommendations:

(a)   That the Committee reviews its own work programme and makes suggestions for additions or amendments as appropriate

(b)   That the Committee reviews progress on the Select Committees' task groups.

Next Steps:

The Committee will review its own work programme and the task group tracker and/or the work programmes of the Select Committees at each of its meetings.

Report contact: Bryan Searle, Senior Manager, Scrutiny and Appeals.

Contact details: 020 8541 9019, bryans@surreycc.gov.uk

Sources/background papers: None.

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OVERVIEW AND SCRUTINY WORK PROGRAMME
December 2012 to March 2013

(items added or changed since the previous meeting are highlighted in **BOLD**).

February 2013 (NB date changed to 1 February 2013)				
Date	**Title**	**Description**	**Accountable Officer**	**Method of Handling**
1/2/13	Budget Monitoring Report	To review the month end budget report and make recommendations as appropriate	Kevin Kilburn	Report to Committee
1/2/13	Completed Audit Reports	To update the Committee on the Internal Audit reports completed since the previous meeting, and to consider those reports on services within the Committee's remit where concerns have been identified.	Sue Lewry-Jones	Report to Committee
1/2/13	Change & Efficiency Service Review – IMT	Detailed review of the IMT service including: • Update on Novell issues, including the causes of recent problems and the implemented/planned solutions. • Update on PVR savings • Windows 8 implementation plans • Management/security of laptops and other mobile equipment • Status update on current IMT projects	Paul Brocklehurst	Report to Committee, including • Service Strategy • Service Delivery Plan • PVR update • Performance information
1/2/13	Business Planning 2013-2018	Scrutiny of the draft budget for 2013/2014	Sheila Little/Susie Kemp/ Julie Fisher	Report to Committee

February 2013					
Date	**Title**	**Description**	**Accountable Officer**	**Method of Handling**
13/2/13	Budget Monitoring Report	To review the month end budget report and make recommendations as appropriate.	Kevin Kilburn	Report to Committee
13/2/13	Completed Audit Reports	To update the Committee on the Internal Audit reports completed since the previous meeting, and to consider those reports on services within the Committee's remit where concerns have been identified.	Sue Lewry-Jones	Report to Committee
13/2/13	Communications Team	To review the draft recommendations from the One Team Communications Review and how the service objectives link to the Corporate Strategy.	Louise Footner/ Sally Wilson	Report to Committee
13/2/13	Superfast Broadband – Quarterly Monitoring	To scrutinise implementation of the Superfast Broadband contract.	Ben Skipp	Report to Committee
13/2/13	**2012/13 Quarter Three Business Report**	**To review the Quarter Three Cabinet Business Report, received by the Cabinet February 2013. It is provided to support the Council Overview and Scrutiny Committee in its performance, finance and risk monitoring role (for all Council services), enabling them to discuss and identify specific and relevant issues for further discussion at relevant Select Committees.**	**Ben Unsworth**	**Report to Committee**
13/2/13	**Surrey-i**	**To receive a further update report on Surrey-i following recommendations made by Committee on 14 November 2012**	**Ben Unsworth**	**Report to Committee**
13/2/13	**Procurement Partnership with East Sussex County Council**	**To receive a further progress report on the Procurement Partnership with East Sussex County Council.**	**Andrew Forzani**	**Report to Committee**

| 13/2/13 | Change & Efficiency Service Review: Property | Property Service performance, the status of capital schemes and challenges faced by the service (follow-up to discussion at the meeting in September 2012). The report will also include further details of the staffing structure prior to and following the reorganisation and the savings achieved by bringing services back in-house. | John Stebbings | Report to Committee |

To be scheduled/possible future items:
- *Meeting with the Chief Executive of Surrey Connects*
- *Quality Board*
- *Surrey First*
- *Business Continuity – to discuss arrangements in relation to the Public Health team, IMT and Property.*

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Council Overview and Scrutiny Committee: Task and Working Group Tracker

October 2012

Task Groups

Task Group	Members	Responsible Officer	Key Reporting Dates	Commentary
Occupational Therapy Assessments Task Group To identify any obstacles in the assessment process for Disabled Facilities Grant funding, specifically the process involving assessment by an OT.	Yvonna Lay Caroline Nichols Ernest Mallett Peter Hickman (Health Scrutiny representative)	Leah O'Donovan	**Adult Social Care Select Committee** February 2013	The work of the Task Group is finishing. The officer group looking to improve the Disabled Facilities Grants process will be holding a workshop in December to identify the main obstacles. It will produce a proposal for a new, more streamlined process, which will be shared with the Task & Finish Group. The final report will be prepared for the February meeting.
Countryside Management Task Group **Purpose**: to develop a countryside management strategy that incorporates sound governance principles, is financially sustainable and promotes partnership working.	Simon Gimson (Chairman) Mark Brett-Warburton Stephen Cooksey Chris Frost Michael Sydney	Jacqui Hird	**Environment & Transport Select Committee** 6 March 2013 **Cabinet** 26 March 2013	First meeting held on 30 July 2012. The Task Group has been holding witness sessions with key stakeholders. The report structure has been agreed and drafting has commenced in order to meet the deadline.

Improving the coordination and quality of utility works (Utilities Task Group) **Purpose:** To improve the coordination of streetworks and reduce disruption as a result, and also to improve the standard and consistency of reinstatement works.	Pat Frost (Chairman) Mike Bennison Stephen Cooksey Michael Sydney	Tom Pooley	**Environment & Transport Select Committee** January 2012 **Cabinet** February 2012	The work of the Task Group is currently underway. Activities completed to date include publication of a press release and distribution of a survey to County Councillors and Parish Councils. There has been a positive response so far. The Task Group has interviewed a number of witnesses from utilities companies and street works officers from neighbouring authorities. The group will soon be forming its final recommendations and these will be reported to Select Committee and Cabinet on the dates specified.
Prioritisation of Highways and Highways Structures Maintenance Task Group **Purpose:** 1) To make best use of limited capital funding to maintain the condition of highways and highways structures in their current state, ideally aiming for	Steve Renshaw (Chairman) Pat Frost David Goodwin	Tom Pooley	**Environment & Transport Select Committee** 10 January 2013 **Cabinet** 5 February 2013	The first phase of the review has been completed. This considered a maintenance prioritisation system for highways maintenance. The second phase is due to commence in December 2012 and this will focus on drawing up a maintenance prioritisation system for highways structures. The Highways Maintenance Five Year Programme will be submitted to the Task Group for consideration prior to scrutiny at Select Committee in January 2013.

improvements.

2) To address concerns raised by Members regarding the prioritisation system for Highways Maintenance

3) To determine an effective means of prioritising Highways Structures Maintenance.

Community Infrastructure Levy (CIL) Task Group **Purpose**: to consider what the County Council needs to do to develop effective plans for the Community Infrastructure Levy in conjunction with its District and Borough partners.	Mark Brett-Warburton (Chairman) Chris Frost Pat Frost	Tom Pooley	**Environment & Transport Select Committee** Interim report: 31 May 2012 Update report: 6 March 2013 **Cabinet** Interim report: 24 July 2012 Update report: tbc	Interim report was considered by Select Committee and welcomed by the Cabinet, who supported the Task Group's view that preparation for the introduction of CIL would be crucial. The Task Group's recommendations were agreed by the Cabinet. The Select Committee has agreed that the Task Group should continue its work. The Chairman of the Task Group met with Officers in October 2012 to identify a suitable way forward to engage with the ongoing development of CIL across

				Surrey. It was agreed that the Group would reconvene and an update report be submitted to the Select Committee in March 2013.
Engagement with High Need Areas in Surrey Task Group The aim of the Task Group is to look back at previous Council "Priority Place" style initiatives and evaluating the results. This will lead to the development of a series of recommendations for future projects.	Steve Cosser Members TBC	Jacqui Hird	**Communities Select Committee** TBD **Cabinet** TBD	This Task Group has been deferred until after May 2013 in order to enable the work to be completed to an appropriate level of detail.
Supporting Families Task Group A scrutiny review of how the Surrey Family Support Programme is putting in place a range of sustainable, multi-agency services that will improve the outcomes for families with multiple needs.	Clare Curran Sally Marks Peter Hickman Steve Cosser Tim Hall	Cheryl Hardman	**Children and Families Select Committee** 10 October 2012 **Cabinet** 23 April 2013	The scoping report was considered at the 10 October meeting of Children and Families Select Committee and was endorsed at the 18 October meeting of Council Overview and Scrutiny Committee. The Task Group has held the first witness sessions and agreed a detailed project plan.

Member Reference Groups and Working Groups

Adult Services Business Process Review Member Reference Group Following concerns about the functionality and value-for-money of the AIS adult social care IT system, Members will monitor the implementation of a business process review aimed at improving the processes.	Mel Few David Harmer Ernest Mallett Tim Hall Keith Witham	Leah O'Donovan	**Adult Social Care Select Committee** February 2013	The initial meeting was held and the scope of the group was clarified. Rather than monitoring the implementation of an unseen business process review, the Group has recommended a Rapid Improvement Event, which the officers are working on. A further meeting will be scheduled for the new year.
Staff Numbers and the Management of Vacancies Working Group A review of the processes in place for monitoring and managing staff vacancies across the organisation.	Zully Grant-Duff Mark Brett-Warburton	Bryan Searle	**Council Overview & Scrutiny Committee** 5 December 2012	Meetings with each of the Strategic Directors and the Assistant Chief Executive have been completed and conclusions and recommendations are being discussed. A report will be submitted to Committee in December 2012

Completed Task Groups – Monitoring Report

Championing Parents Task Group To identify what Surrey parents want from the Education system and how the Council can best champion their interests.	Dorothy Ross-Tomlin Clare Curran Carol Coleman Cecile White (Co-opted Member) Sean Whetstone (Co-opted Member) Duncan Hewson (Co-opted Member)	Cheryl Hardman/Simon Griffin	**Education Select Committee**: 28 March 2012 **Cabinet:** 24 April 2012	The report was welcomed by Cabinet with all 36 recommendations being accepted. A meeting has taken place with the new Cabinet Member for Children and Learning to discuss an action plan for implementing the recommendations. A six month progress report is scheduled on the forward work programme for November 2012.
Localism Task Group **Purpose:** To develop a vision for Localism in Surrey	Steve Cosser (Chairman) Eber Kington Sally Marks John Orrick	Jacqui Hird	**Communities Select Committee** 15 March 2012 **Cabinet** 24 April 2012	The Report was welcomed by the Cabinet as it demonstrates the Council's commitment to Localism and partnership. All of the recommendations were accepted. The Chairman of the Select Committee was invited by the Leader at the Cabinet Meeting to meet with the Cabinet Member for Communities and the Olympics 2012 and relevant officers to work together to drive this agenda forward once the Public Value Review of Local Committees has concluded in the Autumn of 2012.

| Carers Assessments Member Reference Group

To monitor the officer-led Task and Finish group tasked with increasing the rate of carers assessments being undertaken by adult social care. | Linda Kemeny Caroline Nichols Chris Pitt Jane Thornton (Co-opted Member; Action for Carers) | Leah O'Donovan | Adult Social Care Select Committee 18 May 2012

Cabinet not required | The Task Group and Member Reference Group final reports went to the 18 May 2012 meeting. The impact has been an improvement in the number of carers identified in the system and assigned to a service user and social worker. Monitoring will include regular reporting to the Committee and a Member will sit on the new monitoring board, involving external and internal representatives |
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Council Overview and Scrutiny Committee
5 December 2012

Change and Efficiency Service Review - Finance

Purpose of the report: Scrutiny of Services

To update the committee on the progress of the Financial Management Public Value Review

Introduction

1. The aim of the Financial Management Public Value Review (PVR) was to reduce bureaucracy, increase transparency and accountability and identify savings.

2. This report provides an update on progress made and how the PVR has successfully implemented improvements to Financial Management across the organisation.

Objectives and Achievements of the Financial Management PVR

3. This section of the report aims to set out the achievements of the Financial Management PVR against its objectives.

4. Objective: **To Implement a new Financial Management Vision** leading to clear direction, improved ownership, accountability and financial decision-making

5. A financial management vision and strategy has been developed and adopted by the organisation. The vision steers a shift in emphasis towards more proactive and insightful financial advice which has already been noticed across the organisation. The Financial Management Vision is presented in Annex A.

6. Objective: **To support organisational development leading to a cultural shift with clear ownership of financial responsibilities**. The financial management community will be able to take ownership and will be better equipped to deliver financial responsibilities. There will be clear financial roles and responsibilities and stronger financial leadership.

7. The culture shift towards business partnering and business insight, reducing excessive control and compliance whilst not compromising financial stewardship, is already apparent.

8. Positive attributes of Finance have been identified through collaboration with those working in Finance to support the vision. The Finance Service aspires to develop and improve those attributes through personal development and training, targeting generic skills, behaviours and abilities that will develop the service to be proactive, innovative and forward thinking and strengthen relationships with service managers.

9. The Finance Team continue to work with and develop colleagues and members, raising awareness of their roles and responsibilities, through formal and informal training, workshops and day to day conversation.

10. Objective: **To develop a new Financial Management training and development pathway programme** leading to increased financial awareness and skills developed throughout the financial management community and enabling more effective use of financial management systems.

11. We have developed a new Financial Management training and development pathway programme which clarifies financial responsibilities and ensures staff have the right tools and skills to carry them out.

12. Over 25 Finance staff have been trained to deliver financial management training to the wider finance community. We are delivering new training courses through the Council's STARS Training Programme and have received very positive feedback – "good refresher on understanding basic financial statements"; "an excellent introduction to interpreting financial accounts"; "good introduction to complex area and terms"; "finance can be fab and fun!".

13. We are also delivering Lunchtime Learning Sessions and are about to launch an e-learning package that, alongside the classroom based courses, provide a good blend of learning.

14. We have set up a Finance Training Forum that will continue to develop financial management training for the organisation and ensure the training programme is kept up to date, relevant and progressive.

15. Objective: **To continue to use lean methodology to review financial management processes**, leading to a reduction in time spent on non value added activities through either automation or removal and the design and implementation of easy to use processes. They will enable a shift of resource to insight, promote customer ownership and accountability and a culture of proactive financial management across the organisation.

16. The PVR successfully ran three Rapid Improvement Events (RIEs) on the Budget Planning, Budget Monitoring and Accounts Receivable processes. These RIEs have lead to a reduction in time spent on non

value added activities, have improved the flow of the process so they have become seamless, simple to apply and timely.

17. Budget Planning has been more effectively linked with service planning, has set a concise 5 year corporate strategy and directorate strategies, a 5 year Medium Term Financial Plan for Capital (based on 10 year figures) and Revenue (1+4 year approach) and has adopted a clearer financial strategy.

18. There has been improvement in Member engagement, increased transparency, fewer budget iteration and improved stakeholder engagement. To quote from a Cabinet meeting - "It is a powerful document we can take some considerable pride in...I have never seen before such a comprehensive document brought to the Cabinet, analysing in full information on finances, staff, equalities, including clear priorities for each Directorate"

19. A risk based approach to budget monitoring that begins with budget planning has focused the council on its high risk budgets and delegated budget holder accountability to appropriate levels in the council. It has reduced time spent on monitoring low risk budgets and enabled the organisation to focus resources on the most complex and volatile budgets, supporting effective decision making.

20. We applied lean principles and methodology to a review of the Closing process which identified the need to remove peak activities at the end of the financial year to enable a more timely, faster closure of accounts. We have implemented a quarterly hard close activity to the process which has reduced the amount of effort at the end of the year and has enabled a faster hard close. The approach also won a national bronze award in the iESE Award 2012 under the Transparency agenda

21. Improvements have also been made to the journal transfers, accounts receivable and banking processes by automating transactions, minimising manual intervention and working with internal partners and residents to address route causes, reduce debt levels and maximise the use of electronic banking methods, leading to savings in bank charges.

22. Objective: **To invest to exploit financial systems and technology** by using and configuring existing standard system functionality and purchasing and implementing new functionality. The investment will automate or reduce time spent on manual activities, deliver a capital monitoring system and present revenue budget monitoring information to managers in an intuitive and timely manner, enabling better informed decision making.

23. We have developed a Financial Systems Strategy that has been endorsed by IMT and states that there are robust interfaces between systems in order to ensure integrity of data and that all financial information is fully understood and provided in a timely manner.

24. The introduction of a new Capital Monitoring and Reporting module has provided the organisation with an accurate and timely view of its entire capital programme and has improved the planning and monitoring of

capital budgets by providing budget holders with visibility of the scheme/project and timely information to help inform decision making.

25. We are currently in the process of building a budget monitoring forecasting tool and dashboard reporting solution using new business intelligence technology that will enable budget managers and finance to access financial information in a user-friendly, interactive and intuitive format. The solution will enable budget holders to self-serve, focus quickly on the fundamental issues, own and take accountability for their budget.

26. Objective: **To realign the Finance Team structure with the improved processes and new ways of working** and **to explore partnership potential of finance activities**.

27. The Finance Team structure has been aligned to the improved processes and new ways of working and reflects greater emphasis on business partnering. The new structure also reflects the shift from control and compliance, without compromising financial stewardship, to insight and intelligence and provides opportunities for personal development and partnering.

28. We have set up two partnership arrangements with two District Councils to deliver insurance claims handling and insurance advice and to improve core finance functions within the council.

29. All of this is supported by better communication, sharing of information and collaboration with other services to resolve issues.

30. We have a "What is Financial Management?" communication campaign that has improved the way in which we communicate with our key stakeholders, including SNet, emails and roadshows.

31. We have updated and improved our Finance SNet pages so people can find information easily.

32. We have set up a continuous improvement group with representation from the services and Finance to work together to resolve issues and share best practice.

33. We have recently set up a Service Champion Network to help engagement, involvement and communication with the Directorates and Services.

34. Objective: **To invest to make efficiencies** through all of the above objectives.

35. The assumptions behind the business case that was presented to Cabinet in February 2012 have been validated throughout the PVR and remain unchanged.

Conclusions:

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36. The implementation of the Financial Management PVR has led to significant improvements in Financial Management across the organisation. It has achieved its aim to reduce bureaucracy, increase transparency and accountability and identify savings.

Financial and value for money implications

37. The business case presented to Cabinet in February 2012 still applies and there are no changes to the estimated investment and savings.

Equalities Implications

38. The Financial Management PVR has an approved Equalities Impact Assessment (EIA) which has been monitored throughout the implementation phase.

Risk Management Implications

39. The Financial Management PVR will continue to set out its risks and issues during the implementation of the new technology for monitoring by the New Technology Project Board and the Member Reference Group

Implications for the Council's Priorities or Community Strategy

40. Improved budget management and better informed decision making will ultimately enhance our ability to plan for and fund our priorities

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Recommendations:

41. The Overview and Scrutiny Committee acknowledges the achievements of the Financial Management PVR and continues to scrutinise the Service in the future.

Next steps:

42. The Financial Management PVR Member Reference Group continues to review the implementation of the new financial management technology.

Report contact: Siân Ferrison, Transformation & Development Manager, Finance Service, Change & Efficiency Directorate.

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Finance Team

We will enable the council by providing a timely customer focused service that offers insightful advice and interpretation to aid effective challenge, decision making and pursue value for money

SCC Colleagues and Members

We will support our colleagues in their financial management responsibilities and empower them to promote good financial management practices. We will provide appropriate and timely information, tools, support and training

"Making the most of every £ to deliver improved outcomes for residents"

Residents

We will engage on council priorities, be transparent on how the council raises and spends its money. Residents will be confident their council tax money is being spent effectively. The financial information provided to residents will be accessible and easily understood

Partners

We will invite the exchange of ideas and identify opportunities to work together on initiatives such as community budgets to achieve best value for our residents and businesses

Council Overview and Scrutiny Committee
5 December 2012

BUDGET MONITORING REPORT FOR OCTOBER 2012 (PERIOD 7)

Purpose of the report: This report presents the revenue and capital budget monitoring up-date for October 2012 with projected year-end outturn.

Introduction:

1. The October 2012 month end budget report was presented to the cabinet meeting on 27 November 2012.

2. Annex 1 to this report sets out the council's revenue and capital forecast of the year-end outturn at the end of October. The forecast is based upon current year to date income and expenditure and projections using information available at the end of the month. The report provides explanations for significant variations from the budget.

Report contact: Kevin Kilburn, Deputy Chief Finance Officer

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020 8541 9207

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SURREY COUNTY COUNCIL

CABINET

DATE: 27 NOVEMBER 2012

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER AND DEPUTY DIRECTOR FOR CHANGE AND EFFICIENCY

SUBJECT: BUDGET MONITORING FORECAST 2012/13 (PERIOD ENDING OCTOBER 2012)

SUMMARY OF ISSUE:

To note:
- the year-end revenue and capital budget monitoring projections as at the end of October 2012.

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

RECOMMENDATIONS:

It is recommended that the Cabinet:

1. notes the projected revenue budget underspend; (Annex 1 – Section A) and the Capital programme direction; (Section B)

2. confirms that government grant changes are reflected in directorate budgets; (Section C)

3. approves the one-off corporate contribution to the funding of personalisation in Adult Social Care as highlighted by the leader in June 2012. (Para 11 and 68 - Section A)

REASON FOR RECOMMENDATIONS:

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

DETAILS:

1. The council's 2012/13 financial year commenced on 1 April 2012 and this is the fifth financial report of this financial year.

2. The council has implemented a risk based approach to budget monitoring across all directorates and services. The risk based approach is to ensure that resources are focused on monitoring those budgets assessed high risk, due to their value or volatility. There is a set of criteria to evaluate all budgets into high, medium and low risk.

3.   High risk areas report monthly, where as low risk services areas report on an exception basis. This is if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower.

4.   Annex – Section A to this report sets out the council's revenue budget forecast year end outturn as at the end of October 2012. The forecast is based upon current year to date income and expenditure as well as projections using information available to the end of the month. The report provides explanations for significant variations from the budget.

5.   Annex – Section B to this report updates Cabinet on the council's capital budget.

6.   Annex – Section C provides details of the revenue changes to government grants and other budget virements.

Consultation:

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

Risk management and implications:

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

Financial and value for money implications

9.   The financial and value for money implications are considered throughout this report and will be further scrutinised in future budget monitoring reports. The council continues to have a strong focus on its key objective of providing excellent value for money.

Section 151 Officer commentary

10.   The Section 151 officer confirms that all material, financial and business issues and risks are considered throughout the report.

Legal implications – Monitoring Officer

11.   There are no legal issues and risks.

Equalities and Diversity

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

Climate change/carbon emissions implications

13.   The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.

14.   Any impacts on climate change and carbon emissions to achieve the Council's aim will be considered by the relevant service affected as they implement any actions agreed.

WHAT HAPPENS NEXT:

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

Contact Officer:
Sheila Little, Chief Finance Officer and Deputy Director for Change and Efficiency
020 8541 7012

Consulted:
Cabinet / Corporate Leadership Team

Annexes:
Annex 1 – Section A – Revenue Budget Summary
Annex 1 – Section B – Capital Budget Summary
Annex 1 – Section C – Revenue Budget movements

Sources/background papers:
None

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Budget Monitoring – October 2012

Summary

The Council initially set a budget that incorporated a number of risks that were anticipated that the Council would face, as a part of its sound and robust budget planning process. This recognised that the 2012/13 budget had been a very tough budget, but had some contingencies built into it for a number of eventualities. There were a number of risks involving the participation of the Olympics earlier this year and a contingency was provided of £1m as this was the first event the county had hosted. The event was extremely successful and it has not utilised the contingency.

Also, the Council made a budget provision of £9.0m as a risk contingency against new pressures and not achieving savings. It has allocated £4.4m of this contingency against the costs of increased demand for services. Predominately, Adults Social Care and Children's Services are incurring volume increases greater than predicted for 2012/13. These services continue to make every effort to deliver balanced budgets. However, there is a clear risk they will not achieve this. As a part of the Council's multi-year approach to financial management, we anticipate the remaining risk contingency of £4.6m will support the 2013/14 budget.

Despite emerging activity and volume pressures, all other directorates except Environment & Infrastructure are meeting the challenging constraints and forecasting to underspend. In total the forecast underspending for the current financial year is -£1.1m, or less than 0.1%. This supports the Council meeting its financial plan and demonstrates services continuing to apply stringent management action plans to meet their budget targets.

After applying the contingency, the net forecast underspending is -£5.5m, or 0.4% of the total budget.

The council's MTFP set a target of £71.1m of savings and efficiencies for the 2012/13 financial year. At the end of quarter 2 a review of all efficiencies, for consistency, achievability and to determine whether the programmed savings are recurrent, was conducted. This review identified a recurrent shortfall of £5.0m. The recurrent outcome of the shortfall will be reflected in the Medium Term Financial Plan 2013/18.

The Council set a capital programme for the next five years of £683m in the MTFP. The updated capital budget for 2012/13 is £146m. Capital schemes include uncertainties on timing and cost. The overall capital forecast is balanced.

Recommendations:
That Cabinet:

1. notes the projected revenue budget underspend; (Annex 1 – Section A) and the Capital programme direction; (Section B)

2. confirms that government grant changes are reflected in directorate budgets; (Section C)

3. approves the one-off corporate contribution to the funding of personalisation in Adult Social Care as highlighted by the leader in June 2012. (Para 11 and 68 - Section A)

Revenue Budget - Month End Financial Position – October 2012

1. Table A1 shows the current full year funding and net expenditure budgets for council services, and schools, along with the forecast outturn.

Table A1 – Updated income and expenditure budget and year-end forecast

	Year to Date Budget	Year to Date Actual	Full Year Budget	Remaining Forecast Income and Spend	Outturn Forecast	Forecast Variance
	£m	£m	£m	£m	£m	£m
Funding:						
Council Tax (ten instalments)	-348.0	-348.0	-580.0	-232.0	-580.0	0.0
Government Grants (incl Formula Grant)	-467.8	-499.3	-934.6	-435.3	-934.6	0.0
Total Income	-815.8	-847.3	-1,514.6	-667.3	-1,514.6	0.0
Net Revenue Expenditure:						
Service Income	-74.9	-79.1	-128.5	-53.5	-132.6	-4.1
Service staffing costs	177.9	171.5	304.8	128.2	299.7	-5.1
Service non-staffing costs	486.1	484.0	839.1	358.8	842.8	3.7
Schools - net expenditure	309.0	299.2	529.6	230.4	529.6	0.0
Total Net Revenue Expenditure	898.1	875.6	1,545.0	663.9	1,539.5	-5.5
Increase(-)/ decrease in reserves & balances	**82.3**	**28.3**	**30.4**	**-3.4**	**24.9**	**-5.5**

2. In setting the MTFP and also in managing the council's finances on a multi-year basis, the council planned to use reserves of £31.4m to fund the 2012/13 financial year.

3. The updated revenue budget for the 2012/13 financial year is £1,545.0 million. Annex 1 Section C provides more details on this along with changes to government grants and inter-directorate virements. Table A2 shows the updated net revenue budget for each directorate and also schools. The net budget includes both the service income and expenditure identified in table A1.

Table A2 – Directorate net revenue budgets, expenditure and forecasts

	Year to Date Budget	Year to Date Actual	Full Year Budget	Remaining Forecast Spend	Outturn Forecast	Forecast Variance
	£m	£m	£m	£m	£m	£m
Adult Social Care	195.9	197.1	335.8	142.6	339.7	3.9
Children, Schools & Families	170.8	164.4	295.4	129.8	294.2	-1.2
Schools	309.0	299.2	529.6	230.4	529.6	0.0
Customers & Communities	43.6	42.4	74.2	30.5	72.9	-1.3
Environment & Infrastructure	73.3	73.3	130.7	58.4	131.7	1.0
Change & Efficiency	50.3	47.5	87.7	38.6	86.1	-1.6
Chief Executive's Office	8.1	7.9	14.0	6.1	14.0	0.0
Central Income & Expenditure	47.1	43.8	68.6	22.9	66.7	-1.9
Net Service Expenditure	**898.1**	**875.6**	**1,536.0**	**659.3**	**1,534.9**	**-1.1**
Risk contingency	0.0	0.0	9.0	4.6	4.6	-4.4
Net Revenue Expenditure	**898.1**	**875.6**	**1,545.0**	**663.9**	**1,539.5**	**-5.5**

4. The council set aside a Risk Contingency of £9.0m and this will be earmarked to offset additional pressures. There is +£4.4m of earmarked additional pressures. Predominately,

the demand and volume pressures within the Adult Social Care and Children's Services and the forecast overspend on £0.3m on road maintenance. Any remaining contingency would be used to support the 2013/14 budget, which based upon the current forecast would be £4.6m.

5. In addition to the above earmarked pressures Environment & Infrastructure are predicting further overspends (+£0.7m). Offsetting this overspend are Children, Schools and Families (-£1.2m), Customers & Communities (-£1.3m), Change & Efficiency (-£1.6m) and Central Income & Expenditure (-£1.9m). This leads to a -£5.3m directorate underspend.

Adults Social Care: (Current Forecast: is an overspend of +£3.9m or +1.2%, an increase in overspend of £0.7m)

6. The directorate is predicting to be overspent by +£3.9m at year end. This represents an increase of £0.7m from the September position. The Older People Services forecast is +£3.4m overspend, People with Physical & Sensory Disabilities (PSD) predicts +£1.5m overspend, +£7.1m for People with Learning Disabilities (PLD) ; Mental Health +£0.1m overspend, offset by -£4.0m other expenditure and -£4.1m overachievement in income.

7. The Adults Social Care (ASC) budget is coming under considerable pressure, leading to the forecast that an overspend of around £3.9m (1.2% of the budget) is likely at year end. These pressures can be summarised as follows:

    *   all of the £3.8m underspend carried forward from 2011/12 has now been used to fund new pressures,
    *   there are growing demand pressures within the main client groups, including transition from children's services, and
    *   staff recruitment difficulties and the need for complex partnership working have slowed delivery of some savings.

8. As part of the 2011/12 year end process £3.8m of unspent funds were carried forward into 2012/13 to help offset pressures forecast to occur in the current and future financial years. It is assumed these funds will be fully spent by year end.

9. The Whole Systems funding programme is continuing with an additional £10.2m allocation received in 2012/13. Joint plans have been agreed with NHS Surrey to spend this money on new projects which should help to reduce pressures on care budgets through preventative mechanisms such as telecare and telehealth. The funding will be retained on the balance sheet and drawn down to match expenditure as it is incurred. Due to growing demand pressures it is now proposed that £0.8m of Whole Systems funds will be drawn down as a contribution to help offset these pressures. This would represent a reallocation of funding previously set aside for internal ASC projects and as such would not directly affect plans agreed with health and other partners.

10. In addition to the Whole Systems funding, £2.4m of Dept of Health funding allocated to the County Council via the PCT was received late in 2011/12 and so remained unspent at year-end. As a result of the reduction in this year's forecast savings it is proposed that £2m of this funding is drawn down as a contribution towards ASC's wider budget pressures. Every effort will be made to maximise savings in the remainder of the year, which may reduce the amount of Department of Health funding needed for this purpose.

11. It is noted that this position does not include the following:

- £1m contribution from the corporate centre to support the work with District and Boroughs as announced by the Leader of the County Council. The timing of the contribution is due to be considered at Cabinet on 27th November, and is to be matched by a £1m contribution from ASC which is included in the above ASC position.

- A £1m one-off contribution from the corporate centre to fund additional temporary staff to support more rapid progress with personalisation. This was announced by the Leader in June 2012.This is to be matched by a £1m contribution from ASC. The corporate contribution will be funded from the underspending on the interest payable budget as described below in paragraph 68.

<u>Summary of Management Actions (£7.4m) included in the October projections</u>

12. Forecast Efficiency Savings in the remainder of 2012-13:

- - £1.7m Maximising Income through partnership arrangements. Continued Health Care (CHC) savings of £1.3m have been validated as at the end of October 2012. Based on 2011/12 performance and the backlog of cases still awaiting assessment additional savings are expected, but full year savings have been reduced to £3m because of risks brought about by changes in the health economy and growing numbers of individuals losing CHC with associated backdated payments to health that reduce the net CHC savings the department secures.

- - £0.8m of Whole Systems funding previously set aside for internal ASC projects is now planned to be drawn down as a contribution to the wider ASC budget pressures.

- - £0.7m Consistent application of the Resource Allocation System (RAS). It is anticipated that, as in past years, a proportion of service users, currently receiving a direct payment, will be identified as needing lower cost packages which will lead to reclaims of surplus balances.

- - £0.7m Delays in recruitment of the specialist People with Learning Disabilities (PLD) review team mean that achievement of some Learning Disabilities (LD) Public Value Review (PVR) savings will be delayed. Total savings in 2012/13 are now forecast to be £1m, of which £0.2m of savings had been achieved by the end of October 2012.

- - £0.6m An adjustment has been applied to Older People Home Care projections to account for breaks in service and cessations of support not yet actioned in the computerised Adult Information System. This is in line with prior years' trends.

- - £0.5m Further reductions in staffing costs. The current projections include ambitious recruitment plans. An adjustment has been made to account for some potential slippage of those plans.

- - £0.3m The year to date position for Fees and Charges suggests that a surplus may be achieved by year end. £0.3m has been included as a management action this month to allow time for further analysis to confirm this position.

- - £0.2m S256 Attrition. £1.8m of savings were achieved in full as the end of October. A further £0.2m of savings are projected for the remainder of the financial year.

- • - £0.1m Home Based Care Tender. A retender exercise has been completed by Procurement for 2012-13. This is anticipated to deliver savings as existing packages cease and are replaced by lower cost new services.

13. Total Management Actions (£7.4m), an increase of £0.4m from the Management Action plans included in the September projections.

<u>Older People: + £3.4m overspend an increase of +£0.4m from September</u>

14. The key variances within Older People services are: Nursing and Residential placements (+£2.8m), Spot home based care (+£1.1m), Other Community Services (+£1.0m), In house residential home including day care (+£0.5m) offset by Direct Payments (-£0.8m), Reablement service (-£1.2m).

15. Nursing and Residential placements are predicting an overspend of +£2.8m, primarily due to increased demand pressures that it has not been possible to absorb within the budget and underachievement against preventative, CHC and RAS savings against these policy lines.

16. Spot home based care pressures (+£1.1m) primarily because MTFP efficiencies in relation to preventative savings are not expected to be fully achieved within the current financial year.

17. Other Community Services (+£1.0m), including respite, day care and transport due to strategic shift as part of the personalisation agenda.

18. In-House residential homes including Day Care (+£0.5m) due to MTFP efficiencies which are being achieved within other areas in Service Delivery.

19. Direct Payments (-£0.8m) primarily due to a reduction in the actual start position of -£0.6m and an overachievement against the demography and inflation efficiencies.

20. Reablement service (-£1.2m) due to a high level of vacancies and delays in the appointment processes.

<u>Physical Disabilities: +£1.5m overspend, an increase of +£0.3m from September</u>

21. The key variances within Physical Disabilities are: Direct Payments (+£1.3m), Supported Living (+£0.4m), Nursing spot care (+£0.3m) offset by Nursing and Residential (-£0.5m).

22. Direct Payments (+£1.3m) due to the start position in spot care being higher than budgeted for and a net increase of 79 DP services so far during 2012/13.

23. Supported Living (+£0.4m) due to the start position in spot care being higher than budgeted, together with the under-achievement against preventative and strategic shift efficiencies.

24. Nursing and Residential placements (-£0.5m) primarily due to lower than anticipated volumes of PSD transition clients.

<u>Learning Disabilities: +£7.1m overspend, an increase of +£0.9m from September</u>

25. The key variances within Learning Disabilities services are: PLD transition clients (+£2.9m), Residential spot care (+£2.0m), Supported living spot care (+£1.9m), and former s256 clients (+£1.1m), offset by an underspend across other community services (-£0.8m).

26. The overspend of £2.9m for PLD transition clients is due to growing demographic pressures, with increased volumes above those previously anticipated, forecast non-

achievement of the £1m Optimisation of Transition Pathways efficiency and a number of new high cost packages that the department has had to pick up this year.

27. Residential spot care (+£2.0m) mainly due to forecast under-achievement against strategic supplier review, preventative, LD PVR and strategic shift efficiencies.

28. Supported Living spot care (+£1.9m) excluding S256 and Transition clients primarily because the start position was £1m higher than budgeted due to increased volumes in late 2011/12 (in line with the focus on community based provisions as part of personalisation), a net increase of 40 Supported Living services during 2012/13 and under-achievement against preventative savings.

29. Former S256 PLD clients (+£1.1m) largely due to anticipated under-achievement against MTFP efficiencies.

30. Other Community Services (-£0.8m), particularly on day services and respite care, due to a lower start of year position than originally forecast and a higher proportion of savings expected to be achieved against these service areas than was budgeted.

Mental Health:-£0.1m underspend, no change since September

31. The £0.1m underspend on Mental Health is due to an underspend on Substance Misuse within Residential Care offset by an overspend within Supported Living/Home Based care services. The decrease is due to a budget virement resulting in a reduction of -£0.2m in Mental Health Commissioning offset by a contra entry in Other Income.

Other expenditure: -£4.1m underspend, an increased underspend of -£0.1m from September

32. The key reasons for the underspends are:
    * underspend on core establishment including on-costs due to ongoing workforce reconfiguration and delays in recruitment (-£2.1m),
    * funds brought forward from 2011/12 being used to offset pressures within the main client group budgets (-£1.6m), and
    * underspend on supporting people due to achievement of the Supporting People efficiency through the renegotiation of contracts in respect of volume and unit costs ahead of the four year plan (-£0.5m).

Income: -£4.1m surplus, an increased surplus of +£0.6m from September

33. The key variances within Income are: Other income (-£5.4m) and a potential surplus on general fees & charges (-£0.3m), offset by S256 fees and charges (+£0.4m) and joint funded care packages (+£1.2m).

34. Other Income (-£5.4m), partly due to (£3.5m) of Additional Dept of Health funding and other historic balance sheet funding to help offset wider pressures and unbudgeted refunds for clients who are determined as CHC with a backdated effective date.

35. Section 256 fees & charges (+£0.4m) caused by reductions in S256 user numbers and offset by reductions in expenditure as a result. Joint funded care package income (+£1.2m), mainly caused by a reduction in the number of joint funded clients due to ongoing reviews of historical joint funding arrangements which usually result in clients being determined as either 100% CHC or 100% social care.

Children, Schools & Families: (Current Forecast: Underspent by -£1.2m or -0.4%, -£0.8m increase in underspend since the end of September).

36. The projected year end revenue position for Children Schools and Families is for an underspend of -£2.5m of which -£1.3m relates to Dedicated Schools Grant (DSG) funded expenditure, - £0.5m relates to a delayed schools funded project and the remaining -£0.7m to council funded services.

37. The main reason for this improved position is the identification of an underspend on DSG SEN budgets following analysis of September 2012 pupil data. The budget position in Children's services has deteriorated with the anticipated overspend increasing by £0.5m.

38. The revised budget for the directorate has increased by £0.3m since September and now stands at £295.4m. This increase represents additional funding for the youth service in relation to apprenticeships under the Surrey Growth Strategy.

Children's Services

39. The projected overspend has increased since last month by £0.5m to £2.2m. Of the overspend £0.3m relates to the DSG funded education element of agency placements. As previously reported the main reason for the overspend is an increase in the number of children receiving services despite the service largely meeting its efficiency targets. The main variations giving rise to the overspend and changes from last month are:

   • Looked After Children and Children in Need, both staffing and care costs - these budgets remain under pressure due to the impact of increased referral rates (+£0.9m) and the need to cover statutory work with agency staff in vacant positions (+£0.6m). In particular staffing projections have increased again this month (+£0.2m), and there continues to be a significant pressure in this area.

   • Agency Placements - the projected overspend for both children with disabilities and care increased this month by +£0.3m to +£1.4m as a result of 2 additional placements and revisions to existing care packages. This budget remains volatile despite management action to avoid high cost placements.

   • Fostering and Adoption Allowances - There is a small increase in the projected overspend this month following a review of the number of placements expected for the remainder of the year. The overall pressure on this budget remains at +£0.7m due to increased fostering allowances.

   • Safeguarding Services - the overspend remains broadly unchanged at +£0.4m representing an efficiency saving that is unlikely to realised in full due to the increased number of children the service is seeing.

40. Overall service pressures are being offset by underspent staffing budgets across the service (-£0.5m) and by the unallocated contingency within central budgets (-£1.4m).

Schools & Learning

41. The anticipated underspend for schools and learning has increased this month by -£1.6m to -£3.7m. The majority of this underspend, -£1.6m relates to DSG funded areas. A further -£0.5m relates to broadband provision in schools and funded by them from delegated budgets. The project is delayed and the budget will underspend although it and the matching schools funding will be carried forward. The remaining- £1.6m underspend relates to county funded services.

42. The main reason for the increased underspend is the confirmation of a reduction in the anticipated cost of providing SEN support to children in surrey schools of -£0.8m. This largely accounts for the increase in the DSG underspend from -£0.8m to -£1.6m.

43. The SCC funded underspend has increased largely due to the confirmation of vacancy savings arising from the restructure in Schools and Learning.

44. The other major variances remain as reported last month. Early years is expected to underspend by -£1.4m due to a combination of factors: an underspend against two year old funding of (-£0.6m), building a world class workforce bursaries underutilised (-£0.2m), application of grant from previous years (-£0.2m) and staffing vacancies (-£0.4m).

45. In addition, as outlined last month, a number of challenging savings targets in 2012/13 are no longer possible. Savings through restructuring of Schools & Learning of £0.5m have not proved possible due to the need to create a structure to meet increasing demand from demographic growth. The £0.8m saving by outsourcing some preventative services is not being pursued as planned in 2012/13. Savings by managing transport contracts of £0.4m will not be achieved. Schools and Learning had set aside a contingency of £2m in order to meet any demographic growth pressures in year, £1.5m of which is effectively being used to meet these costs of managing demand. Cabinet member approval is being sought to realign budgets to reflect anticipated activity and costs.

Services for Young People

46. Overall the position has moved from a small over to a small underspend. Within Commissioning and Development there are staffing savings as youth centres have not been fully staffed, these are offset by area staffing pressures within Youth Support Services.

Strategic Director and Central Resources

47. The main budget item under the Strategic Director's control is the residual balance of carried forward underspend from 2011/12 not yet allocated. The total carry forward was £8.4m of which £3.6m was transferred to the Child Protection Reserve, £1m was allocated for corporate purposes in support of the 2012 Olympics, £1m for ongoing funding of the CSF Change Programme and £0.4m for schools' broadband. Other items are expected to make further in-roads into the balance but the current estimate is that £0.7m will remain unspent to set off against the directorate's overspend.

Customer & Communities (Current Forecast: -£1.3m underspend or -1.8%, an increase in underspend of £1.1m)

48. The directorate is currently projecting an underspend of -£1.3m against a budget of £74.2m. This is predominantly due to confirmation that there are no commitments against the Olympics contingency (£1.0m), increased income in Registration (£0.3m) and miscellaneous savings across the remaining services.

49. The increased underspend from last month is mainly due to the £1.0m Olympics contingency budget remaining within the Directorate when there are now no calls on this.

50. The Directorate budget has increased by £0.2m since the last month end to reflect the anticipated grant requirement in relation to the Fire Service and the Olympics Look and Feel budgets.

Environment & Infrastructure (Current forecast: +£1.0m overspend or +0.8%, an increase in overspend of £0.1m

51. The directorate is forecasting a +£1.0m overspend: Highways are predicting an +£0.7m overspend and Economy, Planning and Transport are predicting an +£0.4m overspend. Offsetting these overspends is an -£0.1m underspend in other Directorate costs.

52. Highways capital recharges + £0.5m (overspend): A shortfall in the recharge of staff costs to capital schemes (e.g. for design).

53. Staffing - £0.5m (underspend): An underspend is expected following vacancies in the earlier part of the financial year. This allows for additional temporary staff employed to deliver projects across the Directorate.

54. Local bus services & concessionary fares + £0.5m (overspend): Local bus services are expected to overspend by +£0.3m, primarily due to the need to replace services previously operated by Countryliner. The Concessionary Fares scheme for reimbursement of travel costs for elderly and disabled passengers is currently expected to overspend by +£0.2m. The actual cost this year will depend on patronage which could be influenced by a number of factors, and this pressure will be recalculated as more data becomes available through the year.

55. Highways maintenance +£0.3m (overspend): An overspend is expected primarily due to additional road maintenance and street furniture repairs. These additional costs are offset by an anticipated underspend on drainage works due to delays following poor weather

56. Other variations – smaller variations across the Directorate (a net +£0.2m) include overspends in respect of waste disposal due to specialist advisors working on the contract variation, and a shortfall in highways streetworks income, which are offset by lower than expected costs associated with the Olympic torch relay (for which a carry forward from 2011/12 was approved).

Change & Efficiency (Current forecast: -£1.6m underspend or -1.8%, an increase in underspend of -£0.3m from the previous month)

57. Overall, the Change and Efficiency revenue budget is projected to underspend by -£1.6m for the year consisting of underspends in Property (-£0.7m), Human Resources and Occupation development (HR and OD) (-£0.5m), Finance (-£0.2m) and other minor variations (-£0.3m).

58. The budget for the directorate includes efficiency savings of £7.9m, of which £7.8m will be delivered. The shortfall is in relation to partner contributions to the Data Centre. Partners are expected to begin to take space in the new financial year, following the implementation of the shared network (Unicorn), which will significantly reduce the implementation cost for participation.

59. Significant savings of £1.1m are expected on the Carbon Reduction Commitment budget. Data has now been submitted to the CRC commission and following a review of the quality of the data, the likelihood of fines has been significantly reduced. In addition, in view of the number of licences purchased last year together with reductions in energy consumption achieved, it is unlikely that the cost of allowances will reach the levels expected during budget setting

60. There is expected to be a saving on the utilities budget of £0.6m. This is based on the estimated energy prices (from October) through the Laser contract. This saving is due to two key factors - procurement activity to deliver a reduction in electricity prices and a lower increase in gas prices than originally expected. It is also due to the capital investment made, including new boilers and smart metering which facilitate greater control over energy usage. The forecast is subject to weather conditions over the winter months, and further savings will be made if temperatures are fairly mild over the peak consumption period.

61. These savings within property are offset by an increase in responsive repairs and maintenance (+£0.4m) as a result of the heavy rainfall earlier in the year. Income from rents are expected to be below budget as a result of Countryliner going into administration (+£0.1m), and incorrect budget assumptions in respect of rents Mayford Business Centre and Gypsy sites (+£0.2m).

62. An underspend of £0.6m is expected within Human Resources and Finance on staffing costs as a result of the prudent holding of vacancies prior to restructure implementation in order to reduce redundancy costs. In both cases, recruitment to posts is underway however the majority of new starters are unlikely to be in place until the new (calendar) year. A further underspend of £0.1m is expected within Procurement as result of vacancies and the sharing of resources with East Sussex.

63. There will be an underspend in the Smarter Working team of £0.2m, which will be requested as a carry-forward in order to fund staff on secondment who are working with services to help maximise the benefits of the recent investment in mobile technology.

Chief Executives Office (Current Forecast: balanced budget, an increase of +£0.1m from last month).)

64. The overall projection for the directorate is a balanced budget against a total revenue budget of £14.0m. The directorate is managing a large pressure within Legal through the careful management of staff vacancies and early achievement of efficiencies within Policy and Performance.

65. Legal and Democratic Services are forecasting an overspend of £0.2m due to the expected continuation of high levels of complex Child Protection cases in 2012/13. Management action is being taken to minimise the impact. Underspends in other departments, in particular within Policy, Performance & Audit due to current staff vacancies partially offset this pressure to result in the net predicted budget position.

Central Income & Expenditure (Current Forecast: -£1.9m underspend or -2.4%, an increase in underspend of £0.6m)

66. The full year forecast for the Central Income and Expenditure budget is an under spend of -£1.9m. The most significant reason is a lower than estimated provision of the repayment of debt (-£1.2m). This is because of the 2011/12 capital programme underspent and resulted in less capital expenditure being funded from borrowing than anticipated.

67. The budget for interest on short term investments is based on assumptions around available cash balances and interest rates. Although interest rates have not risen, cash balances are higher than forecast and it is expected that the council will receive interest income of £0.5m in excess of the budget. In addition, a provision is made in the budget for interest to be paid to schools on their balances. With continuing low interest rates this is unlikely to occur leading to an underspending of -£0.2m.

68. The interest payable budget included a provision for an increase in interest rates. This increase is now unlikely to occur, and even if it were to, would have a minimal impact on this year's budget. This saving will fund the commitment to contribute to the additional temporary staff to support more rapid progress with personalisation within Adult Social Care.

69. Expenditure on Redundancy and Compensation is currently in line with the budget, and there have been 71 new cases approved this year against 138 assumed in the budget - an increase of 2 from September. Expenditure on this budget going forward depends on the decisions and outcomes of service re-structures and also the possibility of some people being re-deployed. Therefore the number of cases may increase in future months so this budget will continue to be closely monitored.

Staffing Costs

70. Table A1 above shows the council's total full year budget for staffing is £300.9m, with expenditure to the end of October 2012 of £171.5m.

71. The council employ three categories of paid staff. Contracted staff are employed on a permanent or fixed term basis and are paid through the council's payroll. These staff are contracted to work full time, or part time. Bank staff are contracted to the council and paid through the payroll but have no guaranteed hours. Agency staff are employed through an agency with which the council has a contract. The use of bank and agency staff enables managers to manage short term variations in demand for services or vacancies for contracted staff.

72. A degree of flexibility in the staffing budget is good, as is some staff turnover, which allows new ideas and thinking into the workforce from other organisations. The council aims to incur between 88% and 95% of its staffing costs from contracted staff, depending on the particular Directorate service needs. The current level of 92% has been stable for most of the current year.

73. Table A3 shows the staffing expenditure for the first seven months of the year against budget. This is then analysed between the categories of staff.

Table A3 – Staffing costs to end of October 2012.

	Budget £m	Actual £m	%	Variance £m
Contracted		157.6	92%	
Agency		8.3	5%	
Bank		5.5	3%	
Total Staffing Cost	177.9	171.5		-6.4

74. The favourable current variance of £6.4m is due to a combination of vacancies in the process of being filled, vacancies being held unfilled prior to restructures and a more economical mix of staffing grades being employed than budgeted.

75. In setting the budget, the council based the staffing cost estimate on 7,700 full time equivalent (FTE) staff. Table A4 shows that there are 7,266 contracted FTEs in post at the end of October.

Table A4: Full Time Equivalent by directorate

Directorate	Oct FTE	Sept FTE
Adult Social Care	1,866	1,834
Children Schools & Families	2,491	2,464
Customer and Communities	1,474	1,476
Environment & Infrastructure	485	467
Change & Efficiency	774	782
Chief Executive Office	176	178
Total	**7,266**	**7,201**

76. There are 225 "live" vacancies, for which active recruitment is currently taking place. The remaining vacancies are either filled by agency and bank staff on a short term basis or not being actively recruited to at present.

Table A5- full time equivalents in post and vacancies

	Oct FTE	Sept FTE
Budget	7,700	7,700
Occupied contracted FTE	7,266	7,201
"Live" vacancies (ie: actively recruited)	225	278
Vacancies not occupied by contracted FTEs	209	221

Efficiencies

77. For the current year the council has a savings target of £71.1m, which was set out in the MTFP. The current forecast is for £66.1m of these to be achieved.
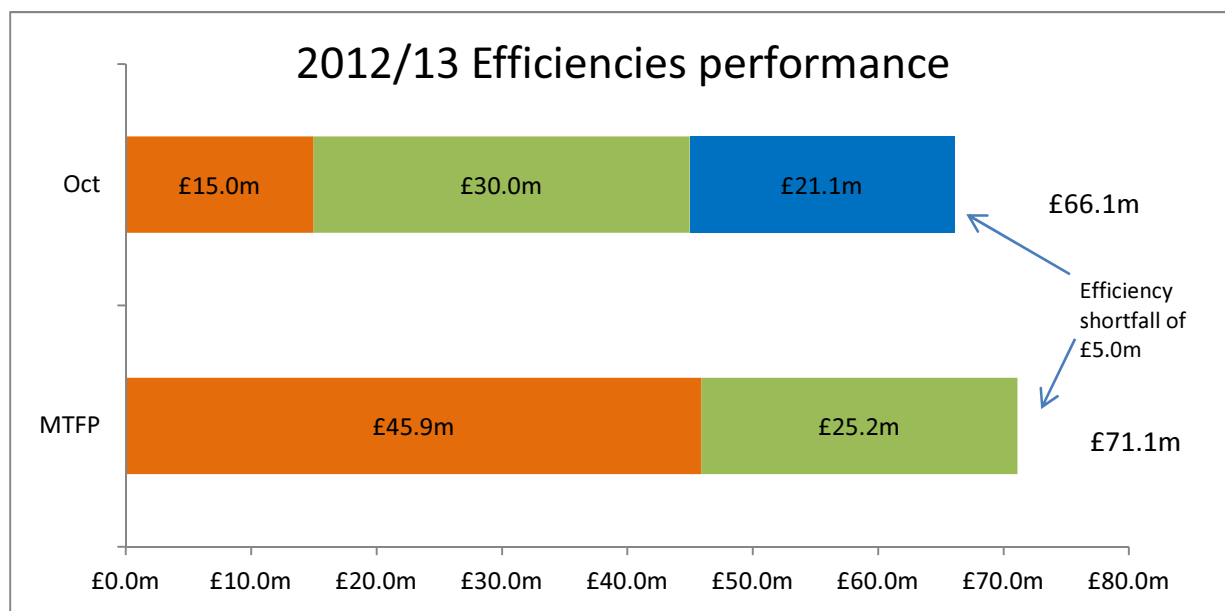
78. Although there is a shortfall in achieving the efficiencies in the Medium Term Financial Plan, Strategic Directors are looking to deliver all of their £15.0m amber savings to add to the £30.0m green savings and £21.1m already delivered. The MTFP 2012/17 savings are long term savings but directorates are supporting long term saving shortfalls with one-off savings or expenditure under spends.

Adult Social Care

79. A comprehensive review of savings plans conducted in September led to the removal of some high risk savings from the previous month's projections and their replacement largely with temporary one-off measures (£8.4m) which will help to contain this year's overspend, but will leave a sustainable challenge in the following years. The need to replace these one-off measures is being flagged as part of the forward budget setting process.

<u>Children Schools & Families</u>

80. A number of challenging savings targets in 2012/13 are no longer possible. Savings through restructuring of Schools & Learning of £0.5m have not proved possible due to the need to create a structure to meet increasing demand from demographic growth. The £0.8m saving by outsourcing some preventative services is not being pursued as planned in 2012/13. Savings by managing transport contracts of £0.4m will not be achieved. Schools and Learning had set aside a contingency of £2m in order to meet any demographic growth pressures in year £1.5m of which is effectively being used to meet these costs of managing demand. Cabinet Member approval is being sought to realign the budgets to reflect anticipated activity and costs.

<u>Environment & Infrastructure</u>

81. A comprehensive review of performance against efficiency targets is under way. At this stage a number of shortfalls are expected, primarily in respect of contract cost savings, recharge of staff costs to the Local Sustainable Transport Fund grant, and the cost of concessionary fares where increased patronage has impacted on costs. In future years planned savings from parking income are not now expected to be made.

<u>Central Income & Expenditure</u>

82. The budget included a savings target of £0.2m on the Minimum Revenue Provision for the current year. However, following the final audit of the 2011/12 accounts, capital expenditure and borrowing was lower than forecast and this has led to an ongoing saving of £1.2m more than anticipated.

Capital Budget - Month End Financial Position – October 2012

83. In agreeing significant capital investment as part of the MTFP for 2012-17 in February 2012, the Council demonstrated its firm long term commitment to stimulating economic recovery in Surrey. The total capital programme is £683m over the 5 year MTFP (2012/17) period, with £146m being planned in 2012/13. Whilst it is good to make long term plans, flexibility to changing circumstances is necessary to recognise that the current environment for all public services is complex and fast changing. This was recognised when the cabinet approved that £27.8m of the 2011/12 capital budget should be carried forward into the current capital programme (2012/17) to support this further capital investment.

84. On a scheme by scheme basis the budgets include the funding carried forward for projects continuing from 2011/12. With all large capital programmes there will inevitably be some in-year variation through changes to the timing of some spend and through successful delivery of efficiencies. Due to these risks, there is a corporate adjustment of £9.5m, leading to a forecast over-delivery this year on the capital budget.

85. Table B1 shows an overview of the current year's capital budget, spend and forecast by directorate.

Table B1- 2012/13 Capital budget

	Revised Full Year Budget £000s	YTD Actual £000s	Committed £000s	Apr – Oct YTD & Committed £000s	Nov - Mar Remaining Forecast £000s	Full Year Forecast £000s	Full Year Variance £000s
Adult Social Care	1,687	187	804	992	695	1,687	0
Childrens Schools & Families	5,895	7,392	237	7,629	42	7,672	1,777
Schools Basic Need	31,992	14,787	3,533	18,320	12,932	31,252	-740
Customers & Communities	5,422	1,574	148	1,722	1,250	2,972	-2,450
Environment & Infrastructure	52,741	24,042	19,953	43,995	6,312	50,307	-2,434
Change & Efficiency	47,761	17,979	9,045	27,025	22,962	49,986	2,225
Chief Executive's Office	10,173	23	0	23	2,150	2,173	-8,000
c.fwd adjustment	-9,525			0	0	0	9,525
Total	146,146	65,985	33,721	99,706	46,343	146,049	-97

Childrens, Schools & Families

86. The in-year forecast overspending of £1.8m is principally caused by additional school funded projects. The council will not receive the income for these projects until 2013/14 in some cases.

<u>School Basic Need</u>

87. The Schools Basic Need programme is expected to be -£0.7m under budget; an improvement of £1.9m compared to last month's forecast. This is the result of bringing schemes forward and is net of procurement savings made on the demountables programme and reductions in the programme where schemes are no longer required.

<u>Customer & Communities</u>

88. The Fire & Rescue Service vehicle and equipment replacement and mobilising control schemes are currently underspent by £2.5m. These schemes are multi-year and require to be rephased over the scheme life. The service will request a reprofiling of this underspend in due course.

<u>Environment & Infrastructure</u>

89. The Directorate is forecasting a £2.5m underspend:
    - **Walton bridge - £1.1m (underspend)** Overall the scheme remains broadly on target in terms of timing and cost. The projected underspend this year results from the Department for Transport reprofiling grant payments, with additional grant now available this year. As a result, SCC's expected contribution will not now be needed this year and will instead be reprofiled into future years.
    - **Developer funded schemes - £1.0m (underspend)** This includes schemes funded from S106 developer contributions which form part of the Local Sustainable Transport Fund project. Following the re-profiling of grant agreed with the Department for Transport this will be spent in future years.
    - **Pay and display - £0.3m (underspend)** Fewer schemes are expected to be progressed this year. The programme is under review to determine whether this underspend is required in future years.

<u>Change & Efficiency</u>

90. Delivery against the remaining CAE capital programme is expected to be £2.2m over budget.

91. Schools projects are expected to be under-spent by £2.2m. The tender process for the replacement of aged demountables has delivered a saving of £0.4m however work will not now start until the new financial year, creating an in-year underspend.

92. Non-schools projects will underspend by £1.9m primarily as a result of planning issues particularly in relation to Gypsy sites and Cobham Library re-provision. The Fire Station reconfiguration project (of which £0.5m was expected to be incurred this year) has been delayed on request by the Fire Service.

93. There is a projected overspend on IT projects funded by the Equipment Renewal Reserve in the current year. This is due to the significantly increased number of laptops that were purchased as part of the desktop refresh in order to facilitate more mobile and remote working. Additional contributions to the reserve have been made this year from the revenue budget to cover the expenditure. The Adult Social Care Infrastructure Grant needs to be carried forward to fund systems improvements in the future

94. The award of a contract to replace the SWAN network with a Surrey wide Public Sector network is proceeding following approval from Cabinet. In order for the network to be

ready there will be a significant up-front investment of £3.8m. Options appraisal was completed which determined that the most cost effective methodology would be for the council to purchase equipment required rather than paying over the life of the contract. Savings will be achieved in revenue expenditure in future years.

Chief Executive Office

95. The Chief Executive Office has responsibility for delivering the superfast broadband initiative. The Cabinet has committed to ensuring that access to superfast broadband is available to all business and residential premises in Surrey. In addition to this the Surrey Public Sector Network project will focus on broadband access for Public Sector and third sector bodies.

96. Cabinet approved the preferred bidder in July and the contract was awarded in September. Detailed planning has commenced, but not completed, with the contractor clarifying the likely profile of expenditure from 2012 to 2014. Currently the estimate is that £2m of expenditure is anticipated in 2012/13, with the remaining £18m spent over 2013/14 & 2014/15. Cabinet have approved the establishment of a Joint Operation Centre (JOC), based at County Hall, to implement the contract. It is anticipated that the costs of the JOC (approx. £0.6m for 2 years) will be funded from the £1.3m provided by BDUK.

Government grants and budget revenue budget virements

Updated Budget

97. The Council's 2012/13 revenue expenditure budget was initially approved at £1,512.7 million. Subsequently the cabinet approved the use of reserves built up in 2011/12 to augment this. This approval increased the budget to £1,527.3m. In addition to grant changes in quarter 1, grant changes, DSG carry forwards and academy conversions and other minor movements in quarter 2, there have been a few minor movements in October. These changes are summarised in table C1.

Table C1: Movement of 2012/13 revenue expenditure budget

	Council Tax £m	Formula Grant £m	Government Grants £m	Reserves £m	Total £m
Original MTFP	580.0	148.6	767.3	16.8	**1,512.7**
Previous changes					
Q1 changes			0.9	14.6	**15.5**
July changes		1.0	1.8	-1.0	**1.8**
August changes			11.1		**11.1**
September changes			3.7		**3.7**
Previous changes		1.0	17.5	13.6	**32.1**
October changes:					
Minor changes			0.2		**0.2**
October changes:		**0.0**	**0.2**	**0.0**	**0.2**
Updated budget – Oct 2012	**580.0**	**149.6**	**785.0**	**30.4**	**1,545.0**

98. When the Council agreed the 2012-2017 MTFP in February 2012, government departments had not determined the final amount for a number of grants. Services therefore made an estimate of the likely level of grant. The general principle agreed by Cabinet was that any changes in the final amounts, whether higher or lower, would be represented in the service's expenditure budget.

99. Government grant changes in October totalled £247,216.

- These were minor changes in Children, Schools & Families, Schools (£30,415), Customer & Communities, Fire service(£125,557), and Customer & Communities, Olympics (£91,244).

100. The Cabinet is asked to note these changes grant changes and approve that they are allocated to the relevant services.

101. In controlling the budget during the year, budget managers are occasionally required to transfer, or vire, budgets from one area to another. In most cases these are administrative or technical in nature, or of a value that is approved by the Chief Finance Officer. Virements above £250,000 require the approval of the Cabinet Member. There was one virement over this value in October. It was for £300,000 and was to move the

budget for Surrey Growth Strategy Apprenticeships from Environment & Infrastructure to Children, Schools & Families following clarification of managerial responsibilities.

102.   Table C2 below shows the updated revenue budget that includes the changes in government grants and virements since the beginning of the year.

Table C2: 2012/13 updated revenue expenditure budget – October 2012

	Original MTFP Budget £m	2011/12 Carry Forwards £m	Gov't Grants £m	Virements £m	Full Year Updated Budget £m
Adult Social Care	331.5	3.8	0.0	0.5	335.8
Children, Schools and Families	289.3	3.9	3.5	-0.8	295.9
Schools	518.9	0.0	11.5	-0.7	529.7
Customers and Communities	70.6	1.8	0.9	1.0	74.3
Environment and Infrastructure	125.6	2.3	1.8	1.0	130.6
Change and Efficiency	84.7	2.3	0.0	0.7	87.7
Chief Executive's Office	13.7	0.0	0.0	0.3	14.0
Corporate Projects	1.5	0.0	0.0	-1.5	0.0
Central Income / Exp	68.1	0.4	0.0	-0.5	68.0
Service Revenue Expenditure	1,503.9	14.5	17.6	0.0	1,536.0
Risk Contingency	9.0	0.0	0.0	0.0	9.0
Total Revenue Expenditure	**1,512.9**	**14.5**	**17.6**	**0.0**	**1,545.0**

Council Overview and Scrutiny Committee
5 December 2012

Completed Internal Audit Reports and Management Action Plan Progress Update

Purpose of the report: Scrutiny of Services

The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last report to this Committee in November 2012 and provide an update on management action plans for audits previously reported to this Committee.

Introduction:

1. On 22 February 2010 the Audit & Governance Committee recommended that a standing 'internal audit' item be put on all Select Committee agendas. This Committee has agreed to consider all relevant Internal Audit reports that have attracted an audit opinion of either "Major Improvement Needed" or "Unsatisfactory".

2. This report provides a list of the Internal Audit reports that have been issued since the last report to this Committee in November 2012. Of the audit reports issued, none attracted an audit opinion of "Unsatisfactory" or "Major Improvement Needed"

3. On a bi-annual basis the Chief Internal Auditor also provides this Committee with a high level assessment of progress made in implementing Management Action Plans.

Internal Audit and the Reporting Process:

4. The Accounts and Audit Regulations 2011 require that a local authority "must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The Internal Audit plan for 2012/13, which sets out the work that Internal Audit will complete during the year to meet its statutory responsibility, was approved by Audit and Governance Committee on 5 April 2012.

5. The Internal Audit reporting and escalation policy requires that all final audit reports are circulated with a management action plan, agreed by the relevant Head of Service, which sets out what management action is proposed in response to audit recommendations. Included in the audit report is the

auditor's opinion on the controls in place. The audit opinion will fall into one of the following agreed classifications:

- Effective
- Some Improvement Needed
- Major Improvement Needed
- Unsatisfactory

6. All final audit reports are circulated to the relevant strategic director; the Cabinet Portfolio holder; and, the relevant Select Committee Chairman. In addition, all members of the Audit and Governance Committee receive full copies of all Internal Audit reports.

Internal Audit Reports issued since the last report to this Committee:

7. The table below shows all the audit reports (including audit opinion) that have been issued since the last report to this Committee on 14 November 2012:

	Audit	Opinion	Number of recommendations rated as High Priority	Relevant Select Committee	Cabinet Member
1	Social Media	Some Improvement Needed	4	COSC	Denise Le Gal

8. The above audit falls under the immediate remit of this Committee.

Management Action Plan (MAP) progress update:

9. In May 2012 a report was presented to this Committee that assessed progress made for all audits relevant to this Committee completed in the period September 2011–January 2012. This information is summarised at Annex A and includes the latest position for those audits not assessed as "Green" at that time.

10. A more detailed summary of progress made on implementing audit recommendations for those audits relevant to the remit of this Committee and completed since February 2012 is attached at Annex B. This shows progress to date in implementing audit recommendations for audit reports issued in the period February to August 2012

IMPLICATIONS:

11. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed Internal Audit Reporting and Escalation Policy.

Recommendations:

12. That the Committee notes the audits completed in the period and status of audit recommendations implementation.

Next Steps:

13. That the Committee receives further updates on completed internal audit reports at future meetings, and continues to focus its attention on audit reports with the audit opinion of either "Major Improvement Needed" or "Unsatisfactory" and/or high priority recommendations.

Report contact:
Sue Lewry-Jones   **Contact details:** 020 8541 9190
Chief Internal Auditor

Sources/background papers:
- 2009/10 Review of the Effectiveness of the System of Internal Audit, Audit & Governance Committee, 22 February 2010
- Final audit reports and agreed management action plans

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Report Date	Audit	Last Follow/up	Latest position	RAG
Sep-11	Information Governance	Reported as Green to Council Overview and Scrutiny Committee in May 2012.		G
Oct-11	Procurement Standing Orders	Two amber rated actions (related to clarification on waivers and action to avoid future waivers) reported to Council Overview and Scrutiny Committee in May 2012.	PRG is receiving regular reports on retrospective waivers. Waivers are challenged at PRG and lower-value waivers are reported back to the relevant category specialist to bring into new contracts as appropriate	G
Nov-11	Premises Security (Nov 11)	Three amber rated actions reported to Council Overview and Scrutiny Committee in May 2012. • Completion of outstanding premises risk assessments • Resolution of security issues identified on completed assessments • Prioritise security reviews of smaller premises	Facilities Team continues to endeavour to persuade site and service contacts to complete security self assessment forms (completion rate has now increased to approximately 65%). To ensure that this reaches 100% in due course and becomes part of a regular cycle of review, each nominated service site contact to review their self assessment for discussion at the same time as the Facilities Officer talks with them about fire safety issues and processes as part of their Fire Risk Assessment or Review. This is a pragmatic approach and an efficient use of time as both activities require a site survey and making this link effectively puts in place an internal annual target for review across the portfolio. As part of the introduction of the PAMS system, Property Services aims to be in a position to produce management information to allow it to focus more easily on buildings or services where there are gaps in returns and also to identify and report on actions taken. This will form part of the overall compliance module in PAMS. Property Services now have an implementation partner on board (Atrium) and PAMS will start to 'go-live' from April 2013.	A

Report Date	Audit	Last Follow/up	Latest position	RAG
Nov-11	Procurement compliance team	Reported as Green to Council Overview and Scrutiny Committee in May 2012.		G
Dec -11	Business Continuity and Declaration of Interests in Surrey Schools	Reported as Green to Council Overview and Scrutiny Committee in May 2012.		G
Jan-12	Source of duplicate payments	No recommendations made		G
Jan-12	Absence Management (Jan 12)	One amber rated action reported to Council Overview and Scrutiny Committee in May 2012 related to teams showing large numbers of staff with zero sickness absence	A report is to be run in November 2012 covering the previous six months sickness absence data. This will then be analysed and shared with HR and Services for follow up. This data will help identify groups of staff who may not be recording sickness absence on SAP. The production of this report will then become a regular six monthly activity.	A
Jan-12	Delivery of PVR Savings	Reported as Green to Council Overview and Scrutiny Committee in May 2012.		G

Report Date	Audit	Last Follow/up	Latest position	RAG
Jan-12	Elected Members' Interests & Related Party Disclosures	One amber rated action reported to Council Overview and Scrutiny Committee in May 2012 related to creating a single process to capture member interests and related party disclosures	The new code of conduct for members was approved in July 2012 and it was agreed that the Members' Register of Interest would only include the pecuniary interests required under the regulations. Members' previous registers have now been moved across into a new version and Members asked to review and update them. The new Modern.Gov committee management system was launched in October 2012 and an electronic version of the form was launched then – Democratic Services plan to roll-out the ability for Members to update via the committee management system in the coming months.	G
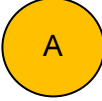
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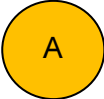
Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Pensions Administration (Feb 12)	Effective	Three low priority recommendations made regarding record keeping.	All recommendations implemented.	G
EBulk CRB (Feb 12)	Some Improvement Needed	Key documents such as the project plan and project issue log should be kept "live" until project close down. (M)	All recommendations implemented.	G
Data Centre Operations (Feb 12)	Some Improvement Needed	Investigate the costs of activating the remote environmental controls. (M) Investigate the source of the apparent water damage. (H)	All recommendations implemented.	G
SAP Applications and Controls (Feb 12)	n/a	n/a	n/a – none required	G
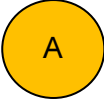
Notes: (1) Audit opinion is as stated in the relevant Internal Audit Report
(2) Recommendation priority may be High (H), Medium (M) or Low (L)
(3) Red/Amber/Green (RAG) status is a high level assessment of progress

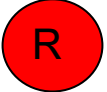| Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Review of Rental Income (Feb 12)	Major Improvement Needed	All income budgets need to be set correctly in an identifiable manner and monitored regularly to maximise income recovery (H).	Work carried out with Finance set up 12/13 budget on Zero Based approach by 31/03/12, including re-charges of income circa £500k to other services. Monthly accruals commenced from May 12.	G
		Each area generating income should be individually reviewed so that managers are more aware of their responsibilities & take ownership for their performance (H).	All income budgets compiled on Zero Based approach. Under the EPM PVR, the newly formed Business Performance Team undertakes monthly reviews in conjunction with Finance, which are validated through the Head of Service report.	G
		Management should ensure that PAMS implementation addresses the need to hold all areas generating income so that managers can take responsibility and ownership for their performance. (H)	The various phases of PAMS roll out to take full account of data validation, cleansing, financial monitoring and reporting.	A
		Senior Management in EPM & SSC should make every effort through good communication and ongoing dialogue to resolve all of the issues within the individual units & prioritise maximisation of income recovery. (H).	EPM & SSC meet every 6 weeks. Net debt of £749k in Sept 11 reduced to £267k gross in 12 months, of which £78k relates to one tenant in receivership. Performance Manager reviews monthly aged debt to monitor recovery & adequacy of new processes as part of monthly Head of Service budget reviews. EPM & Legal met on 29/3/12 & agreed additional legal support to be made available as required.	G
		Detailed reconciliation of the two Profit Centres should be completed and maintained on a regular basis (H).	Reconciliation work has been completed. Guideline process was documented by the Estates Surveyor on 26 April 2012.	G

2

Notes: (1) Audit opinion is as stated in the relevant Internal Audit Report
        (2) Recommendation priority may be High (H), Medium (M) or Low (L)
        (3) Red/Amber/Green (RAG) status is a high level assessment of progress

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Disposals and Acquisitions (Feb 12)	Some Improvement Needed	The Asset Strategy Manager to consider which key elements of the Asset Management Plan (AMP) can be updated over the life of the plan to better inform strategic decision making and aid the process of producing the capital receipts required to support the Council's Medium Term Financial Plan (MTFP). (M)	The AMP is due to go live before the end of the year. The AMP will contain a clear set of actions that will provide Property Services with a strategic decision making framework and help inform/monitor the relevant elements of the MTFP.	A
		The Asset Strategy Partner Disposals and Acquisitions to consider twice yearly reporting to Members on the overall position on the disposals programme. The reports should include clear statements agreed with finance on the likelihood that capital receipt targets can be achieved and the contingency plans in place should targets not be achieved. (M)	After consulting various stakeholders including Democratic Services, Property Services has concluded that the Investment Panel is the best forum to report on the disposal programme. The Auditor suggests that additional Member scrutiny would have had additional benefits in helping to secure political impetus to the disposals programme.	G

3

Notes: (1) Audit opinion is as stated in the relevant Internal Audit Report
(2) Recommendation priority may be High (H), Medium (M) or Low (L)
(3) Red/Amber/Green (RAG) status is a high level assessment of progress

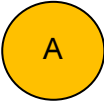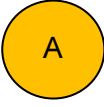| Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Review of Utility Payments (Feb 12)	Some Improvement Needed	Budgets should be correctly profiled to reflect changes in price and consumption. Also, accrual and prepayment adjustments should be completed as part of monthly budget reporting. (H)	The 2012/13 budget forecast is profiled on a monthly basis to account for seasonality and estimated future contract energy prices from 1 Oct. 2012. Work to evaluate & determine any profiling changes is being undertaken by the Energy Team, based on contract changes coming into play during October 2012. The EMT have forecast 3 scenarios to allow for seasonal changes for the year 12/13.	G
		The payment process should be streamlined so that all utility invoices (except for schools and those on direct debit) are authorised by the Energy Management Team (EMT) before paying. Reconciliation between Systems Link and SAP should be completed so that correct payments can be made in a timely manner. (H).	The financial management transfer software was purchased in April 2012 and the project is awaiting IMT implementation. 90% of invoices are paid by direct debit & monitored by GEMS (Laser bills) & as part of the budget monitoring process. The remaining 10% paper bills are authorised by EMT following validation checks.	A
Pension Fund Investments (Mar 12)	Effective	None		G
Revenue Budgetary Control (Mar 12)	Some Improvement Needed	The Financial Regulations and Financial Instructions update should be concluded to cover the changes in structures and processes. (H)	Completed October 2012	G
Accounts Receivable (Apr 12)	Effective	No high priority recommendations.		G

Notes: (1) Audit opinion is as stated in the relevant Internal Audit Report
(2) Recommendation priority may be High (H), Medium (M) or Low (L)
(3) Red/Amber/Green (RAG) status is a high level assessment of progress
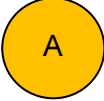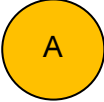
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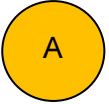| Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Payroll (Apr 12)	Effective	HR should review payments made under the honoraria heading to ensure they comply with SCC policy. Should HR wish to see a more flexible policy applied, the current policy should be formally revised and approved. (M)	The question of Honoraria being paid in schools was examined in more depth in a separate 2012/13 review.	
		HR should ensure that the correct contractual eligibility for claiming essential car user allowance is established and that it is recorded correctly within SAP. Payments should comply with the policy. (M)	Guidance was reviewed and clarified.	G
Capital Expenditure Monitoring (Apr 12)	Some Improvement Needed	The Superfast Broadband Project team should ensure that there are clear targets for substantial profiled spend and delivery in the first half of the year, with very close monitoring of actual spend and achievement of delivery targets.(H)	An expenditure profile has been established. However, largely due to the need for State Aid approval and the procurement award process, total expenditure on this project is unlikely to be significant in 2012/13.	R
		The Investment Panel should consider the mechanisms available to initiate, guide or direct the bringing-forward of capital expenditure on specific schemes. (M)	As part of the work of the Capital Working Group (CWG), a number of schemes have been brought forward, such as schools capital maintenance.	G
		The extent of external financing for capital expenditure should be identified on Capital Expenditure Summary reports. (M)	The new reporting to CWG achieves this.	G

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Notes: (1) Audit opinion is as stated in the relevant Internal Audit Report
(2) Recommendation priority may be High (H), Medium (M) or Low (L)
(3) Red/Amber/Green (RAG) status is a high level assessment of progress

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
General Ledger (Apr 12)	Effective	No high priority recommendations.		G
Risk Management Arrangements (Apr 12)	Effective	The Risk and Governance Manager continues to work with colleagues in HR & OD to formalise risk roles and responsibilities within job profiles (M)	Risk roles and responsibilities are reinforced through review of risk at risk group meetings (Risk and Resilience Steering Group, Council Risk and Resilience Forum, Health and Safety operations team, risk network) and strategic meetings such as Corporate Board and Cabinet.	G
		The Risk and Resilience Steering Group is encouraged to seek guidance from Cabinet and Corporate Board regarding the precise nature and definition of the council's 'Risk Tolerance' (M)	A summary of strategic director risk registers has been developed that provides an overview of risk appetite and tolerance across the organisation through showing residual risk levels for directorate risks. This will aid risk discussions and assist with consistent application of risk levels.	A
		The Risk and Governance Manager continues to encourage transparency of risk information through better referencing of risk registers to committee papers (M)	The leadership risk register now includes both recent and future review of risk areas by Select Committees.	G
		Continue the work to improve the content and referencing between the Risk Management, Emergency Planning and Health & Safety disciplines on S:Net (M)	Awaiting migration of snet content onto the new system (March 2013)	A

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Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
VCFS Framework (May 12)	Some Improvement Needed	It is recommended that: • the VCFS Framework is reviewed to ensure that it is current; • training is provided to the services on the updated framework; and • progress is reported to the relevant committee on an annual basis. (M)	The new and updated VCFS Framework has been drafted in consultation with the Funding Review Group, Policy and Policy and Public Affairs group representing cross-council commissioning and policy officers. The new framework will be launched on 28 November 2012. Progress will be reported at the relevant committee in March 2013.	A
		It is recommended that formal legal guidance is developed regarding where it is appropriate to use contracts and grants. (M)	Procurement (in consultation with Legal Services) are currently working on guidance.	A
		It is recommended that: • the council develops a review and evaluation process for the end of grants and contracts; and • the council includes a clause in grants and contracts outlining the process. (M)	The council is signed up to and committed to the Surrey Compact and its codes. The Funding Code has a section on 'Concluding a Financial Relationship' and the key requirements are worked in to all grants and contracts. Compliance of services with the code has been checked.	G

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Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Agency Staff Contract (May 12)	Some Improvement Needed	The partially completed recommendations that are continuing to be addressed include • Audit Reviews of Panel Vendors (H),	Audit review of Panel Vendors has been resumed and completed on 28 May and 9 Oct. 2012.	G
		• Agreement of revised KPIs (H),	The revised KPIs have been agreed and their performance is reported monthly.	G
		• Production of monthly auto approval and billing reports (H),	It has not been possible to produce meaningful auto approval and billing reports regularly from the Manpower System without manipulation. This takes time and prevents them being produced monthly due to other work priorities. This will be included in the specifications for the next contract negotiations.	A
		Although the guidance on S-net was completed, the link to access it for correct use by managers (e.g. Online issues log) has not been improved (H).	Guidance has been made available on the new S:net format and the links to access the information have been improved.	G
		In addition, the share of profit due to SCC from work done for other Public Sector Bodies (PSB) has to be finalised for 2011/12 by year-end and reviewed on a quarterly basis for 2012/13 (H).	Update awaited.	
Accounts Payable (AP) (May 12)	Effective	The actions agreed have already been implemented. (M)		G

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Management Action Plan – Progress update

Annex B

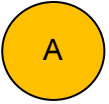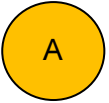| Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Treasury Management (May 12)	Effective	None		G
Arval Fuel Cards (Jul 12)	Effective	Accounts Payable staff to develop a standard authorisation form for requests for new cards. Only properly completed and authorised forms from recognised budget holders should be processed. (M)	New forms developed and in use.	G
Data Protection Compliance (Jul 12)	Some Improvement Needed	ASC and CSF to identify minimum data protection training options for all locums involved in handling the most sensitive information. Locum take-up of such training should be assessed twice-yearly. (M)	ASC: Email sent out 24/8/12 re: locums to complete online training. Monitoring of uptake to be done later in year.	A
		Develop a report on the Authority's overall performance on meeting the deadline to respond to Subject Access Requests and report corporately. (M)	This has to be requested from IMT to undertake project work – currently awaiting their response	A
		Review procedures for transferring Children's Services files and remind staff to update ICS when they transfer a file. (M)	Reminder information regarding file transfers has been sent out to all teams.	G

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Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Health & Safety (Aug 12)	Some Improvement Needed	The Head of Strategic Risk Management (CSF) to develop further processes for dealing with schools that consistently omit to deal with OSHENS event recording and where this could lead to RIDDOR reportable events not being reported within the required timescales. Options for escalating the most serious cases of schools failing to comply with this requirement should be discussed at the Joint Committee for Schools and CSF. (H)	Where individual schools are presenting particular problems they will be escalated through appropriate channels including the joint committee for schools. A new automatic reminding system has been added to OSHENS, which escalates who is messaged the longer an incident has not been reviewed, addressed and closed.	G
		The CSF Strategic Risk Management Team to consider what additional resources can be made available to meet training demand and support for OSHENS users. (M)	The CSF Strategic Risk Management Team state that the training they currently provide (which covers awareness of the system, rather than how to use the system, is adequate to meet users needs. Corporate H&S staff have been providing training to small groups of OSHENS users from the same service.	A
		EPM management to ensure officers deliver the programme of regular fire risk assessments, re-allocating work between staff where appropriate. (M)	This remains on track. Fire Risk Assessments continue to be reviewed throughout the corporate portfolio to an agreed internal, annual target. Phase 2 of the Property PVR has agreed a structure to include 4 Service Facilities Managers, who will be supported by 4 Area Facilities Officers – increasing the strength of the team from 6 to 8. Service FMs are being appointed during Oct 12 and recruitment for the FO posts will follow shortly.	A

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SURREY
COUNTY COUNCIL

Council Overview and Scrutiny Committee
5 December 2012

Shared Services Update

Purpose of the report: To update the committee on developments in the Shared Service Centre

Introduction:

1. The enclosed page shows an overview of the operations of Shared Services and an update on the recent developments for the Committee's consideration.

Report contact: Simon Pollock, Interim Head of Shared Services

Contact details: simon.pollock@surreycc.gov.uk
020 8541 7848

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Shared Services Update – Nov 2012

Diagram: Central circle "Shared Services" surrounded by: Payroll, Accounts Payable, Purchasing Admin, Accounts Receivable, Hire to Retire, Training Admin, Helpdesk, LEAN, Debt Recovery, Partnership

Facts & Figures

FTE   180

Net Budget
£4.4m 2012/13

Of which income
£1.1m

Transactions per Year
780k Payslips
450k Invoices paid
60k Care statements
50k Invoices raised
4.5k CRB checks
22k Trained

LEAN Events per Year – 10 to 15

LEAN Savings per year - £2.5m identified in 2012

2012 Awards

Accounts Payable Team of the Year (AP News)

Public Sector Learning Award (Learning Pool)

Best Offline Recruitment Campaign (PSPM)

Customer Service Excellence Award (Cabinet Office)

What are we doing about partnerships?

- We are already working with a number of partners and providing their back office services (£1.1m pa income)
- We are developing our commercial abilities in order to obtain more income for Surrey CC by providing back office services for other organisations

What are our current challenges?

- Meeting the demand for "added value" services, over and above straight transactions in our current lean structure
- Further driving out manual and paper based processes to become more automated and cost efficient
- Dealing with legislative changes (eg pension auto-enrolment)

What are our biggest risks?

- That a drive against centralisation may cause a reduction in volume and therefore reduce any efficiencies of scale
- That key staff may leave the sector due to extended pay freezes

What has "Making a Difference" done for us?

- Successfully moved our operation from Conquest House to County Hall
- Helped us achieve better desk utilisation
- Moved us to a location were we are more accessible to the services that we work with

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SURREY
COUNTY COUNCIL

Council Overview & Scrutiny Committee

5 December 2012

Superfast Broadband

Purpose of the report: Policy Development and Review

To scrutinise implementation of the Superfast Broadband contract, including details of the proposed governance arrangements and organisation structure for the Joint Operations Centre, and delivery arrangements.

Introduction:

1. Surrey County Council signed a contract with BT on 12 September to extend their fibre-based superfast broadband network to nearly 100% of homes and businesses in the county. This £33 million contract will make Surrey the best connected county in the UK.

2. However, as Members of the Overview and Scrutiny Committee are already aware, the project has been waiting for European State Aid approval before implementation can begin.

3. The purpose of this paper is to provide an update following the briefing that was put forward to the Overview and Scrutiny Committee meeting in October.

State Aid

4. SCC has now received state aid approval for the Superfast Surrey project to bring superfast broadband to all Surrey communities.

5. The decision, announced by the Government agency Broadband Delivery UK (BDUK) today, paves the way for essential survey work to begin to make the project a reality. This work will enable deployment schedules to be finalised and the council will be able to announce in February 2013 when superfast broadband will be available to each area.

6. State aid regulations are put in place by the European Commission to prevent the commercial market from distortion by the public sector. The Superfast Surrey project sits within these regulations and must ensure that it is only spending public money to provide superfast fibre broadband to those areas that cannot access it through the commercial market.

7. BDUK, part of the Department for Culture Media and Sport, has agreed a system of national state aid notification with the European Commission and obtained delegated authority to approve UK local broadband projects. Negotiations between BDUK and the Commission had been delayed but approval for Surrey's project was given on 21 November 2012.

Next Steps

8. BT are now able to carry out detailed survey work in order to finalise the deployment schedule. The infrastructure will be rolled out by quarters and the deployment schedule will be divided into phases with each phase focussing on different areas of the county. For each phase there will be detailed planning, infrastructure build and related demand stimulation activities.

9. In early 2013 the project will be in a position to publish when and where superfast broadband will be available. The project team is planning a launch event for February/ March next year to mark the start of implementation, to release the deployment schedule and to increase awareness of the project, the technology and how deployment will work.

10. This is a complex engineering project that specifically targets hard-to-reach parts of the county. BT's experience doing similar work around the UK suggests that it is impossible to predict what the situation is like underground until they get there, for example whether the ducting for the cable is missing or has collapsed. As the detailed planning is carried out for each phase, we will be in a position to release more specific information including the exact date for 'accepting orders' and the technology to be deployed.

11. Under the contract, BT will deploy their standard Next Generation Access (NGA) network to 99.7% of premises in Surrey. The remaining 0.3% will fall into the 'infill deployment plan' and we will look at alternative superfast broadband solutions for these premises. Both BT and Surrey County Council have ring-fenced funding to support this workstream.

12. As the detailed planning work is completed for each phase, any premises in the area that are too difficult to reach via BT's standard deployment will be indentified. It is known that these are likely to be scattered across Surrey rather than comprise whole areas or divisions. The project team will look to work with these individuals and the local Member to develop the best option for them.

Recommendations:

1. The Committee is asked to comment on the Superfast Broadband Report and make any recommendations as appropriate.

Report contact: Ben Skipp, Superfast Broadband Project Manager

Contact details: 020 8541 9240, ben.skipp@surreycc.gov.uk

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Council Overview & Scrutiny Committee
5 December 2012

MANAGEMENT OF STAFF VACANCIES

1   The Council Overview & Scrutiny Committee considered a report on staffing budgets, numbers, vacancies and associated costs at its meeting in April 2012. As a result, it was recommended that further investigation be carried out into the way staff and vacancy numbers are calculated and managed with the objective of understanding the impact these practices have on budgeting, operational efficiency and hence the actual costs for the organisation.

2   A review was carried out by Zully Grant-Duff and Mark Brett-Warburton on behalf of the Committee. This report sets out their findings and recommendations for the Committee's consideration.

Conclusions:

3   It is recognised that a number of improvements have been made recently to the quality and timeliness of staff monitoring information, in that the Cabinet receives monthly reporting information that provides a picture across the organisation of staff costs and FTE numbers. There is also detailed directorate-level monitoring by Strategic Directors, heads of services, and HR. For some services there is specific monitoring with reference to the optimal organisational structure, and posts within it are reviewed as part of the annual budget process.

4   The Council has put in place a clear process which requires approval of vacancies at Strategic Director level, and this is complied with across all directorates, although these decisions have in some cases been delegated to Heads of Service on the basis that they have the requisite knowledge to manage their operational requirements.

5   Whilst the review identified much good practice in the way vacancies are managed within the County Council, it is felt there needs to be a more robust approach to the way vacancies are categorised and subsequently reflected in the budget.

6   Vacancies are currently reported as either 'live' (i.e. actively being recruited to) or as 'not occupied by contracted FTEs'. This latter gives no indication

about how long the post has been vacant or if there is any intention to recruit to it in the future. The monitoring report presented to Cabinet and the Council Overview & Scrutiny Committee explains that some of those vacancies which aren't being actively recruited to may be filled by bank or agency staff on a short-term basis, although there is no information about the proportion of the posts filled in this way or explanation of the reasons why. As stated in paragraph 17 of the main report, data on agency staff is only monitored from the point of view of budget spend, due to the difficulties in obtaining reliable information in terms of the FTE.

7   There may be several reasons why a decision is made not to start the process of recruiting to a vacancy, including services needing to make short-term budget savings and the desire to avoid recruitment and potential redundancy costs if a subsequent re-organisation of the service is planned or anticipated. This is a prudent approach for managers to take. However, it is important to make a distinction between real savings and what might be considered notional savings, resulting from vacant posts remaining in the organisational structure, but for which there is no need in terms of their being critical to service delivery. It could be argued that the eventual savings if these posts are subsequently deleted are only nominal, as no expenditure was expected against these posts.

Recommendations:

RECOMMENDATIONS:

(a)   That the Cabinet recognises the responsibility of each directorate to maintain at all times the optimal balance between staff and workload, justified by a business case determined by the parameters of its budget and strategic operational objectives.

(b)   That each directorate define a baseline period for a vacancy to be maintained before it is deleted or requires a revised business case to justify its continuation.

(c)   That each directorate identify not only vacancy numbers but the period a vacancy has existed.

(d)   That prior to setting the annual budget, Select Committees ensure a zero-based budget is used to determine the staffing requirements for the next 12-months and review the business case for posts that have remained vacant for longer than the baseline vacancy period for the respective directorate.

Report contact: Bryan Searle, Senior Manager Scrutiny and Appeals.

Contact details: 020 8541 9019, bryans@surreycc.gov.uk.

Sources/background papers: None.

MANAGEMENT OF STAFF VACANCIES

INTRODUCTION

1. The Council Overview & Scrutiny Committee considered a report on staffing budgets, numbers, vacancies and associated costs at its meeting in April 2012. As a result, it was recommended that further investigation be carried out into the way staff and vacancy numbers are calculated and managed with the objective of understanding the impact these practices have on budgeting, operational efficiency and hence the actual costs for the organisation.

2. A review was carried out by Zully Grant-Duff and Mark Brett-Warburton on behalf of the Committee. This report sets out their findings and recommendations for the Committee's consideration.

3. The scope of the review was:
    - understanding how vacancies are defined and monitored, and
    - understanding whether staffing and vacancy figures can be formulated as a benchmark for future scrutiny by Select Committees in considering the efficiency of each directorate.

4. Justification or analysis of the management decisions regarding staff and vacancy numbers was expressly outside the scope of this review as these must remain the responsibility of the management teams within each directorate.

5. Recognising that each directorate has unique staffing requirements and pressures, meetings were held with each Stategic Director and representatives from the Human Resources and Organisational Development Service.

DEFINITIONS

6. The County Council uses four categories to describe staff resources:
    - Contracted Staff;
    - Bank/Casual Staff;
    - Agency/Temp;
    - Contractor/Consultant.
   For budgeting purposes the staffing levels are expressed as Full-time Equivalents (FTE) to account for part-time as well as full-time roles. Definitions are set out in **Annexe 1**.

TASK WORK

7. Discussions were held with the five Strategic Directors and the Assistant Chief Executive in order to gain a better understanding of staffing and vacancy issues across the organisation and the specific issues within each Directorate. The findings from those discussions are summarised in **Annexe 2**. In addition, meetings were held with representatives from Human Resources and Organisational Management.

8. Details of the staff numbers and budgets for each of the Directorates are set out in **Annexe 3**.

STAFFING COSTS

9. Staffing costs across the organisation are monitored at Member level on a monthly basis at meetings of the Cabinet and the Council Overview & Scrutiny Committee. The planned establishment costs and Budgeted FTE in the 2012/13 Medium Term Financial Plan (MTFP) are shown in the table below, together with the FTE occupied by contracted staff.

2012/13 (planned)	Staffing cost (£000s)	Budgeted FTE	November 2012 Occupied FTE
Adult Social Care	67,412	2116	1886
Children, Schools & Families	100,561	2663	2506
Customers & Communities	57,043	1474	1467
Environment & Infrastructure	22,355	516	492
Change & Efficiency	35,817	767	774
Chief Executive's Office	8,897	164	174
Central	953 *	0	0
TOTAL	293,038	7700	7299

This to cover the cost of salary protection (where posts are made redundant and staff are appointed to a different post within the Council on a lower salary point, following the redeployment process). The budget is held centrally.

10. A breakdown of the staffing figures at directorate-level is set out in **Annexe 3**.

11. At any time the number of actual (contracted) FTE will be less than the Budgeted FTE (in the table above, 401 less). Some, but not all, of those 401 will be filled by agency and bank workers. Where the budgeted FTE unfilled by contracted staff or bank or agency exceeds the allowance made for normal turnover (the vacancy factor) a favourable variance against establishment budget will occur. There is no standard vacancy factor applied to the budget of each Directorate.

12. The control point for establishment cost is budget monitoring of the actual spend compared to the establishment budget. Whatever the source of labour (e.g. contracted or agency staff), the total is monitored against the total establishment budget (see the table in paragraph 15 below).

13. As bank and agency staff are a variable cost, they give flexibility to the organisation to manage work or seasonal peaks and assist management (when the size or shape of the organisation is changing) to complete work without incurring the liabilities of permanent staff. Generally, keeping workforce cost variable is considered to be good practice.

14. In the current circumstances, a range for the contracted staff of between 87.5% and 95% of the total is felt to be desirable. A level higher than 95% is too inflexible with too high a fixed cost, whereas at a level much lower than 87.5% the organisation may start to become too unstable.

15. Actual staffing costs as at the end of September 2012 were as follows:

	Budget £m	Actual £m	%	Variance £m
Contracted		134.7	92%	
Agency		7.1	5%	
Bank		4.7	3%	
Total Staffing Cost	152.0	146.5		-5.5

16. The County Council does not have FTE data for agency staff. Collection of this information has been tried in the past but the data was not reliable and its collection was a huge resource requirement. Many agency workers only work a few hours a week and often over a range of different cost centres - especially in the care services. Obtaining this data from Manpower, or any future agency provider, would be at a cost. The view of both HR and Finance

is that the benefit is not worth the cost, and agency costs should be managed within the overall cash budget.

17. Detailed Workforce Information Reports are produced monthly by HR and Organisational Development and include a set of high level indicators such as staffing levels and costs, which enable performance and trends to be tracked.

VACANCIES

18. There is an inherent ambiguity in the identification of vacancies and whether or not a vacancy is actively being recruited to, or has become superfluous. The core establishment of posts is made up of three components: i. contracted full-time staff; ii. contracted part-time staff; iii. a balance made up of agency, bank/casual and vacant roles. The status of the roles, agency, bank/casual and vacant, collectively making the balance, are designated as either a live post/recruiting or, not-recruiting. The ambiguity arises in defining when a vacant post is not recruiting and no longer required.

19. There is no general consensus between the directorates at what point a vacant post is judged as no longer necessary and deleted, and there isn't a systematic approach for evaluating vacancies and their inclusion in the organisational structure.

PHANTOM VACANCIES

20. During the Summer of 2012, the County Council carried out a 'phantom vacancy' exercise. The purpose of this exercise was to validate the organisational management structure to ensure that all staff are allocated to the correct teams and to identify posts which were still showing in the structure but for which there was no longer an intention to recruit to. Therefore the aim of the project was to ensure that the organisation chart accurately reflects the staffing structures which are actually in place across the County Council, rather than to review the justification for individual posts.

21. In the future, as a result of new integrity reporting processes designed to ensure that staff are recorded against the correct positions, and with potential investment in a new applicant tracking system that integrates with SAP, it is hoped it will not be necessary to repeat the project to the same extent. There are also plans to report to the Recruitment Team on the period of time a position is vacant to see what further assistance they can offer the service recruiting to the post, to help reduce agency costs where agency staff are being used to fill the post.

CONCLUSIONS

22. It is recognised that a number of improvements have been made recently to the quality and timeliness of staff monitoring information, in that the Cabinet receives monthly reporting information that provides a picture across the organisation of staff costs and FTE numbers. There is also detailed directorate-level monitoring by Strategic Directors, heads of services, and HR. For some services there is specific monitoring with reference to the optimal organisational structure, and posts within it are reviewed as part of the annual budget process.

23. The Council has put in place a clear process which requires approval of vacancies at Strategic Director level, and this is complied with across all directorates, although these decisions have in some cases been delegated to Heads of Service on the basis that they have the requisite knowledge to manage their operational requirements.

24. Whilst the review identified much good practice in the way vacancies are managed within the County Council, it is felt there needs to be a more robust approach to the way vacancies are categorised and subsequently reflected in the budget.

25. Vacancies are currently reported as either 'live' (i.e. actively being recruited to) or as 'not occupied by contracted FTEs'. This latter gives no indication about how long the post has been vacant or if there is any intention to recruit to it in the future. The monitoring report presented to Cabinet and the Council Overview & Scrutiny Committee explains that some of those vacancies which aren't being actively recruited to may be filled by bank or agency staff on a short-term basis, although there is no information about the proportion of the posts filled in this way or explanation of the reasons why. As stated in paragraph 16, data on agency staff is only monitored from the point of view of budget spend, due to the difficulties in obtaining reliable information in terms of the FTE.

26. There may be several reasons why a decision is made not to start the process of recruiting to a vacancy, including services needing to make short-term budget savings and the desire to avoid recruitment and potential redundancy costs if a subsequent re-organisation of the service is planned or anticipated. This is a prudent approach for managers to take. However, it is important to make a distinction between real savings and what might be considered notional savings, resulting from vacant posts remaining in the organisational structure, but for which there is no need in terms of their being critical to service delivery. It could be argued that the eventual savings if these posts

are subsequently deleted are only nominal, as no expenditure was expected against these posts.

RECOMMENDATIONS

(a) That the Cabinet recognises the responsibility of each directorate to maintain at all times the optimal balance between staff and workload, justified by a business case determined by the parameters of its budget and strategic operational objectives.

(b) That each directorate define a baseline period for a vacancy to be maintained before it is deleted or requires a revised business case to justify its continuation.

(c) That each directorate identify not only vacancy numbers but the period a vacancy has existed.

(d) That prior to setting the annual budget, Select Committees ensure a zero-based budget is used to determine the staffing requirements for the next 12-months and review the business case for posts that have remained vacant for longer than the baseline vacancy period for the respective directorate.

DEFINITIONS

The following definitions are used by the County Council to categorise staff and in the monitoring of staff resources:

Contracted Employee: These are employees on permanent or fixed- term contracts in positions on the organisational management structure. They have a contract of employment and there is a mutuality of obligation, which means the County Council is obliged to provide work and they are obliged to carry it out. For such employees the County Council incurs the costs of salaries and on-costs (e.g. NI and pension), the costs of recruitment and training and a liability in respect of potential redundancy. When appointed they are assigned a Full Time Equivalent (FTE) percentage, with full time equal to 100%.

Casual/Bank Employee: An on-going, flexible arrangement to employ someone on a permanent contract who will work on an 'on-call' or 'cover' basis. It is a 'zero-hours' contract - a bank employee is paid only for those hours worked, and there is no requirement to offer a set amount of work. Bank employees receive all Surrey Pay terms and conditions as normal (pro rata to the actual amount of work undertaken) and are paid on an hourly basis together with any relevant overtime and 'shift' allowances. The Council incurs the same costs (pro rata) as it does with a permanent employee, with the exception that a redundancy liability is not applicable and that some Bank staff may be less likely to have joined the pension scheme. Bank staff are not assigned an FTE. They represent a variable cost.

Agency Worker//Temp: Agency workers are supplied as temporary "in-house" workers by Manpower employment agency or an agency approved by the Procurement Review Group for which the County Council pays a fee. The individual has the legal rights of a worker (e.g. the right to a safe place of work etc.) but not the rights and entitlements of an employee. Since October 2011 under the agency worker regulations the worker has to have the same pay as an employee after 12 weeks service. They may be paid an hourly rate (plus overtime and allowances where relevant), or daily rates. Agency staff are not assigned an FTE. They represent a variable cost.

Contractor/Consultant: A contractor or consultant is a person, firm or company that is selling skills, knowledge and/or professional expertise to the Council. Consultancy, contractors and contractor services come in to

support the organisation, often to help deliver projects. Any contract for these services is based on the services being provided and not a contract of employment. Contracts are approved by the Procurement Review Group and payments made are on the basis of a fee not a salary.

Budgeted Full-Time Equivalent (FTE): The establishment budget is comprised of an assumed workforce required to carry out the services. It has an assumed grade mix and the grades in each Directorate have a 'standard' cost assumed for each grade. In addition, within these costs, an assumption is made that at normal turnover rates there will be some vacancies at some time and this is deducted from establishment budgets. This vacancy factor varies between services.

SUMMARIES OF DISCUSSIONS WITH STRATEGIC DIRECTORS

ADULT SOCIAL CARE

The budgeted establishment for Adult Social Care is 2,116 FTE for 2012/2013. The service has recently undergone a major re-structure to address issues such as shortages of experienced care staff, staff retention and variation of tasks and responsibilities within the same roles across the County. The process began in 2010, and included the benchmarking of caseload with other authorities.

All current cases are mapped by postcode, and then a formula based on the complexity of cases is applied to determine the staffing levels required. However there has been additional pressure as a result of a high caseload in learning disability services.

Overall the establishment has been reduced in order to achieve budget savings. There has only been growth in the establishment where the NHS has provided additional funding to meet the costs of those responsibilities which have transferred to the County Council.

Detailed monitoring information is used to monitor vacancies within teams. There has been an increasing dependence on agencies for the supply of social care staff, as more people with the appropriate skills and qualifications are opting to be employed by agencies rather than councils. However, agency staff are not employed by the Council at a higher rate than contracted staff unless it is absolutely essential.

Social workers are under particular pressure at the present time due to high case loads, and a rigorous process is being undertaken to identify those cases which can be closed. Each Borough/District team currently has two or three vacancies which is adding to the pressure, but these are actively being recruited to. In other parts of the service managers will hold vacancies in order to achieve savings, and each year there is a process of managing-down demand and looking for alternative options for service delivery.

Adult Social Care is a demand-led service, so there needs to be flexibility to respond. Vacancies may be held to reduce spending in order to be able to respond to later increases in demand. However, if demand increases significantly (for example in the event of a hard winter), the increased spending on staff will need to be balanced by savings elsewhere. Approval to recruit to posts is carried out at Assistant Director level.

CHANGE & EFFICIENCY

At the start of the 2012/2013 Financial Year, Change & Efficiency had an establishment of 822 FTE. However, within the 2012 to 2017 Medium Term Financial Plan (MTFP), the Directorate has a budgeted establishment FTE of 767, and is expected to achieve this staffing level by the end of March 2013. The budget received for the current year was set at a level which assumed a phased reduction in FTE to 767 by the end of March 2013.

The MTFP sets the budget for the workforce irrespective of the type of employment (e.g. permanent or agency), and managers make the most appropriate decisions based on the circumstances at the time.

Posts are removed from the establishment when there is a reduction in the workload for that role or the area of work ceases altogether. This can come about as a result of processes being streamlined or automated. If posts which are likely to be impacted on by a future process change become vacant, the vacancy is likely to be held by service managers pending a planned re-organisation or re-structuring.

Posts may be filled by agency or bank staff because of the temporary or seasonal nature of the work, in order to achieve flexibility, or because of difficulties in finding a permanent employee. Managers and heads of services are accountable for delivering the service within the budget allocated.

There are no criteria to determine how long a vacancy can remain unfilled, although vacancies will be reviewed as part of the business planning process and removed if it is agreed that there is no longer a need for the role. The key issue is what can be delivered within the budget available.

Interim appointments are made where specialist skills are required on a time-limited basis, for example in relation to the development of the new Data Centre, as this may be a more cost-effective or timely solution than seeking to make a permanent appointment. The Directorate is looking to develop an associate pool in future. This would ensure that there was the flexibility to bring additional people in to meet demand as and when necessary, but they would have the advantage of being able to develop knowledge of the County Council. The individuals who would form the associate pool are likely to be self-employed and would wish to retain that status, so appointment on a bank contract with the County Council would be unlikely to suit them.

Approval to recruit is delegated to heads of services. As a general point, bank staff who are fully employed for an extended period would become eligible to

transfer to a regular contract, although in practice their remuneration would be unaffected.

CHILDREN SCHOOLS & FAMILIES

The budgeted establishment for Children, Schools & Families is 2,663 FTE for 2012/2013, equating to a headcount of 4,249. These are non-schools staff – a further 23,000 people are employed by schools across the County, of which approximately 7,000 are employed directly by the County Council rather than by schools themselves.

There are currently several reorganisations underway across the Directorate. Many of these relate to Central Government changes, but they will also be a response to the County Council's changing priorities for children and/or families.

High-value specialist staff are brought in on an agency basis where variations in the demand for their work makes that a more cost-effective option than employing someone on a permanent contract all year round.

The preference of the Strategic Director is to work with headcount figures rather than FTE, as the actual number of people in post will have an impact on overheads. Also, the headcount figure provides a more accurate picture of staff turn-over within the Directorate.

The Public Value Review identified savings across the Directorate, but these targets have had to be re-focused due to changes to service priorities, and alternative savings will need to be found. There is significant pressure from increasing demand, with 20% more children in the County and high demand in the areas of special educational needs and child protection. Investment is being sought, particularly in child protection, to help meet this demand.

There are currently more child protection cases than can be dealt with by the available social workers, and therefore approximately 40 agency staff have been employed. This is not the preferred solution as agency workers are able to command higher rates of pay than permanent staff and will lead to an over-spend against the budget, but the need is driven by demand. Also, as social workers support a particular child for up to two years, this is not just a short-term issue. The agency staff will be encouraged to take up permanent contracts with the County Council, but it is often their preference to work as a locum because of the flexibility it allows. The impact of this is that permanent posts in the organisation structure can remain vacant for two years or more. In

areas needing flexible resourcing (for example contact supervisors and home tutors), bank staff are used in preference to agency staff as they are known to the service and children.

Recruitment difficulties are more acute in the North East Surrey Team, as its proximity to London means that it is competing against the incentives offered by London boroughs. East Sussex County Council has recently made significant investment in children's social care, and it is expected that this will have an impact on the retention of staff in Surrey.

Monitoring of vacancies is undertaken on a monthly basis with heads of services. Performance scorecards are used to provide summary information, and this is backed up with detailed narrative. There is not a fixed period before deleting a vacancy.

The Strategic Director is not required to approve all recruitment requests, as this would not be practicable in a Directorate of over 4,000 staff. Responsibility is delegated to level four managers who operationally manage services and are accountable for their budget and staffing. Workloads are managed on a dynamic basis through supervision, with resource pressures highlighted with senior managers and ultimately Members where necessary. The recent Ofsted inspection report and staff survey confirmed that workloads in the Directorate are manageable.

CUSTOMERS & COMMUNITIES

There are 2,133 posts in the Customers & Communities structure, equating to 1,475.5 fte, although there can be significant seasonal variations due to the nature of the services provided. Several services within the Directorate have undergone or are in the process of undergoing a Public Value Review, which means that the organisation structure is scrutinised in detail and often re-designed from scratch.

Services assess their need to fill posts on a regular basis, with decisions based on current and anticipated future budgets as well as the way services are delivered or are planned to be delivered. In services such as libraries where the demands on the service are constantly evolving, regular reviews are undertaken to ensure appropriate allocation of staff. All services within the Directorate review the need for posts as vacancies arise, as part of a routine business planning process.

92% of the Directorate's budget is spent on staff, and some posts (for example in heritage services) are funded externally. These posts are normally fixed-term. The business planning process determines the level of service which will be provided and therefore the budget available for staffing, and heads of services manage vacancies within the budgets available to them. The Strategic Director discusses the vacancy position in services at one-to-one meetings with heads of services.

Very few agency staff are employed across the Directorate. It is not felt to be a cost-effective approach to filling vacancies on a short-term basis, and agency staff tend not to have the specialist skills necessary for the roles required.

Bank staff are used extensively in services such as Libraries and Registration. Registrars, for example, are in high demand from April to October due to the seasonality of weddings, but there is relatively low demand for the remainder of the year. Registration is an important source of income, and the use of bank staff allows this to be optimised during the period of maximum demand whilst minimising staff costs during the quieter periods. In other services such as Adult & Community Learning, the use of bank staff provides a cost-effective approach to managing termly fluctuations in demand. Libraries are currently using higher than normal levels of bank staff to provide support until community libraries are established.

In certain services, a small number of vacancies have been held open for various reasons, including budget constraints, a review of the changing needs of the service and planned service reviews. The impact of vacancies on staff workload and welfare is addressed as part of monthly one-to-one discussions with staff and the appraisal process, as well as through discussions at team meetings and monitoring by the Leadership Team.

The requirement for the Strategic Director to approve recruitment requests was delegated to heads of services as a result of changes to the Strategic Director's role. A standard template is used by team managers for each recruitment request, which identifies the business case and budget implications. The need for the role is challenged, and requests have been declined or amended to fixed-term in the light of budget implications or other issues such as a pending re-structure.

CHIEF EXECUTIVE'S OFFICE

Organisation Structure

The staffing budget for the Chief Executive's Office is 164 FTE, and the headcount is 201. The present staffing structure was established as a result of a Public Value Review completed in 2011, and only posts within that structure can be recruited to. Equally, no posts are removed from the structure unless the head of service undertakes a further review and determines that there is no longer a need for that role, although the focus/emphasis of some roles can and has been varied.

Legal & Democratic Services is currently just over 4 FTE above its establishment, which is a result of increased demand for childcare lawyers. These posts have been filled by agency staff as a result of recruitment difficulties caused by high demand nationally. The Communications and Emergency Management Teams have also appointed to posts above their establishment on short-term contracts in order to manage the workload arising from the Olympics.

The majority of staff in the Chief Executive's Office are employed on permanent contracts, with the exceptions of agency appointments in Legal & Democratic Services (for childcare lawyers) and School Appeals Clerks, who are appointed on bank contracts due to the seasonal nature of their work.

The staffing budget, rather than staff numbers themselves, is used for monitoring purposes. The Assistant Chief Executive holds monthly meetings with the Directorate's finance manager to discuss the detailed figures. There have been discussions about whether there should be an increase in the Legal & Democratic Services budget in the light of the pressures on staff arising from the increased workload on child protection issues.

Within the requirements to meet targets and remain within the agreed budget, and subject to the controls and monitoring arrangements in place, heads of services have the flexibility to manage vacancies and take recruitment decisions.

All approval requests are signed off personally by the Assistant Chief Executive, with the exceptions of childcare lawyers due to the high current demand in that area, and additional administrative staff in the Emergency Management Team in the event of a major incident. In both cases the heads of service have the authority to approve appointments. For routine requests, Assistant Chief Executive will challenge the need for or the type of appointment if felt necessary.

ENVIRONMENT & INFRASTRUCTURE

Organisation Structure

Environment & Infrastructure's new staffing structure went live on 1 April 2012. There are 570 posts in the new structure, 18 of which were vacant as at the beginning of October 2012. Of these, 13 were being actively recruited to and 5 were being held pending a further efficiency reviews. Some further posts within the structure are planned for deletion in the future when funding expires or the particular programme of work is completed. The structure in place is considered to be optimal for the running of the service, and all posts will need to be justified as part of the annual budget process.

Although it is important to measure headcount, a more important measure is whether services are being delivered to the required standard within the budget available. Within that budget managers have the flexibility to determine how many and what level of posts will meet the business need most effectively.

A detailed quarterly report is used by the Strategic Director and his Management Team to monitor the status of vacancies, and decisions are made to delete, fill or hold the vacancies. Decisions are based on service delivery requirements and the budget position. The Director will monitor spending against budget and service performance, but Senior managers are responsible for the detailed management of vacancies.

Agency staff are used to fill some posts, and this may be the most appropriate solution where the post is for a fixed-term, seasonal or specialist role. In other cases, a review will be carried out if posts have been filled by agency staff for six months. Whilst the hourly rate for agency staff may be higher than for contracted staff, this would not be an issue for a short-term appointment as there would be savings on recruitment costs and overheads.

Staff are employed on bank contracts where the nature of the work is ad hoc and/or seasonal. For example, there are approximately 70 Bikeability instructors who carry out cycling proficiency work with schools. Four of these have now been appointed on permanent contracts as they were increasingly working more regular hours and taking on other related duties.

Vacancies may be held to manage pressures in the staffing budget or if there is a re-structure pending which may impact on those posts. If vacancies are held, consideration will be given to the impacts on service performance, staff workload and welfare as part of the quarterly monitoring discussion.

Authorisation is required from the Strategic Director before vacancies can be advertised. Requests must set out the business need and funding arrangements.

BREAKDOWN OF ESTABLISHMENT BY DIRECTORATE
(November 2012)

(a) Adult Social Care

	FTE	Headcount
Budgeted Establishment (2012/13 planned - MTFP)	2116	
Occupied:		
Full-time	1292	1292
Part-time	594	1187
Total	1886	2479
"Live" vacancies (i.e.: actively recruited)	37	
Vacancies not occupied by contracted FTEs and not currently 'Live'	193	

YTD Workforce Costs	**Actual**	**Budget**
Contracted	£34,890,140	
Agency	£2,275,091	
Bank	£911,688	
Total	£38,076,919	£40,651,880

(b) Change & Efficiency

	FTE	Headcount
Budgeted Establishment (2012/13 planned - MTFP)	767	
Occupied:		
Full-time	695	695
Part-time	79	146
Total	774	841
"Live" vacancies (i.e.: actively recruited)	11	
Vacancies not occupied by contracted FTEs and not currently 'Live'	0	

YTD Workforce Costs	**Actual**	**Budget**
Contracted	£21,040,800	
Agency	£2,037,220	
Bank	£31,825	
Total	£23,109,846	£23,260,156

(c) Chief Executive's Office

	FTE	Headcount
Budgeted Establishment (2012/13 planned - MTFP)	164	
Occupied:		
Full-time	158	158
Part-time	16	40
Total	174	198
"Live" vacancies (i.e.: actively recruited)	2	
Vacancies not occupied by contracted FTEs and not currently 'Live'	0	

YTD Workforce Costs	Actual	Budget
Contracted	£5,047,739	
Agency	£259,237	
Bank	£13,028	
Total	£5,320,004	£5,370,880

(d) Children & Families

	FTE	Headcount
Budgeted Establishment (2012/13 planned - MTFP)	2663	
Occupied:		
Full-time	1417	1417
Part-time	1099	2850
Total	2506	4267
"Live" vacancies (i.e.: actively recruited)	89	
Vacancies not occupied by contracted FTEs and not currently 'Live'	68	

YTD Workforce Costs	**Actual**	**Budget**
Contracted	£54,379,248	
Agency	£2,972,926	
Bank	£2,100,322	
Total	£59,452,495	£61,058,292

(e) Customers & Communities

	FTE	Headcount
Budgeted Establishment (2012/13 planned - MTFP)	1474	
Occupied:		
Full-time	1108	1108
Part-time	359	929
Total	1467	2037
"Live" vacancies (i.e.: actively recruited)	45	
Vacancies not occupied by contracted FTEs and not currently 'Live'	0	

YTD Workforce Costs	**Actual**	**Budget**
Contracted	£30,226,700	
Agency	£265,940	
Bank	£2,390,961	
Total	£32,883,600	£33,507,876

(f) Environment & Infrastructure

	FTE	Headcount
Budgeted Establishment (2012/13 planned - MTFP)	516	
Occupied:		
Full-time	459	459
Part-time	33	116
Total	492	575
"Live" vacancies (i.e.: actively recruited)	20	
Vacancies not occupied by contracted FTEs and not currently 'Live'	4	

YTD Workforce Costs	**Actual**	**Budget**
Contracted	£11,707,347	
Agency	£538,705	
Bank	£199,076	
Total	£12,445,128	£13,383,500