

## Notice of Meeting

# Council Overview & Scrutiny Committee



**Date & time**  
**Wednesday, 2**  
**April 2014**  
**at 10.30 am**

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

**Contact**  
Bryan Searle, Jisa Prasannan  
or Andrew Spragg  
Room 122, County Hall  
Tel 020 8541 9019 or 020  
8213 2673

**Chief Executive**  
David McNulty

bryans@surreycc.gov.uk or  
jisa.prasannan@surreycc.gov.uk  
or  
andrew.spragg@surreycc.gov.uk

**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 jisa.prasannan@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, Jisa Prasannan or Andrew Spragg on 020 8541 9019 or 020 8213 2673.**

### Members

Mr Nick Skellett CBE (Chairman), Mr Eber A Kington (Vice-Chairman), Mr Mark Brett-Warburton, Mr Bill Chapman, Mr Stephen Cooksey, Mr Bob Gardner, Dr Zully Grant-Duff, Mr David Harmer, Mr David Ivison, Mr Adrian Page, Mrs Denise Saliagopoulos, Mr Chris Townsend, Mrs Hazel Watson, Mr Keith Witham and Mrs Victoria Young

### Ex Officio Members:

Mr David Munro (Chairman of the County Council) and Mrs Sally Ann B Marks (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: 5 MARCH 2014

(Pages 1  
- 6)

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 (27 March 2014).
2. The deadline for public questions is seven days before the meeting (26 March 2014).
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

(Pages 7  
- 10)

The Committee made a number of recommendations to Cabinet concerning the Medium Term Financial Plan 2014-19 at its last meeting. These were considered at the Cabinet meeting on 25 March 2014 and a response is attached.

### 6 REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY

(Pages  
11 - 46)

**Purpose of the report:** Policy Development and Review

This report contains the findings and final recommendations of the Welfare Reform Task Group, which was commissioned by the Council Overview

and Scrutiny Committee (COSC) to investigate the impacts of welfare reform and key issues for Surrey County Council and its partners.

COSC is asked to endorse the recommendations of the Task Group, which seek to monitor and mitigate the impact of the reforms on Surrey residents, the County Council, and its partners.

**7 BUDGET MONITORING REPORT**

(Pages  
47 - 82)

**Purpose of the report:**

This report presents the revenue and capital budget monitoring up-date for January 2014 with projected year-end outturn.

**8 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME**

(Pages  
83 - 96)

The Committee is asked to monitor progress on the implementation of recommendations from previous meetings, and to review its Forward Work Programme.

**9 DATE OF NEXT MEETING**

The next meeting of the Committee will be held at 10.30am on 30 April 2014.

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

Published: Tuesday, 25 March 2014

**MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

Those attending for the purpose of reporting on the meeting may use social media or mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. To support this, County Hall has wifi available for visitors – please ask at reception for details.

Anyone is permitted to film, record or take photographs at council meetings with the Chairman's consent. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that the Chairman can grant permission and those attending the meeting can be made aware of any filming taking place.

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

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

*Thank you for your co-operation*

This page is intentionally left blank

**MINUTES** of the meeting of the **COUNCIL OVERVIEW & SCRUTINY COMMITTEE** held at 10.30 am on 5 March 2014 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Wednesday, 2 April 2014.

**Members:**

- \* Mr Nick Skellett CBE (Chairman)
- \* Mr Eber A Kington (Vice-Chairman)
- Mr Mark Brett-Warburton
- \* Mr Bill Chapman
- \* Mr Stephen Cooksey
- \* Mr Bob Gardner
- \* Dr Zully Grant-Duff
- \* Mr David Harmer
- \* Mr David Ivison
- Mr Adrian Page
- \* Mrs Denise Saliagopoulos
- \* Mr Chris Townsend
- \* Mrs Hazel Watson
- \* Mr Keith Witham
- \* Mrs Victoria Young

**Ex-officio Members:**

Mr David Munro, Chairman of the County Council  
Mrs Sally Ann B Marks, Vice Chairman of the County Council

**Substitute Members:**

Mrs Margaret Hicks

**Present:**

Peter Martin, Deputy Leader of the Council

\* = present

**12/14 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

Apologies were received from Mark Brett-Warburton. Margaret Hicks acted as a substitute.

**13/14 MINUTES OF THE PREVIOUS MEETING: 30 JANUARY 2014 [Item 2]**

These were agreed as an accurate record of the meeting.

**14/14 DECLARATIONS OF INTEREST [Item 3]**

There were no declarations of interest.

**15/14 QUESTIONS AND PETITIONS [Item 4]**

There were no questions or petitions.

**16/14 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]**

**Declarations of interest:** None.

**Witnesses:** None.

**Key points raised during the discussion:**

1. The Committee noted the response from the Leader, following recommendations made at the Cabinet meeting on 4 February 2014. Members of the Committee commented that the response did not address specific concerns around savings identified as part of the Family, Friends and Community Support project. It was proposed that Cabinet Members be invited to meet with the Performance & Finance Sub-Group to further discuss matters.

**Recommendations:**

- That the appropriate Cabinet Members be invited to the meeting of the Performance & Finance Sub Group on 31 March 2014, to further discuss the issues highlighted in the Committee's recommendations from the last meeting.

**Actions/further information to be provided:**

None.

**Committee Next Steps:**

None.

**17/14 BUDGET MONITORING REPORT & QUARTERLY BUSINESS REPORT [Item 6]**

**Declarations of interest:** None.

**Witnesses:**

Kevin Kilburn, Deputy Chief Finance Officer

Peter Martin, Deputy Leader of the Council

**Key points raised during the discussion:**

1. The Vice-Chairman of the Committee gave a summary of the discussions of the Performance & Finance Sub-Group. A report of these discussions was tabled at the meeting, and is attached to these minutes. The Committee discussed the role of Family, Friends and Community Support, and it was recognised that a number of measures

were being explored as to how this work would meet its challenging saving targets for 2014/15.

2. The Committee explored concerns around the financial pressures faced by the Council as a result of the winter flooding. Discussions were ongoing, but one Member estimated there could be a pressure of £15 million in the capital budget for Highways & Infrastructure. The Bellwin scheme thresholds for emergency assistance related specifically to meeting revenue costs of response in respect of threats to life, health and property, and officers commented that these would be used to meet the cost of additional service demand across directorates as a result of the flooding.
3. The Committee was informed that meeting the financial pressures created by the flood-recovery would consist of three possible options: an increase in support from central government, the re-prioritisation of the Medium Term Financial Plan or an increase in borrowing. It was recognised by the Committee that any increase in borrowing would have an impact on revenue costs. The Committee discussed the potential implication of a re-prioritisation of capital expenditure, and a number of concerns were expressed about the potential implications this might have on the delivery of Project Horizon. The Committee also commented that central government assurances had raised public expectation about how local government would meet the additional demand linked to the flooding.

**Recommendations:**

- a) That, as a matter of urgency, the Cabinet considers how the Council will fund the cost of repairs required as a result of the recent flooding in the County, including the option to approve additional capital borrowing in 2014/2015, with the interest payments arising from the loan in 2014/2015 and future years to be met from within the Highway & Infrastructure Directorate's revenue budget.

Action by: Cabinet

- b) That the Cabinet accelerate the Family, Friends and Community Support programme from April 2014 to increase capacity using an Invest to Save bid to review open cases.

Action by: Cabinet

- c) That the effectiveness of voluntary sector grants be reviewed to ensure, where appropriate, these align with and support the objectives of the Family, Friends and Community Support programme.

Action by: Cabinet

- d) That initiatives which have the potential to increase value for money be discussed with providers.

Action by: Cabinet

- e) That efforts to recruit and retain qualified staff to unfilled social worker posts be redoubled.

Action by: Cabinet

- f) That the Committee receive a further report outlining the options explored in relation to meeting the financial pressures created by flood-recovery. This report will be brought to the meeting on 2 April 2014.

Action by: Deputy Chief Finance Officer

**Actions/further information to be provided:**

None.

**Committee Next Steps:**

None.

**18/14 NEW MODELS OF DELIVERY PROGRAMME/ LOCAL AUTHORITY TRADING COMPANY UPDATE [Item 7]**

**Declarations of interest:** None.

**Witnesses:** None.

**Key points raised during the discussion:**

1. The Committee was given an update regarding the New Models of Delivery Programme and the work it had undertaken across the organisation. The Committee was informed that the Council's statutory and non-statutory obligations were explored as part of the process, and whether services could improve or increase the offer they made to residents and other stakeholders.
2. The Committee was informed that the Local Authority Trading Company (LATC) had identified a wide and varied market for its services. It was noted that Surrey had a large group of residents who self-fund their care, and that the LATC was not restricted by the Council's eligibility criteria when offering its services. It was also highlighted that the LATC would have greater freedoms about how it developed its in-house capabilities.
3. The Committee was informed that the business case for developing the LATC had been prudent in its estimates, but that the business plan for the company was ambitious about developing new markets. It was recognised by officers that there were risks associated with the development of a LATC, and the Committee was given a number of examples where the LATC model had proved successful.
4. The Committee raised a question about the Council's impartiality when signposting services to residents. Officers commented that the LATC



was commissioned under the same terms as any other external provider. It was highlighted that transparency would be ensured as the LATC would be subject to the same Freedom of Information legislation that applied to the Council. Officers also made a commitment to publish the outcomes of assessments undertaken by the Personalisation Team to ensure transparency. It was also commented that the Managing Director of the LATC would not be an employee of the Council, but directly accountable to the Council's Shareholder Board. Babcock 4s was cited as an example of how the future relationship of the LATC and the Council would operate.

**Recommendations:**

- That a further report on the progress of the New Models of Delivery Programme is brought to the Committee at its meeting in September 2014.

**Actions/further information to be provided:**

Case studies of LATCs in other local authorities to be circulated to the Committee.

**Committee Next Steps:**

None.

**19/14 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME [Item 8]**

**Declarations of interest:** None.

**Witnesses:** None.

**Key points raised during the discussion:**

1. The Committee noted its Forward Work Programme and Recommendations Tracker. There were no further comments.

**Recommendations:**

None.

**Actions/further information to be provided:**

None.

**Committee Next Steps:**

None.

**20/14 DATE OF NEXT MEETING [Item 9]**

It was noted that the date of the next meeting was 2 April 2014 at 10.30am.

Meeting ended at: 11.39 am

---

**Chairman**

**COUNCIL OVERVIEW & SCRUTINY COMMITTEE****Item under consideration: BUDGET MONITORING REPORT FOR JANUARY 2014****Date Considered: 5 March 2014**

- 1 At its meeting on 5 March 2014 the Council Overview & Scrutiny Committee considered the latest Council-wide budget monitoring report, as well as a summary report highlighting the key issues arising from the budget workshops held by each of the Select Committees to consider their budgets for 2014/2015.
- 2 The Committee discussed the financial impacts on the County Council of the recent flooding, and it was noted that the Government had recently favourably revised the terms of the Bellwin scheme so that 100% of emergency spending incurred by the Council above a threshold of £1.5M could now be reclaimed. However, much of the current estimated £20M cost to the Council from flood damage related to capital expenditure, and this was not eligible for reimbursement under the Bellwin scheme. As the capital required for repairs could not reasonably be met from within the existing Environment & Infrastructure capital budget, it was felt that the only viable option would be to increase borrowing. It was also noted that this additional borrowing would need to be approved as a matter of urgency so that the schemes could be programmed for completion in the 2014/2015 financial year. The Committee agreed the following **recommendation**:
  - (a) That, as a matter of urgency, the Cabinet considers how the Council will fund the cost of repairs required as a result of the recent flooding in the County, including the option to approve additional capital borrowing in 2014/2015, with the interest payments arising from the loan in 2014/2015 and future years to be met from within the Directorate's revenue budget.

**Select Committee Feedback from Budget Workshops**

In addition to the pressures facing the Environment & Infrastructure budget as a result of the flooding, the Committee was particularly concerned about the issues facing Adult Social Care. These concerns related both to the overall budget and the shortage of trained social worker posts.

The Adult Social Care Select Committee had observed that the Friends, Family and Community Support savings expected in 2013/14 were not achieved and that the £15.5m savings expected in 2014/15 were similarly unobtainable and should be reviewed. In the light of this, and the difficulty of raising the cash limit available to the Directorate without imposing balancing reductions on the budgets of other directorates, the Committee agreed the following **recommendation**:

- (b) That the Cabinet accelerate the Family, Friends and Community Support programme from April 2014 to increase capacity using an Invest to Save bid to review open cases.

The Committee also agreed the following **recommendations**:

- (c) That the effectiveness of voluntary sector grants be reviewed to ensure, where appropriate, these align with and support the objectives of the Family, Friends and Community Support programme.
- (d) That initiatives which have the potential to increase value for money be discussed with providers.
- (e) That efforts to recruit and retain qualified staff to unfilled social worker posts be redoubled.

**NICK SKELLETT**  
**Chairman of the Council Overview & Scrutiny Committee**  
**5 March 2013**

## CABINET RESPONSE TO COUNCIL OVERVIEW AND SCRUTINY COMMITTEE

### BUDGET MONITORING REPORT FOR JANUARY 2014 (considered by COSC on 5 March 2014)

5

#### SCRUTINY COMMITTEE RECOMMENDATIONS:

- (a) That, as a matter of urgency, the Cabinet considers how the Council will fund the cost of repairs required as a result of the recent flooding in the County, including the option to approve additional capital borrowing in 2014/2015, with the interest payments arising from the loan in 2014/2015 and future years to be met from within the Directorate's revenue budget.
- (b) That the Cabinet accelerate the Family, Friends and Community Support programme from April 2014 to increase capacity using an Invest to Save bid to review open cases.
- (c) That the effectiveness of voluntary sector grants be reviewed to ensure, where appropriate, these align with and support the objectives of the Family, Friends and Community Support programme.
- (d) That initiatives which have the potential to increase value for money be discussed with providers.
- (e) That efforts to recruit and retain qualified staff to unfilled social worker posts be redoubled.

#### RESPONSE

- (a) The report on MTFP 2014-19 includes at recommendation 8 that Cabinet:  
*"receives a report in July 2014 on the impact of the severe weather on services work programmes and the council's revenue and capital budgets"*  
The budget monitoring report for February 2014 also provides an update on the Council's responses to the recent flooding.
- (b) As reported in paragraph 18 of the budget monitoring report, Cabinet notes that the Chief Executive and Chief Finance Officer have begun careful consideration and challenge of the Adult Social Care budget. The initial proposed updates are included in the cabinet paper on the Medium Term Financial Plan.  
  
Cabinet would welcome bids from the service, supported by robust business cases, for invest to save money.

Finally, Cabinet supports COSC's recommended actions, proposed in (c), (d) and (e) for the Adult Social Care directorate to take forward.

**David Hodge**  
**Leader of the Council**  
**25 March 2014**

This page is intentionally left blank



Council Overview and Scrutiny Committee  
2 April 2014

**Report of the Welfare Reform Task Group:  
The impacts of Welfare Reform in Surrey**

**Purpose of the report:** Policy Development and Review

This report contains the findings and final recommendations of the Welfare Reform Task Group, which was commissioned by the Council Overview and Scrutiny Committee (COSC) to investigate the impacts of welfare reform and key issues for Surrey County Council and its partners.

COSC is asked to endorse the recommendations of the Task Group, which seek to monitor and mitigate the impact of the reforms on Surrey residents, the County Council, and its partners.

**Introduction:**

1. The Welfare Reform Task Group was established in September 2013 to investigate and gather evidence from a range of stakeholders on the local impacts of welfare reform and key issues for Surrey County Council and its partners. The Task Group was chaired by David Harmer and its Members are Fiona White, Stephen Cooksey and Bob Gardener.
2. The Task Group circulated its scoping document to COSC on 10 October 2013. The objectives of the Task Group as detailed in the scope were to:
  - (i) Understand from partners:
    - a. what the impacts of welfare reform in Surrey have been so far;
    - b. what future impacts do they expect; and
    - c. what more would they like Surrey County Council to do, to help mitigate the impacts.
  - (ii) Understand from Surrey County Council services:
    - a. what the impacts of welfare reform in Surrey have been so far;
    - b. what future impacts do they expect;
    - c. what more would they like partners to do, to help mitigate the impacts; and
    - d. their response to partner suggestions for mitigation.
3. The Task Group began its work by receiving evidence from key partners, followed by relevant County Council services. A list of the witnesses the Task Group has met with is attached at **Annex 1**.
4. The Task Group has also requested and reviewed documentary evidence from witnesses, and considered relevant reports including: data overview of the impacts of welfare reform in Surrey compiled by Surrey's Policy and

Performance team, and the Universal Credit Local Support Services Update and Trialling Plan.

5. A verbal update on the Task Group's findings was informally presented to COSC by the Chairman of the Task Group on 4 December 2013.
6. An interim report was presented to COSC on 30 January 2014, to update and inform COSC of the work of the Task Group, highlight key issues emerging from witness sessions with Council services and partners, and identify areas requiring further investigation to inform final recommendations. The following interim recommendation was accepted by COSC at this meeting and submitted to the Cabinet: *Any Local Assistance Scheme funding left unallocated at the end of 2013/14 is rolled over into 2014/15 and continues to be committed to supporting severely affected residents to manage the impact of welfare reform changes. The Task Group will present proposals for allocating this funding in their final report in April 2014, but would recommend that a proportion of it is targeted towards early intervention support, particularly aimed at improving money management skills and general financial awareness.* COSC has been informed by the Leader of the Council that any decisions regarding the rolling over of unallocated funds will be made by the Cabinet at the end of this financial year.
7. The Task Group then proceeded to gather further evidence by re-visiting some witnesses and meeting with a number of new ones, including claimants affected by the reforms, to clarify their understanding of some of the key issues identified in the interim report.
8. By way of background, a reminder of the key changes under welfare reform is attached at **Annex 2**.

#### **Groups of residents being or likely to be significantly affected by the reforms**

9. The Policy and Performance report to COSC in September 2013 highlighted that the following three groups were likely to be significantly affected by the reforms. The testimony from witnesses continues to supports this.
  - 9.1 Some **low-income working families** have lost a significant proportion of their income from reductions in working and child tax credits, the removal of the Spare Room Subsidy and reductions in Council Tax Support among other changes. These families tend not to have regular/any contact with support services and are therefore a challenge to reach and support.
  - 9.2 Some **large families not in employment** will see similar reductions as above but are also at risk of losing a large proportion of their income under the benefits cap, and will face challenges to employment due to the high cost of childcare.
  - 9.3 Some **disabled people and those with mental health issues** are a vulnerable group who are having to understand and respond to a major shake-up of their support system. This includes the introduction of a work capability assessment as part of the Employment Support and Allowance (ESA) which results in the loss of all or some benefits if the ESA decision is reconsidered or appealed.
10. The Task Group have also heard from witnesses that **young single unemployed** people are being or likely to be significantly affected by changes to housing benefit, new stricter conditions of the Job Seekers Allowance (JSA), and finding a job with lack of work experience. **People in their 50s** may be



affected by the pension credit age for women being increased and 'bedroom tax' if children have moved out of home. They are also struggling to re-enter employment if they have been out of work for a significant period of time.

11. **Care leavers** and **carers** have been highlighted by Council services and partners as two groups adversely impacted by the reforms. The Task Group have been informed of the widespread lack of one-bedroom flats in Surrey for care leavers and concerns from partners about their ability to manage money as required under Universal Credit. The Task Group has also seen evidence of carers taking on significant responsibility for supporting those they care for to cope with the reforms. Unfortunately, the Task Group has not had the time to explore these issues in detail but feels it is important to carefully monitor the impacts on these two groups. The Task Group would therefore like further exploration of the impacts on care leavers and carers to form part of an update report to COSC in September 2014 (see recommendation 1 below).

<b>Impact of the welfare reforms on Council services and partners, and action being taken to address the impact</b>
---

### **Surrey County Council services**

12. The Surrey County Council directorates and services of **Children Schools and Families (CSF), Adult Social Care (ASC) , Libraries and Public Health** are the council services most likely to be directly helping residents to deal with the effects of the reforms and be affected themselves. There is no current evidence of material and direct service or budgetary impact from the welfare reforms. However, any such impacts are expected to become more apparent over the next 12 months, as the initial major reforms have embedded. It is important to bear in mind that even then, the most significant change, Universal Credit, will not be implemented in Surrey until at least 2016.
13. Given the uncertainty about the form and extent of the impacts, the **collection of data** around all the key reforms remains vital to the County Council's efforts to help mitigate the impacts. The Task Group were pleased to note that an improvement in the Contact Centre's recording methods now enables officers to log calls as 'financial difficulty' for CSF. The Adults contact centre team can already log calls as 'Benefit Check/Advice'. From April 2014, there will also be a process in place enabling the Common Assessment Framework (CAF) and Early Help teams in the CSF Directorate to record where people's living circumstances change as a result of welfare reform. The Task Group feels that such monitoring practices are to be encouraged.
14. The **Surrey Welfare Reform Co-ordination Group (WRCG)** has been working to ensure a co-ordinated response to the reforms across the County. The group comprises officers from across the County, District and Borough councils, as well as representatives from Surrey Citizens Advice Bureaux, the Department of Work and Pensions and the voluntary sector amongst others. The WRCG has been collecting data on the impact of the changes on residents which is crucial to understanding the cumulative impacts of the reforms. This data is used throughout this report. The Task Group is pleased to note the proactive nature of the WRCG and the increase in information sharing as a result of bringing partners together. The Task Group considers it is important for the WRCG to continue its work with a particular focus on information and good practice sharing between partners in the group, identifying gaps in service provision, and preparing for the introduction of Universal Credit (UC).

*Recommendation 1: ASC, CSF, Libraries, Public Health and Finance teams to continue to monitor impacts of the welfare reforms on service users and services, and provide a joint update through the Welfare Reform Co-ordination Group to the Council Overview and Scrutiny Committee meeting in September 2014. ASC to include a summary of the impact of the welfare reforms on carers and CSF to include a summary of the impact of the welfare reforms on care leavers in their updates.*

*Recommendation 2: The Welfare Reform Co-ordination Group be encouraged to continue to collate data on the impact of the reforms on residents and the cumulative impact of the reforms, and to share information and good practice within the group, and to report on progress to the Council Overview and Scrutiny Committee as part of the update report in September 2014.*

15. County Council officers have been receiving **training on the reforms**. However, witnesses have highlighted the need for more comprehensive and joint training across County Council services and for external partners mentioned in this report, to improve joint working and ensure that information cascades down effectively within all these organisations. The Task Group feels that there is a need for a systematic analysis of training needs on welfare reform and how information is being disseminated within each service.

*Recommendation 3: Surrey County Council's Organisational Development Team to analyse training needs on welfare reform in the Council and explore how such training can be disseminated throughout affected council services and ensure consistency with training being delivered by partner organisations.*

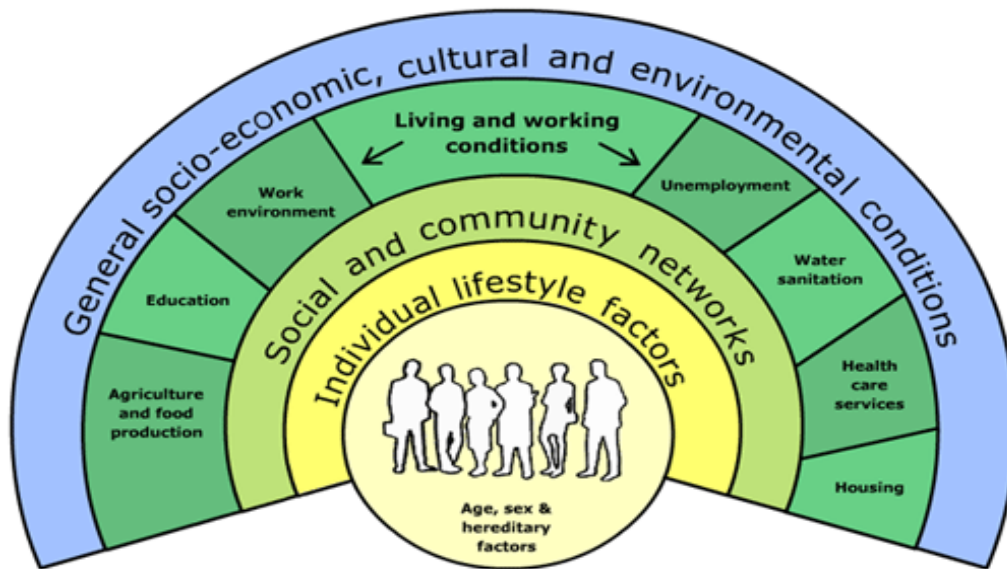
16. Witnesses have suggested that many families adversely affected by the welfare reforms need holistic support such as that provided by the successful **Surrey Family Support Programme (FSP)**, Surrey's approach to the Government's troubled families programme. The FSP sees all relevant agencies working as a 'Team Around the Family,' to make a change in the quality and volume of multi-agency working with vulnerable families and children, introducing a single family assessment and plan and a sustainable model of partnership working. However, the Task Group believes that the criteria for receiving help from the FSP is too restrictive for many of the families affected by the welfare reforms. The FSP is being extended through the Public Services Transformation Network and a number of witnesses have suggested exploring the potential of expanding the FSP criteria.

*Recommendation 4: Surrey's Welfare Reform Co-ordination Group to work with the Head of Family Services to explore the potential for the Supporting Families Programme (which is being extended through the Public Services Transformation Network) to provide early help/intervention to some of those families who are most severely impacted by the welfare reforms.*

17. **Surrey's Library service** has reported an increase in people coming to them for help with benefit queries. As library staff cannot provide benefits advice, their role has been one of sign-posting and offering information. It is therefore important that libraries staff have the relevant information and know where to refer residents to receive specialist advice and support. Library officers have suggested that a 'referral map' would be a useful tool for signposting. The WRCG have started mapping local services, as have DWP. WRCG should work with DWP and District and Borough Councils to produce these maps to ensure they are comprehensive and that there is consistent and accurate signposting by organisations across the County.

- 18. Libraries are developing a closer working relationship with partners like JCP and CAB, by making space and facilities available within some libraries for them to assist residents with benefit claims. For example, Sunbury library currently co-locates with a CAB office and there is a trial project underway with Weybridge JCP around Welfare to Work. Current demand on IT resources in libraries is high and is likely to increase as a result of the government’s push towards digital by default. This should be taken into consideration when planning for the local roll-out of Universal Credit support services, considered at paragraphs 44 – 50 of this report.
- 19. The Task Group have received evidence from the County Council’s **Public Health** team on the main determinants of health. General socio-economic conditions such as housing and unemployment are key determinants.

The Main Determinants of Health



- 20. Despite this correlation between health and socio-economic factors, it is difficult to trace any direct impact of the welfare reforms on the health of residents in Surrey, as a wide range of other factors impact on health. However, the Public Health team are in a good position to contribute to the Council’s efforts to mitigate the impact of Welfare Reform in Surrey. The team already have a close working relationship with Surrey’s Clinical Commissioning Groups (CCGs) and District and Borough Councils which can be used to share information on emerging impacts and methods of mitigation. Public Health can also influence Surrey GPs (via the CCGs), who may see people in crisis before anyone else, to refer these residents to appropriate advice and support services. This could include signposting to CAB for debt management advice, Healthy Start for those requiring ‘healthy eating on a budget’ advice, and getWiSE for benefit queries (see Recommendation 9 below).
- 21. The Public Health team are currently updating their Joint Strategic Needs Assessment (JSNA) data on homelessness and inequalities, together with CCGs and Districts and Boroughs, which may be of interest to the Welfare Reform Co-ordination Group. This work is due to be completed by April 2014, following which action plans for implementation can be developed. Public Health is encouraged to continue sharing relevant information with the WRCG.

22. Council Tax Benefit has been replaced by the localised **Council Tax Support Schemes**. The schemes adopted vary considerably, so residents in some areas are having to pay a significant portion of their council tax for the first time. In evidence submitted to the Task Group in November 2013, the finance team highlighted the following financial implications:
- 22.1 There has been a net reduction in Surrey County Council's tax base of £2m, due to the cessation of the Central Government council tax subsidy. It is only partially compensated by the new government grant for council tax support and an increase in council tax yield from changes to discounts and exemptions. The future level of central government grant funding is uncertain.
- 22.2 The cost of local support schemes will be subject to council tax rises and changes in the number of claimants. A reduction in council tax collection rates would have an adverse impact on the County Council's budget. Witnesses have highlighted that Council Tax recovery rates are remaining higher than expected at present. However, little is known about the impact of the different schemes on newly affected groups, or at what other cost the recovery rates are remaining high.
- 22.3 For the financial year 2013/14, the County Council provided £500,000 to Districts and Boroughs to help minimise the amount of Council Tax they collect from their most financially vulnerable residents. The money also part-funded the establishment of new hardship schemes in every District and Borough to provide additional discretionary support to people struggling to pay their Council Tax. However, so far very little of this 'hardship' money has been distributed. It is unclear whether this is due to harsh eligibility criteria, lack of awareness or other factors. The intention of this funding was to allow District and Boroughs to adopt minimal change schemes in the first year and learn lessons on collection rates with a view to informing future years' schemes. This funding offer is not being repeated for 2014/15.
- 22.4 The Task Group have been informed that the finance team has been requesting data on the localised council tax support scheme from Districts and Boroughs in order to monitor for signs of adverse impacts on overall collection rates and the extent to which collection rates among the 'newly liable' give cause for concern. Response rates have been disappointing. For those councils who have reported, there has been a small net overall deficit of £0.4m and an average reduction in collection rate forecast to year end of - 0.4%. However, this data is only indicative given the absence of complete figures.
23. As part of reforming the welfare system, Central Government moved responsibility for administering the discretionary Social Fund (including crisis loans and community care grants) from DWP to top-tier unitary Councils from April 2013. Surrey County Council's policy for administering this new local provision is known as the **Local Assistance Scheme (LAS)**. The money is intended to provide support in cases of emergency by awarding small scale 'crisis' grants directly to individuals. The Task Group expressed concern in their interim report over evidence from a number of witnesses about the under spend of this fund, lack of publicity, and difficulties faced by residents in some areas of Surrey in accessing the scheme.
24. The Task Group has since met with the Council's Shared Services team, who administer LAS, to discuss these issues. From this conversation, the Task Group were pleased to note the following.

- 24.1 Many aspects of the LAS are an improvement on the Social Fund. This includes a quicker administrative process whereby a resident visits their nearest participating CAB office to make an application with the assistance of a CAB advisor. Staff in Shared Services can then immediately give a 'yes' or 'no' to the application over the phone, and the resident can walk away from the CAB office with a pre-paid VISA card containing the money awarded. This is compared to 3-4 days to receive money through the old Social Fund.
- 24.2 The LAS aims to minimise the potential for misuse of the scheme by placing restrictions on where the pre-paid card can be used. For example, it cannot be used in betting shops or off-licences. In addition, if residents were in need of household goods, they are provided these goods from the Surrey Re-use Network rather than being given money to make the purchase. Shared Services also carry out routine checks on pre-paid spend and have the ability to rescind grants where money isn't being used for the purpose it was granted for.
- 24.3 Shared Services are looking to improve access to the LAS by broadening the number of organisations that can help residents to apply (e.g. social care teams and District and Borough officers) through the introduction of an online application form.
- 24.4 According to Shared Services, the average time spent by CAB with LAS applicants was 90 minutes, much of which was spent providing applicants with money management advice and signposting to relevant support.
25. The Task Group were informed that the County Council received £1.2m from Central Government for the scheme, of which approximately £315,000 was spent setting up the scheme including Surrey staffing costs and awards to CAB and the Surrey Re-use Network to act as intermediaries. Of the remaining £900,000 available to issue grants to residents, the service estimated that £400,000 worth of grants would have been made by the end of the financial year 2013/14. This under spend has been mirrored in many other local authorities. As at the end of January 2014, approximately £180,778.40 had been awarded through the Re-Use Network and £97,462.28 had been awarded through pre-paid cards. A map of the geographical spread of applications to the scheme, provided by Shared Services, is attached at **Annex 3**. There has been a significant rise in demand since the New Year. The service informed the Task Group that as the new scheme was now fully embedded and was being developed further, they felt confident that LAS would be more fully utilised in 2014/15.
26. Having spoken with Shared Services, the Task Group can see the importance of this scheme in helping Surrey residents in crisis, not only as a result of the welfare reforms but also those fleeing domestic abuse or affected by the recent widespread flooding. The Task Group is supportive of Shared Services work to improve access to the scheme to ensure it is more fully utilised. The Task Group would therefore like to see any LAS funding left unallocated at the end of 2013/14 ring-fenced and rolled over into 2014/15, to be used for the LAS. However, the Task Group recommends that the future administration of LAS and take-up of the fund be carefully monitored to ensure it meets its potential.
27. The Task Group is pleased to note that the Leader of the Council is fully supportive of the LAS and has written to Central Government urging them to re-think their proposal to withdraw funding for this scheme from April 2015. The Task Group supports continued lobbying on this issue.

*Recommendation 5: Any LAS funding left unallocated at the end of 2013/14 is ring-fenced and rolled over into 2014/15 and continues to be committed to supporting residents in crisis through the LAS.*

*Recommendation 6: Shared services to provide an update on improvements to the LAS scheme and take up of the fund, as part of the update report to the Council Overview and Scrutiny Committee in September 2014.*

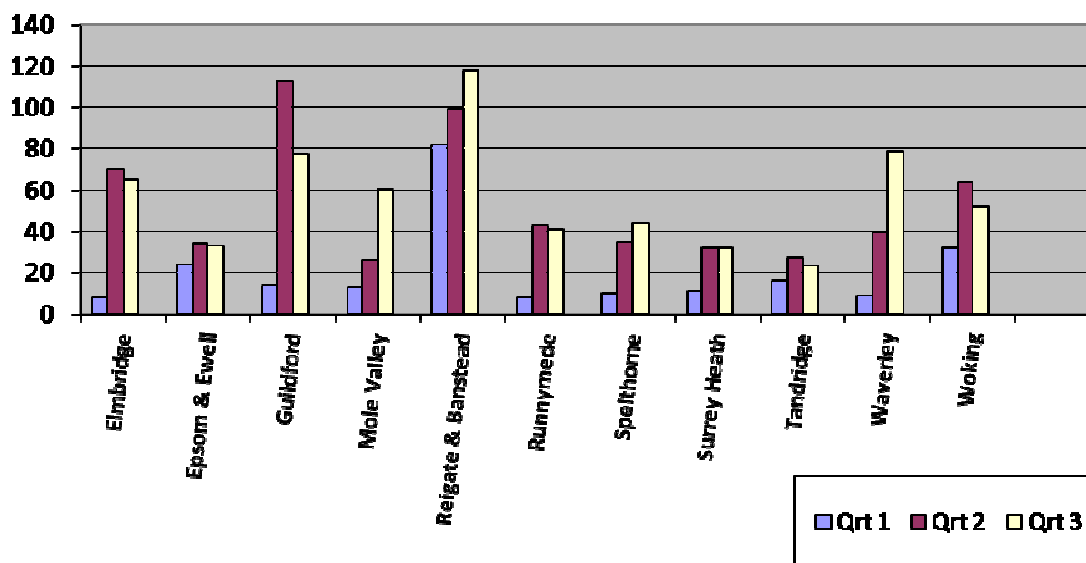
*Recommendation 7: Surrey County Council to continue lobbying central government to provide funding for emergency crisis support for residents (known as the Local Assistance Scheme in Surrey) beyond 2015.*

### **getWiSE - Welfare benefits information, advice and support service**

28. The County Council commissioned a new service in April 2013 to provide welfare benefits advice, information and support to residents of Surrey affected by the government's welfare reform programme in order to help them adjust to and manage the changes. This new service was intended to provide full holistic advice and support on issues ranging from employment to housing, as well as advocacy. Co-design of this service was carried out by Council services, users and providers of existing welfare benefits advice, to inform what would be expected from this service. Expectations included: one point of referral, efficient timescales for referrals, well trained advisors, service to be delivered in venue of choice including the resident's home, and a free service not dependant on eligibility criteria. After a competitive bidding process, a one year grant agreement for the provision of this service was awarded to a consortium of partners called getWiSE. The consortium is led by Surrey Disabled People's Partnership (SDPP), who along with Age UK Surrey, The Youth Consortium (TYC), Surrey Association for Vision Impairment (SAVI) and Deaf Positives constitutes the consortium partnership. The agreement included the option of extending for a further two years, which the Cabinet recently approved in February 2014.
29. All referrals to getWiSE go to SDPP who complete a referral form and pass onto the most relevant partner. Applicants receive confirmation of the referral within one working day and are contacted by an advisor from the appropriate partner within three working days to arrange the start of the support process. ASC commissioners and getWiSE have informed the Task Group that the partnership is fully resourced, there is no one on waiting lists, and a contingency is in place for a surge in demand.
30. In its interim report, the Task Group expressed concern over the low level of awareness amongst residents and County Council Members of the getWiSE services. Also, given the Task Group had primarily heard evidence about getWiSE's work to support residents through appeals and tribunals related to disability benefit changes, they wished to find out how the service planned to extend its support to other groups affected by the reforms, such as low-income families. The Task Group have met with getWiSE again and are pleased to note that they have brought a new partner into the consortium – Guildford Action for Families (GAF), who are an experienced provider of support and advice to families with children, county wide. It is too early to tell what impact GAF will have on the reach of the service. It is also apparent that getWiSE are working to improve awareness of their service by promoting it to GP practices and community groups in areas where referral rates have been low. This together

with the establishment of new information hubs, which hold drop-in welfare benefits advice clinics<sup>1</sup>, has improved the geographical spread of referral rates.

### Referrals by Geographic Distribution to Quarter 3<sup>2</sup>



31. The service acknowledges that although geographical spread has improved, demand for the service has not dramatically increased. However, now being a more established service, getWiSE is confident in its resources and so able to carry out more promotional activity in order to reach more residents. The Council holds quarterly performance meetings with the consortium. According to recent data, from 1 April 2013 the providers have seen 1,448 people and helped them claim £940,416 of benefits they were entitled to. Although the Task Group recognises that progress is being made in improving the reach and promotion of the service, it is still an issue which requires close monitoring.

*Recommendation 8: The Adult Social Care Committee to closely monitor the delivery of this service by getWiSE and report back to the Council Overview and Scrutiny Committee as appropriate.*

*Recommendation 9: Surrey County Council's Adult Social Care Commissioners to work with Surrey's Welfare Reform Co-ordination Group, Public Health and getWiSE to:*

- (a) promote the getWiSE advice and support service to all Surrey GPs through Surrey's 6 Clinical Commissioning Groups; and*
- (b) continue to raise awareness of this service among key partners including District and Borough Housing and Benefits Officers and social housing providers; to ensure Surrey residents receive early help in dealing with the welfare reforms.*

### District and Borough Councils

32. The Task Group have heard from District and Borough Housing teams about an increase in homelessness and use of temporary accommodation due to the lack of appropriate housing (for those councils with and without their own housing stock). This is illustrated in the table below:

<sup>1</sup> <https://getwisesurrey.org.uk/events-drop-ins/> (7 March 2014)

<sup>2</sup> From Report to Surrey County Council's Cabinet of 25 February 2014 titled Extension of Grant Agreement for Welfare Benefits Advice Information and Support.

## Households in Temporary Accommodation at the end of Quarter 1 2013

Local authority	Q1 2010	Q1 2011	Q1 2012	Q1 2013	Annual change 2012-13	Change from 2010-2013
Elmbridge	18	22	23	36	+57%	+100%
Epsom & Ewell	16	32	37	91	+146%	+469%
Guildford	7	9	27	29	+7%	+314%
Mole Valley	12	18	18	26	+44%	+117%
Reigate & Bans.	16	24	65	101	+55%	+531%
Runnymede	23	23	68	42	-38%	+83%
Spelthorne	2	7	24	33	+38%	+1550%
Surrey Heath	47	50	48	67	+40%	+43%
Tandridge	16	16	15	22	+47%	+38%
Waverley	7	2	2	-	-	-
Woking	23	28	30	32	+7%	+39%
<b>Surrey total</b>	<b>187</b>	<b>231</b>	<b>357</b>	<b>479</b>	<b>+34%</b>	<b>+156%</b>

Data provided by Surrey Chief Housing Officers Group

33. It is still too early to tell whether the recent increase is directly attributable to the impact of welfare reform. However, housing teams expect this trend to continue due to:
- 33.1 the opportunities for families to downsize to mitigate the impacts of the 'bedroom tax' diminishing because of the lack of availability of smaller accommodation. Where the shortfall is not covered by Discretionary Housing Payments (DHP)<sup>3</sup>, this will lead to a loss in income;
  - 33.2 the lack of availability of appropriately sized and affordable social housing (e.g. one bedroom flats for care leavers). There is a growing disparity between average rental market rates<sup>4</sup> and the average housing allowance which now has to also fall within the benefits cap. This is a particular problem in Surrey where rents are significantly higher than the national average, leaving many with no option but to apply for housing benefits;
  - 33.3 tougher conditions for receiving Job Seekers Allowance (JSA). If JSA is lost due to sanctions being applied, this will often also result in a loss of other benefits including housing benefit; and
  - 33.4 the accumulation of household debts over time due to loss of household income, affecting residents' ability to pay their rent and which could lead to summons and evictions<sup>5</sup>.
34. The Task Group wished to highlight that the District and Borough Councils are working proactively to help residents affected by the reforms find suitable and affordable accommodation. The Task Group have also heard about the proactive work of some Registered Social Landlords (RSLs) in mitigating the impacts of the reforms through providing advice to their residents about dealing

<sup>3</sup> DHP funding from central government to district and boroughs in Surrey has increased from £684,723 in 2012/13 to £1,671,873 in 2013/14 (Quarter 2 data from WRCG).

<sup>4</sup> There has been a recent categorisation of "affordable rent" for new social housing as 80% of market rent. This is likely to increase social housing rents further.

<sup>5</sup> The Task Group were informed that there had been an approximate 50% increase in summons in Spelthorne in comparison to this time last year



with the changes. The Task Group considers it important that the WRGC closely monitor the situation to assess the impact of the reforms on housing and homelessness.

35. The Task Group have also received evidence from a number of District & Borough Benefits teams on their change in focus from simply processing benefit claims to taking a far more proactive and holistic role in supporting residents through the reforms. This includes providing a 'triage service,' by signposting residents to appropriate services if they require additional support, as benefit teams in local authorities are often residents' first port of call.
36. It is clear that there will be an increase in demand on the services provided by both housing and benefit teams in District and Borough Councils. Officers highlighted the need for local strategies for mitigating the impacts of welfare reform in the years to come, with the possibility of districts and boroughs grouping together to deliver these strategies. The Task Group recognises that tailored local support will need to be developed, particularly to help people manage the introduction of Universal Credit (UC), which will require additional resources from central government (see UC section below at paragraph 44). For the time being, District and Borough Councils should be further encouraged to refer residents to the getWiSE service, for welfare and benefits advice.

### **Department for Work and Pensions and Job Centre Plus**

37. The Department for Work and Pensions (DWP) is the ministerial department responsible for employment and welfare in the UK. Jobcentre Plus (JCP) is part of DWP, servicing those looking for employment or issuing benefits to those who cannot work. As a result of the reforms, the Task Group have been informed that regional DWP are now working more closely with the County Council and Districts and Boroughs to understand local need and to prepare for the roll out of Universal Credit. DWP have also stated that they are undergoing an organisational cultural change in how they deal with claimants, centred on the understanding that 'one size does not fit all'. However, some witnesses who have given evidence to the Task Group feel that although this culture change appears to be happening at the top of the organisation, it was yet to cascade down to front line delivery in JCPs.
38. All JCPs in Surrey have rolled out a new approach to working with claimants, with jobseekers now having to account more clearly for their efforts to find work in order to receive their benefit, which includes up to 35 hours a week of positive job-seeking activity (known as the Claimant Commitment). JCPs are working with partners such as the National Career Service to support this change and running job clubs in community locations.
39. DWP expect an increased demand on their services, with a growing new customer base from ESA and from UC when this takes effect. DWP confirmed to the Task Group that they were confident in their current resources to cope with demand, but will be continually assessing this. However, the Task Group notes with concern the findings of the Work and Pensions Committee report on the role of Jobcentre Plus in the reformed welfare system,<sup>6</sup> which states that DWP is required under the 2013 Spending Round to further reduce its running costs, while at the same time JCPs are being required to implement changes that could substantially increase their workload.

---

<sup>6</sup> 28 January 2014  
Page 11 of 22

## Citizens Advice Bureaux (CAB)

40. CAB have seen an 11% rise in welfare related enquiries since the same period last year. Housing benefit enquiries rose by 8% and Jobseeker's Allowance by 13% since last year. Rent and council tax arrears queries rose by 28% and 16% respectively, while consumer debt queries have fallen. Employment Support Allowance cases also rose significantly since the same period last year. The Task Group recognises the holistic approach taken by CAB, in routinely checking that those accessing their service are receiving all the support and advice they are entitled to. CAB has reported an increasing demand on their service, particularly new clients, since the welfare reforms were introduced. The Task Group was informed that CAB is looking for new solutions to deal with the demand including a Surrey wide telephone helpline.

### Change in number and type of enquires received by CAB

Type of Enquiry	Q1 2013/14	Q2 2013/14	Q3 2013/14	Total up to Q3 2013/14	Total up to Q3 2012/3	Annual change %
<b>Total Benefit Enquiries</b>	<b>13,989</b>	<b>13,583</b>	<b>12,387</b>	<b>39,959</b>	<b>35,843</b>	<b>+11%</b>
Employment Support Allowance	2,508	2,084	1,896	6,488	5,226	+24%
Housing Benefit	1,884	1,858	1,568	5,310	4,910	+8%
Working and Child Tax Benefits	1,186	1,276	1,072	3,534	3,676	-4%
Jobseekers Allowance	1,102	1,116	830	3,048	2,691	+13%
Localised Social Welfare (Local Assistance)	1,038	1,328	1,423	3,789	N/A	N/A
Localised support for Council Tax	799	713	609	2,121	N/A	N/A
Benefit Cap	27	35	22	84	N/A	N/A
PIP (Personal Independence Payments)	159	541	709	1,409	N/A	N/A
<b>Total Debt Enquiries</b>	<b>7,030</b>	<b>6,173</b>	<b>6,664</b>	<b>19,867</b>	<b>21,398</b>	<b>-7%</b>
Credit and Store Cards Debts	1,037	868	987	2,892	3,375	-14%
Rent Arrears by:				Total: 1,982	Total: 1,553	+28%
Local Authorities;	218;	174;	204;	596;	428;	+39%
Housing Association;	354;	307;	345;	1006;	818;	+23%
Private Landlords	125	158	97	380	307	+24%
Unsecured Personal Loan Debts	593	548	607	1,748	2,193	-20%
Council Tax Arrears	551	558	641	1,750	1,507	+16%

<b>Total Housing Enquiries</b>	<b>4,122</b>	<b>4,272</b>	<b>3,707</b>	<b>12,101</b>	<b>11,876</b>	<b>+2%</b>
Threatened Homelessness	643	651	551	1,845	1,695	+9%
Actual Homelessness	233	255	249	737	751	-2%

Data provided by Citizens Advice Surrey

41. Surrey CAB are keen to grow their financial capability advice offer (to help residents affected by the reforms with money management and budgeting) and focus their delivery in Surrey's Children's Centres for families affected by the reforms. CAB have already delivered financial capability workshops in Woking, Dorking and Waverley and developed a 'Managing Money' resource tool for families. The Task Group agrees that Children's Centres are a good location for providing outreach advice to vulnerable families. The Task Group therefore feels it is important to consider this capability within Surrey CAB when developing and resourcing the Universal Credit Local Support Framework (see paragraph 44 onwards below).

### Foodbanks

42. Surrey's foodbanks are a valuable service to those in need. Care professionals such as doctors, health visitors, social workers, and CAB and the police identify people in crisis and issue them with a foodbank voucher. Foodbank clients will then bring this voucher to their local foodbank centre where it can be redeemed for emergency food. Data provided by the Trussell Trust Food Banks (the largest operator of food banks nationally and in Surrey) to the WRCG suggest a surge in demand for food banks from 2012 to 2013, which reflects the national trend. Increased demand is being created by a combination of welfare reform changes and a general rise in the cost of living. However, according to the Trussell Trust, a slightly higher proportion of demand in Surrey is being driven by the high cost of living rather than welfare changes. Surrey has thus far seen a slower growth of food banks than in other areas in the country. It should be noted that foodbanks are also being set up by other organisations in Surrey including voluntary groups, community groups and the faith sector. Therefore the data below is only part of the picture.

### Number of people fed by Trussell Trust food banks in Surrey

	Quarter 2 2012	Quarter 1 2013	Quarter 2 2013	Change on quarter (Q1-Q2 2013)	Change on year (Q1 2012- Q1 2013)
Adults	184	784	<b>724</b>	-8%	+393%
Dependent children	109	508	<b>566</b>	+11%	+519%
Total	293	1292	<b>1290</b>	-1%	+440%

Data provided by the Trussell Trust

43. The County Council's Public Health team are currently carrying out a Food Access Needs Assessment in Surrey. The aim is to carry out an assessment of food aid initiatives, such as food banks, and their role in supporting people on low incomes in Surrey to obtain sufficient food and support their wider health and care needs. The project will map local existing initiatives across Surrey,

explore the reasons as to why individuals and families are accessing the various forms of food aid and how / who is referring them. The project will also explore the different operating systems of the food aid services and what information is given out by those working / volunteering there. The needs assessment will then consider what additional services may be of benefit to both those using the food aid services and those administering the food aid, and then make recommendations for supporting individuals and families on low incomes to eat well. The Task Group feels it would be beneficial for COSC to review the outcome of this assessment.

*Recommendation 10: The Public Health team to report to the Council Overview and Scrutiny Committee with findings from their food access needs assessment, to inform the Committee's work around reviewing the impacts of welfare reform in Surrey.*

### **Universal Credit**

44. Surrey is unlikely to see the direct impacts of Universal Credit (UC) for a couple of years as the roll out of UC for new claimants has been delayed until at least April 2016. However, councils are being encouraged by the DWP to use the interim period to prepare for the introduction of UC in their local area by:
- 44.1 creating effective working partnerships with DWP and agencies who will be providing support and/or signposting claimants;
  - 44.2 establishing the type and level of support claimants may require and mapping existing support available; and
  - 44.3 piloting support to residents to help identify how these services can be delivered most efficiently and effectively.<sup>7</sup>
45. The Task Group is supportive of this early planning and encourages the application of lessons learned in responding to the reforms which have already taken effect, to the roll out of UC. The Task Group feels the closer partnership working that has developed between the County Council, District and Borough Councils, DWP, Housing Providers and the VCFS sector in responding to the recent changes will provide a strong foundation on which to build the local support services framework.
46. UC is being piloted in a number of locations across the UK, most recently in Bath and Harrogate. It is important for the WRCCG, District & Borough Councils and the regional DWP office to closely monitor the outcomes from these pilots and apply good practice to developing the local framework for Surrey.

### **Financial inclusion**

47. UC will bring about key changes to the administration of benefits. There will be a move from weekly benefit payments and direct payment of housing benefit to housing providers to one monthly payment made directly to the claimant which will include housing benefit. From this, claimants will be expected to manage their household budgets in order to pay rent and livings costs throughout a four week period. Witnesses have highlighted a number of issues around these changes:
- 47.1 Claimants are likely to require support in managing their finances, and those without bank accounts will need to set this up. There will be an

<sup>7</sup> Pg 6 Universal Credit Local Support Services Update and Trialling Plan.

increased demand on organisations such as housing associations which currently provide such support. This demand will need to be resourced and managed in a more cohesive manner.

- 47.2 Outreach of advice services needs to be improved in order to support those residents who may not admit to needing financial management advice.
  - 47.3 Many housing providers would prefer housing payments to continue being paid directly to them, but will only be able to apply for this in exceptional cases. Housing officers have also advised that the switch to direct payments may exacerbate the reluctance of private landlords to rent to benefit claimants.
48. The Task Group remains concerned about financial inclusion under UC. Appropriate advice and support on money management will need to be sourced under the local support framework. When developing this framework, work needs to be done to understand local needs, gaps in service provision, and identify the type and quantity of additional resource required.

### Digital inclusion

49. UC will be digital by default. UC online forms must be completed in one sitting as they cannot be saved and it is estimated that the application would take on average over two hours to complete. This is considerably longer than the time restrictions placed on the use of public computers in libraries. Witnesses have raised serious concerns over the potential impacts of this digital arrangement on both claimants and services which will be providing support. Claimants will require access to computers and may require literacy training, IT training and/or advice on and support with completing the forms. Witnesses have highlighted numerous concerns:
- 49.1 The concern that Central Government funding under the UC local support services framework may not be enough to pay for the support required. A study carried out by three London Councils using DWP data found they would each need to spend £6m over a two-year period to support vulnerable claimants get online, help open bank accounts and manage monthly budgets<sup>8</sup>. Funding arrangements are unlikely to be outlined until October 2014.
  - 49.2 Although the Task Group was pleased to note the installation of Wi-Fi in all Surrey libraries which would enable residents and advisors to access UC forms with their own devices, the Task Group remain concerned about the expected increase in demand on libraries' computers and staff time, and the impact this will have on other library users. To mitigate, libraries could potentially identify quieter periods when computers could be booked out specifically for benefit sessions.
  - 49.3 There is an ongoing requirement for claimants to log into their account to keep their work and personal details up to date. This places considerable ongoing demands on claimants (e.g. those on zero hours contracts), the DWP IT systems and Surrey's support services.
  - 49.4 Concern over the ability to and costs of protecting the confidentiality of personal information in UC forms which are submitted on public

---

<sup>8</sup> The Guardian, Thursday 21 November 2013 14.40: 'Training people to use universal credit 'could cost hundreds of millions.'

computers. This could be a particular issue in community partnered (volunteer run) libraries where it may not be appropriate for volunteers to offer this level of support to members of their own community, both from the volunteer and the claimant point of view.

- 6
50. The Task Group acknowledges that JCPs will be increasing the number of computers available in their centres and block booking them specifically for UC sessions. However, given the expected increase in demand, the County Council, District and Borough Councils and DWP are encouraged to explore additional IT access options in council owned buildings such as children's centres and schools. The Task Group have been informed of various options to ensure confidentiality on public computers including special screens and individual soundproof pods, but costs of these solutions need to be considered and this mitigation may not be appropriate for all public access points.

*Recommendation 11: Surrey County Council to work closely with the DWP, District and Borough Councils, housing providers and the VCFS sector to prepare for the introduction of Universal Credit, taking into consideration the concerns and recommendations highlighted in this report, and report back to the Council Overview and Scrutiny Committee on progress. This preparation should include:*

- (a) researching and understanding the need for digital access and support across Surrey;*  
*(b) the County Council better understanding the potential demand on IT resources as a result of the introduction of Universal Credit to enable Surrey to properly prepare for this, including reviewing budget provision;*  
*(c) reviewing the demand for money management advice and assessing existing service provision, in order to make evidence-based recommendations for sourcing the necessary support; and*  
*(d) lobbying central government to ensure that support to access Universal Credit is adequately funded.*

## **Employment and Support Allowance**

51. For those who are ill or disabled, the Employment and Support Allowance (ESA) from DWP offers financial support to those unable to work and personalised help to those who can do some form of work. As part of the welfare reforms, those people claiming Income Support or Incapacity Benefit are being transferred to ESA. In its interim report, the Task Group expressed concern over numerous aspects of the ESA assessment process described by witnesses and set out to better understand the process. Having now gathered detailed evidence from two Surrey ESA claimants, getWiSE who support claimants through the ESA process, and DWP (including a JCP Disability Employment Advisor), the Task Group remain concerned. There is a clear difference in perception of the process by claimants and DWP. A diagram of the ESA process provided by DWP to the Task Group is attached at **Annex 4**. A description of the process provided to the Task Group by the family member of an ESA claimant who had their decision successfully overturned at appeal is attached at **Annex 5**. The Task Group is particularly concerned about four aspects of the process described in further detail below.

### **Work capability assessments (WCA)**

52. Those claiming ESA undergo a Work Capability Assessment (WCA) which looks at the claimant's capability for work. WCA assesses physical as well as mental, intellectual and cognitive functions. ATOS Healthcare was contracted by DWP to carry out the WCAs. DWP state that ATOS assessors are registered medical professionals (e.g. doctors, nurses and physiotherapists) who are fully

trained in disability assessment. In July 2013, DWP instructed ATOS to enact a quality improvement plan. In February 2014, ATOS confirmed that it was seeking an early end to its contract to carry out the WCAs, due to expire in August 2015.

53. For the WCA, unless a claimant is terminally ill, they are required to complete an ESA50 questionnaire. This is a 20 page booklet intended to get the claimants views on how their illness or disability affects their ability to work. Claimants spoken to explained they received little or no support with completing this form. ATOS review the claimant's paperwork and unless they clearly meet the criteria for the Support Group (i.e. not fit to work), they are invited to a face to face assessment with an ATOS healthcare professional. Claimants are assessed against prescribed criteria using a points-based system, and ATOS produce a report for DWP. ESA decision makers at DWP (who are not medically trained), use the ATOS report and other relevant evidence, for example information provided by the claimant's GP or medical professionals, to make its decision.
54. Both claimants giving evidence to the Task Group had a negative experience with their ATOS Healthcare assessor. They felt they were not treated with respect, that their assessor drew conclusions from circumstantial evidence such as appearance, and lacked the necessary expertise to make an assessment particularly where the claimant suffered from multiple and/or rare and complex conditions. GetWiSE confirmed that this was the common experience of individuals who approached their service but acknowledged that this was primarily based on the views of claimants appealing their ESA decision. In addition, GetWiSE have suggested that the ESA50 form and ATOS work capability assessments are not asking claimants the right questions in order to understand an individual's ability to work. For example, claimants are being asked a 'yes/'no/'it varies' question to whether they can pick and move a one pint carton of liquid. They are not being asked whether they can do such activities safely, repeatedly and in a timely manner.

### **Bureaucracy and delays**

55. DWP were unable to provide the Task Group with specific timescales for different stages of the ESA claims process, stating that it varied depending on the claim. The claimants giving evidence described a slow and lengthy process, with appeals of the ESA decision taking approximately between 6 and 15 months to be heard<sup>9</sup>. During this period, the claimant would be entitled to the lower ESA rate if they could routinely provide medical certificates of their condition. Claimants reported unnecessary bureaucracy in this process, being repeatedly informed by DWP that their medical certificates had not been received and only accepting original certificates sent by post, resulting in multiple visits to the GP. GetWiSE confirmed that this issue was commonplace among the claimants they assisted.
56. Claimants were also frustrated that their post-assessment health was inadmissible evidence when appealing their ESA decision, particularly where their condition had deteriorated. The Task Group views this as a particular injustice given the delays in hearing appeals at tribunal. Claimants do have the option to withdrawn their appeal and make a fresh claim for ESA which will take their change in condition into account. However, by doing so the claimant loses the opportunity to receive back-dated ESA at the higher rate if successful at appeal.

---

<sup>9</sup> Both claimants went through the ESA claims process before the introduction of mandatory re-consideration in October 2013.

57. Mandatory re-consideration was introduced by DWP in October 2013 to improve the ESA process by DWP formally re-considering their decision in order to resolve the dispute, before an appeal can be lodged. However, claimants are faced with the withdrawal of ESA payments during the mandatory re-consideration period. Claimants may be able to claim other benefits during this period, such as JSA (but they will need to comply with the JSA criteria in order to receive this benefit). Witnesses have informed the Task Group that the mandatory re-consideration process, in their experience, usually takes between eight to ten weeks. The impact on residents of withdrawing payments during this re-consideration period is a particular concern to the Task Group.

### Appeals of ESA decisions

58. The Task Group were also concerned to hear about the large number of ESA decisions in Surrey being overturned on appeal – those supported through the process by County Council commissioned getWiSE experienced an approximate 92% success rate. Regional DWP were unable to provide the Task Group with data on the number of ESA applicants appealing in Surrey or nationally and the outcome of these tribunals. National data from a DWP publication of December 2013<sup>10</sup> states that for 2012/13, HMCTS received 507,131 appeals against DWP decisions. DWP estimates that around 38% of appeals result in DWP's decision being overturned. However, it is not clear whether this data relates to all DWP benefit decisions or just ESA decisions. Regardless of this, the high number of overturned DWP decisions indicates a number of issues, most notably the additional use of public money to review decisions, conduct tribunals and provide advice and support to claimants going through the process.

### Early help for claimants

59. Early help and support for individuals going through the DWP claims process is crucial to ensure they get the best out of it. DWP informed the Task Group that decision makers at DWP telephone claimants to inform them of their ESA decision and to explain the next stage of the process, before their decision letter is sent by post. This contrasts with the experience of the claimants who spoke to the Task Group, who were informed of DWP's decision and right to appeal by a letter with limited explanation. This discrepancy may be down to the timing of the claimant's claims. Following Professor Harrington's review of the Work Capability Assessment (WCA) to improve DWP standards of decision making, DWP states that it has changed its operating model to introduce more contact with customers so that Decision Makers can explain decisions, listen to any additional evidence and reach the right decision at the earliest opportunity.<sup>11</sup>
60. Both claimants spoken to had their benefits stopped shortly after receiving their decision letter, resulting in rent arrears. Both claimants only found external support and representation after submitting their appeal form, through a referral from their GP and via their local authority. The Task Group believes that there needs to be early signposting to support residents from the outset of the benefit claims processes to ensure claimants are fully informed and supported when making their claim. This does not currently appear to be happening.

<sup>10</sup> <https://www.gov.uk/government/publications/appeals-process-changes-for-dwp-benefits-and-child-maintenance> (3 March 2014), Appeals Reform Questions and Answers.

<sup>11</sup> Ibid



## Applying lessons learnt from ESA in the roll out of the Personal Independence Payments

61. A recent report from the National Audit Office has suggested delays in processing the Government's new Personal Independence Payments (PIP) has led to claimants facing distress and financial difficulties<sup>12</sup>. The Task Group is disappointed to note that the recently introduced PIP (which replaces the Disability Living Allowance) is experiencing similar issues to ESA. New claims for DLA were no longer being taken for the majority of residents in Surrey from June 2013, with new claimants being asked to claim for PIP instead. From October 2015 all remaining DLA claimants will be asked to make a claim for PIP and by October 2017 all claimants will have been asked to switch (except in a few limited cases). The Task Group considers it vital that lessons learnt from ESA are applied to PIP by DWP.

*Recommendation 12: The Leader of the Council to write to the Secretary of State for Work and Pensions explaining the Task Group's concerns over the Employment and Support Allowance process and including the following recommendations:*

- (a) That firms carrying out the medical work capability assessments (WCA) for benefit claimants, on behalf of DWP:*
- (i) treat benefit claimants like customers; and*
  - (ii) ensure appropriately qualified persons carry out these medical assessments.*
- (b) Bureaucracy within the ESA claims and appeals process be reduced. In particular:*
- (i) DWP to provide information on the number of medical certificates posted by claimants but not received by DWP and the reasons for this,*
  - (ii) DWP to accept claimant medical certificates for longer periods while claimants await mandatory re-consideration and tribunal decisions. This will save GP and claimant time and expense in having these certificates frequently renewed or re-requested where certificates have been sent by post but not received by DWP.*
- (c) DWP's benefit claim forms and decision letters to signpost claimants to advice and support services to enable claimants to seek early help, preferably locally based organisations, such as local authorities, housing providers and Citizens Advice Bureaus.*
- (d) DWP to build a closer working relationship with partners in the Welfare Reform Co-ordination Group, to bring about pro-active information sharing and signposting particularly where claimants have been sanctioned by DWP decisions and therefore lost their passported benefits, such as housing benefit.*
- (e) DWP to use lessons learned from the ESA process and apply this to the roll-out of the Personal Independence Payments.*

### **Conclusions:**

62. In order to understand the impacts of the welfare reforms on services and residents in Surrey, the Welfare Reform Task Group has spoken to County Council services, partner organisations including District and Borough Councils, DWP, and CAB, as well as benefit claimants. The Task Group has also

<sup>12</sup> Personal Independence Payment: early progress HC 1070 SESSION 2013-14 27 FEBRUARY 2014

reviewed a range of documentary evidence including statistical data on the services and benefits affected.

63. The Task Group concludes that given the changes to welfare benefits introduced in Surrey from April 2013, are being rolled-out in stages there is still no evidence of significant budgetary impacts on the County Council. However, impacts on residents are becoming more apparent, and this will inevitably build pressure on demand for front line advice and support services (some of this increased demand is being seen already). As the impact on residents and consequent demand on services are likely to build over time, and are likely to significantly grow with the introduction of Universal Credit (UC) from 2016, it is important for the County Council and its partners (who in Surrey collectively form the Welfare Reform Co-ordination Group (WRCG)) to carefully monitor impacts on residents and services, learn lessons from existing service provision, and apply these to preparing for UC. The County Council (through the WRCG) has a crucial strategic role to play in understanding the impact of the reforms and working with partners to deliver an effective response. This includes ensuring adequate training and information for those dealing with residents affected by the reforms, ensuring advice and support is reaching those most in need, facilitating better information sharing between partners on resident need and resources, and identifying gaps in service provision and using this evidence to source support. Many aspects of the reforms, such as ESA, are outside the direct control of the Council. However, the Council still has a role to play here in lobbying central government for positive change. The Task Group therefore makes twelve recommendations, outlined below.

#### Recommendations:

64. The recommendations from the Task Group are included in context throughout this report and are listed below for ease of reference. The Council Overview and Scrutiny Committee is asked to endorse the recommendations of the Task Group.

**Recommendation 1:** *ASC, CSF, Libraries, Public Health and Finance teams to continue to monitor impacts of the welfare reforms on service users and services, and provide a joint update through the Welfare Reform Co-ordination Group to the Council Overview and Scrutiny Committee meeting in September 2014. ASC to include a summary of the impact of the welfare reforms on carers and CSF to include a summary of the impact of the welfare reforms on care leavers in their updates.*

**Recommendation 2:** *The Welfare Reform Co-ordination Group be encouraged to continue to collate data on the impact of the reforms on residents and the cumulative impact of the reforms, and to share information and good practice within the group, and to report on progress to the Council Overview and Scrutiny Committee as part of the update report in September 2014.*

**Recommendation 3:** *Surrey County Council's Organisational Development Team analyse training needs on welfare reform in the Council and explore how such training can be disseminated throughout affected council services and ensure consistency with training being delivered by partner organisations.*

**Recommendation 4:** *Surrey's Welfare Reform Co-ordination Group to work with the Head of Family Services to explore the potential for the Supporting Families Programme (which is being extended through the Public Services Transformation Network) to provide early help/intervention to some of those families who are most severely impacted by the welfare reforms.*

**Recommendation 5:** Any LAS funding left unallocated at the end of 2013/14 is ring-fenced and rolled over into 2014/15 and continues to be committed to supporting residents in crisis through the LAS.

**Recommendation 6:** Shared services to provide an update on improvements to the LAS scheme and take up of the fund, as part of the update report to the Council Overview and Scrutiny Committee in September 2014.

**Recommendation 7:** Surrey County Council to continue lobbying central government to provide funding for emergency crisis support for residents (known as the Local Assistance Scheme in Surrey) beyond 2015.

**Recommendation 8:** The Adult Social Care Committee to closely monitor the delivery of this service by getWIS£ and report back to the Council Overview and Scrutiny Committee as appropriate.

**Recommendation 9:** Surrey County Council's Adult Social Care Commissioners, to work with Surrey's Welfare Reform Co-ordination Group, Public Health and getWIS£ to:

(a) promote the GetWiS£ advice and support service to all Surrey GPs through Surrey's 6 Clinical Commissioning Groups; and

(b) continue to raise awareness of this service among key partners including District and Borough Housing and Benefits Officers and social housing providers; to ensure Surrey residents receive early help in dealing with the welfare reforms.

**Recommendation 10:** The Public Health team to report to the Council Overview and Scrutiny Committee with findings from their food access needs assessment, to inform the Committee's work around reviewing the impacts of welfare reform in Surrey.

**Recommendation 11:** Surrey County Council to work closely with the DWP, District and Borough Councils, housing providers and the VCFS sector to prepare for the introduction of Universal Credit, taking into consideration the concerns and recommendations highlighted in this report, and report back to the Council Overview and Scrutiny Committee on progress. This preparation should include:

(a) researching and understanding the need for digital access and support across Surrey;

(b) the County Council better understanding the potential demand on IT resources as a result of the introduction of Universal Credit to enable Surrey to properly prepare for this, including reviewing budget provision;

(c) reviewing the demand for money management advice and assessing existing service provision, in order to make evidence-based recommendations for sourcing the necessary support; and

(d) lobbying central government to ensure that support to access Universal Credit is adequately funded.

**Recommendation 12:** The Leader of the Council to write to the Secretary of State for Work and Pensions explaining the Task Group's concerns over the Employment and Support Allowance process and including the following recommendations:

(a) That firms carrying out the medical work capability assessments (WCA) for benefit claimants, on behalf of DWP:

(i) treat benefit claimants like customers; and

(ii) ensure appropriately qualified persons carry out these medical assessments.

*(b) Bureaucracy within the ESA claims and appeals process be reduced. In particular:*

- (i) DWP to provide information on the number of medical certificates posted by claimants but not received by DWP and the reasons for this,*
- (ii) DWP to accept claimant medical certificates for longer periods while claimants await mandatory re-consideration and tribunal decisions. This will save GP and claimant time and expense in having these certificates frequently renewed or re-requested where certificates have been sent by post but not received by DWP.*

*(c) DWP's benefit claim forms and decision letters to signpost claimants to advice and support services to enable claimants to seek early help, preferably locally based organisation, such as local authorities, housing providers and Citizens Advice Bureaus.*

*(d) DWP to build a closer working relation with partners in the Welfare Reform Co-ordination Group, to bring about pro-active information sharing and signposting particularly where claimants have been sanctioned by DWP decisions and therefore lost their passported benefits, such as housing benefit.*

*(e) DWP to use lessons learned from the ESA process and apply this to the roll-out of the Personal Independence Payments.*

#### **Next steps:**

- The Council Overview and Scrutiny Committee to schedule the update report on Welfare Reform for its forward work plan for September 2014.
- The Task Group recommendations to be sent to the relevant services, Leader of the Council, Cabinet Members, and Select Committees for a response and action.

---

#### **Report contact:**

- Jisa Prasannan, Scrutiny Officer  
(020 8213 2694, [jisa.prasannan@surreycc.gov.uk](mailto:jisa.prasannan@surreycc.gov.uk))
- Thomas Pooley, Scrutiny Officer  
(020 8541 9902, [thomas.pooley@surreycc.gov.uk](mailto:thomas.pooley@surreycc.gov.uk))
- Ben Robinson, Strategic Partnerships Manager  
(020 8541 9955, [ben.robinson@surreycc.gov.uk](mailto:ben.robinson@surreycc.gov.uk))

#### **Sources/background papers:**

Policy and Performance Report on the Impacts of Welfare Reform in Surrey, 12 September 2013

Interim Report of the Welfare Reform Task Group: Impacts of Welfare Reform in Surrey, 30 January 2014

Universal Credit Local Support Services Update and Trialling Plan  
Q2 Data Overview, Welfare Reform Co-ordination Group

## ANNEX 1 – Final Report of the Welfare Reform Task Group

### Witnesses the Task Group have met with:

#### **Part 1 – Partners**

- Helen Drake – Development Manager for Citizens Advice Surrey and Tara Hastings - Camberley Citizens Advice Bureau Manager.
- Maria Zealey – CEO of Surrey Welfare Rights Unit.
- Department for Work and Pensions: Kim Goodall - Regional Office Contact for Surrey & Sussex and Julia Curties - Grant Funding Manager.
- District and Borough Council housing managers: Kim Rippet – Head of Housing for Guildford BC (with own housing stocking) and Deborah Ashman – Head of Housing for Spelthorne BC (without own housing stock).
- Clive Wood - CEO of Surrey Disabled Peoples Partnership (SDPP) (the lead provider of GetwiSE - commissioned by Surrey's County Council's Adult Social Care) and Vicki Atherton - SDPP's Deputy Chief Executive and Manager of the GetwiSE welfare benefits advice service.
- District and Borough Council benefits managers: Simon Rosser – Revenues and Benefits Manager for Reigate and Banstead BC and Grant Langford – Benefits Manager for Elmbridge BC.

#### **Part 2 – Surrey County Council**

- Adult Social Care: Toni Carney - Benefits and Charging Consultancy Manager and Norah Lewis – Assistant Senior Manager, ASC Commissioning.
- Children, Schools and Families: Ginni Smedley – Strategy and Policy Development Manager.
- Finance: Daphne Fraser - Senior Principal Accountant, Funding.
- Surrey Libraries: Rose Wilson – Library Operations Manager and Janet Thomas – Libraries Programme Manager.

#### **Part 3 – Partners and Surrey County Council**

- GetWIS£ and Claimants: Clive Wood - CEO of Surrey Disabled Peoples Partnership (SDPP) (the lead provider of getWIS£), Femi Sorinwa (Senior Welfare Benefit Advisor, Surrey Disabled People's Partnership), family member of claimant who has been successfully supported through the Employment Support Allowance appeals process by getWIS£, and claimant who was unsuccessful at ESA appeal.
- Department for Work and Pensions: Kim Goodall - Regional Office Contact for Surrey & Sussex, Mandy Hurst (Epsom JCP manager and ESA Lead), and Vasantha Mohan (Disability Employment Advisor at Epsom JCP). This meeting took place at Epsom Job Centre Plus.
- Public Health: Helen Atkinson (Director of Public Health) and Lisa Andrews (Senior Public Health Lead).
- Shared Services (who are responsible for the Local Assistance Scheme): Simon Pollock – Head of Shared Services and Stewart Taylor - Customer Interaction Lead.

This page is intentionally left blank

# ANNEX 2 – Final Report of the Welfare Reform Task Group

## Welfare Reform Overview and Timeline

<u>Reform</u>	<u>When?</u>	<u>What are the changes?</u>	<u>Who does this impact? Who is exempt?</u>	<u>How will this happen?</u>	<u>Legislation</u>
<b>Incapacity Benefit, Severe Disablement Allowance, Income Support</b>	October 2010	Assessment for Employment and Support Allowance.	Residents of working age who are claiming sickness benefits.	<p>Between now and March 2014 the Department for Work and Pensions (DWP) will invite affected residents for a Work Capability Assessment.</p> <p>After this assessment the DWP will decide if they are to be paid Employment and Support Allowance, or Job Seekers Allowance.</p>	<a href="#">Welfare Reform Act 2012</a>
<b>Tax Credits</b>	April 2011 - April 2012	The whole tax credit system is being reformed with a number of elements being abolished.	All tax credit recipients including families, low income workers including disabled workers and older people.	Various changes including changing income thresholds and removing a number of elements e.g. 50+ element	<a href="#">Welfare Reform Act 2012</a>
<b>Housing Benefit (1) Local Housing Allowance</b>	April 2011	Local Housing Allowance: The introduction of a cap regulating the maximum amount of housing benefit available for private housing tenants depending on how many bedrooms the tenants qualify for.	<p>Tenants of private landlords.</p> <p><b>Exemptions</b> - Where the landlord is a not for profit company/voluntary organisation/a Registered Social Landlord/Local Council that provides care support or supervision, They will be exempt from the Local Housing Allowance cap.</p>	<p>The maximum amount of housing benefit is capped depending on how many bedrooms the tenants qualify for:</p> <ul style="list-style-type: none"> <li>• £250 a week for a 1 bedroom property</li> <li>• £290 a week for a 2 bedroom property</li> <li>• £340 a week for a 3 bedroom property</li> <li>• £400 a week for 4 or more bedroom property</li> </ul>	<a href="#">The Housing Benefit (Amendment) Regulations 2010</a>

<b>Housing Benefit (2)</b>  <b>Single Room Rate</b>	January 2012	Single room rate: For tenants who live alone in a one bedroom flat the age for when they are expected to live in shared accommodation has risen from 25 to 35.	<p>For tenants of private landlords who are under 35 and live alone.</p> <p><b>Exemptions</b> - Care leavers aged up to 22</p> <p>People receiving the severe disability premium</p> <p>Former residents of homeless hostels will not be affected by this change.</p>	The government is capping housing benefit to the shared accommodation rate.	<a href="#">Welfare Reform Act 2012</a>
<b>Income Support</b>	May 2012	Lone parents required to be available and looking for work when their youngest child reaches age 5 rather than age 7.	<p>Lone parents whose youngest child is aged five.</p> <p><b>Exemptions</b> - Lone parents on Income Support who have a child for whom the middle or highest rate care component of DLA/PIP is payable will continue to be eligible to claim Income Support when their youngest child reaches five.</p>	Lone parents will be transferred to Job Seekers Allowance and expected to look for and be available to work.	<a href="#">Welfare Reform Act 2012</a>
<b>Child Benefit</b>	Jan 2013	A reduction in CB for families where at least one person earns over £50,000.	For families where one parent earns more than £50,000 the benefit will be reduced. For families where a parent earns over £60,000, the benefit will be cut entirely.	People earning between £50,000 and £60,000 will have to pay the benefits back – on a sliding scale – by filling out self-assessment tax return forms. The Government is writing to all those high earners that it thinks are affected.	<a href="#">Finance Bill 2012</a>
<b>Total Household Benefit Cap</b>	Summer 2013	A cap on the total household benefits of £350 a week for single people living alone and £500 a week for couples or families.	<p>People of working age on out of work benefits.</p> <p>The cap will not apply if they qualify for working tax credit, or receive any of the following:</p> <ul style="list-style-type: none"> <li>• Disability living allowance</li> <li>• Attendance allowance</li> </ul>	<p>The cap includes housing benefit, and remains the same regardless of how many children they have.</p> <p>If a household's total benefits do come to more than £350 or £500 a week, then any benefits received over the cap will be taken out of their housing benefit.</p>	<a href="#">Welfare Reform Act 2012</a>

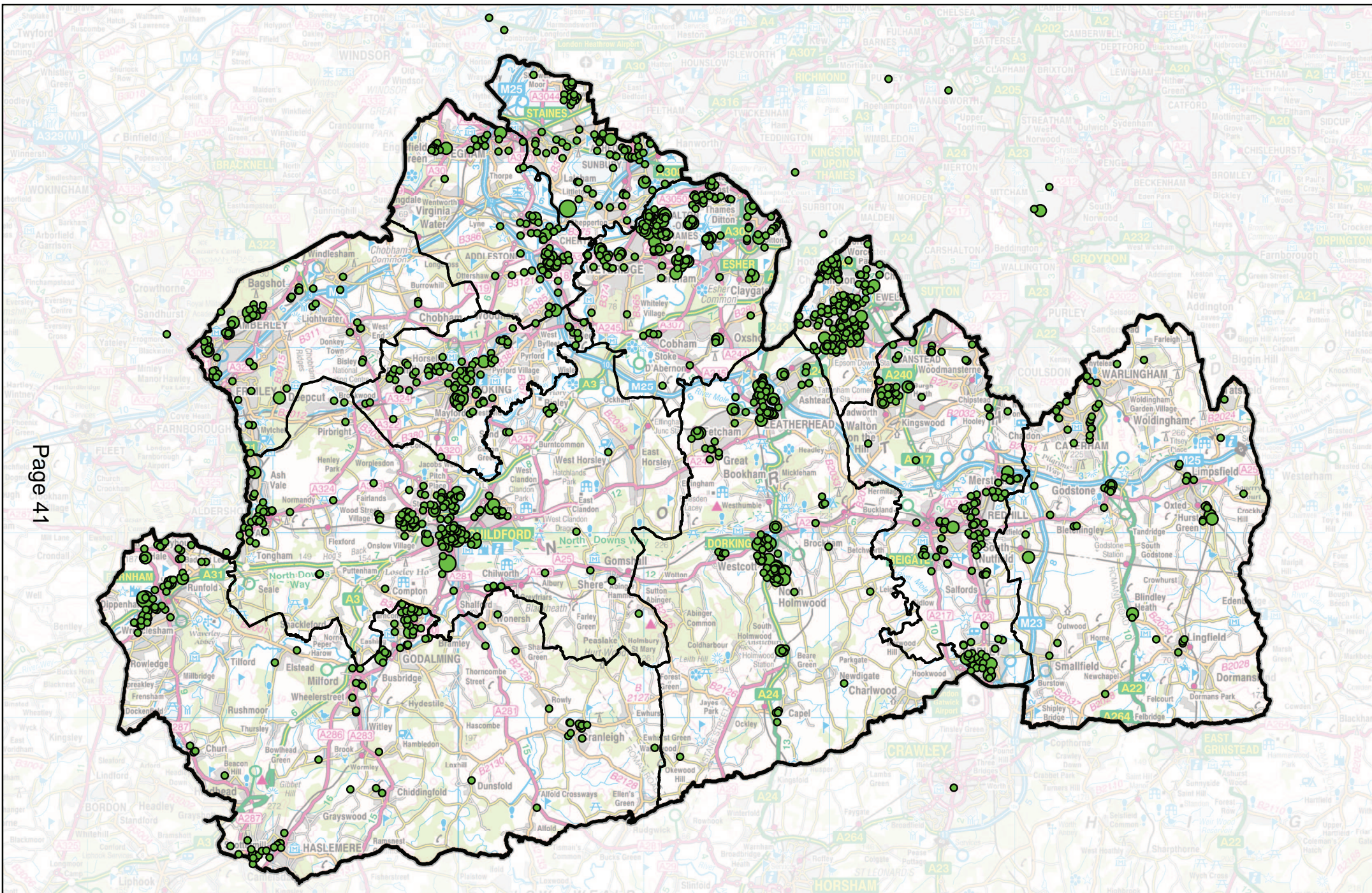


			<ul style="list-style-type: none"> <li>• The support component of ESA</li> <li>• Industrial injuries benefit</li> <li>• War widows and war widowers pension</li> </ul> <p><b>Exemptions</b> - The cap will not include one-off payments; non-cash benefits e.g. free school meals; nor will it include Council Tax Reduction Schemes; and those clients living in supported accommodation.</p>		
<b>Housing Benefit (3)</b>  <b>Social Sector Size Criteria</b>  'Bedroom Tax'	April 2013	A reduction in Housing Benefit for social housing tenants who are deemed to be under-occupying in their property e.g. spare bedrooms.	Social housing tenants of working-age with one or more 'spare' rooms.  <b>Exemptions</b> - Foster carers if they have fostered a child or been approved to do so in the last 12 months; residents of state pension age; parents whose children are away with armed forces; clients living in supported accommodation; and parents with severely disabled children.	If they have one spare bedroom the reduction will be equal to 14% of the 'eligible rent' for their property. If they have two spare bedrooms or more, the reduction will be equal to 25% of the 'eligible rent' for the property.	<a href="#">Welfare Reform Act 2012</a>
<b>Local Assistance Scheme</b>  (Previously the Social Fund)	April 2013 – April 2015	Crisis Loans and Community Care Grants previously administered by JCP and DWP, have become the responsibility of local authorities (counties in two tier areas)	Anyone who has previously contacted DWP or Job Centre Plus to receive a Crisis Loan or Community Care Grant.	Parts of the Social Fund are being abolished; and the funding for Crisis Loans and Community Care Grants is being devolved to local authorities; where they can design and develop their own schemes. The funding is not ring-fenced. Surrey County Council has used the funding to develop a Local Assistance Scheme to provide emergency support.  There will be no DWP funding for Local Assistance Schemes after 2014/15. From April 2015, Local Assistance	<a href="#">Welfare Reform Act 2012</a>

				Schemes must be funded from local authority general funds.	
<b>Local Council Tax Support Schemes</b>  <b>(Previously Council Tax Benefit)</b>	April 2013	It is being abolished and being replaced with localised Council Tax Support schemes	All working age council tax benefit claimants.  <b>Exemptions</b> – Pensioners will not be affected by changes to council tax benefit.	District and Boroughs have designed and developed their own individual Council Tax Support Schemes.  Surrey County Council has offered support funding for local council tax support schemes and hardship funds.  For April 2014/15, some District and Borough Councils have decided not to change their Local Council Tax Scheme from the previous year, while other District and Borough Councils are proposing to introduce a number of new changes which are projected to have a significant impact on residents.	<a href="#">Local Government Finance Act 2012</a>
<b>Benefit Up-rating</b>	April 2013 – April 2016	The imposition of a cap for working-age benefit claimants which limits annual rises to 1%	Existing and new claimants of: <ul style="list-style-type: none"> <li>• Jobseeker’s allowance</li> <li>• Employment and Support Allowance</li> <li>• Income Support</li> <li>• Elements of Housing Benefit</li> <li>• Maternity Allowance</li> <li>• Sick Pay, Maternity Pay, Paternity pay, Adoption Pay</li> <li>• Couple and lone parent elements of working tax credits</li> <li>• The child element of the child tax credit</li> </ul>	Most working-age benefits and tax credits would be up-rated by just 1% - which is a below inflation cap for three years from 2013-14.  Benefits have historically risen in line with inflation, and in April 2013 would have risen by 2.2% without the cap.	<a href="#">The Welfare Benefits Up-rating Act 2013</a>

			<p><b>Exemptions</b> – Pensioners will not be affected and will see their basic state pension rise by 2.5% to £110.15 in April 2013.</p> <p>Additionally, clients in receipt of Disability Living Allowance also are exempt from the cap and will see their benefits rise in line with (CPI) inflation.</p>		
<b>Disability Living Allowance</b>	July/ October 2013	DLA is slowly being phased out and will be replaced by the Personal Independence Payment.	<p>DLA claimants aged 16 to 64</p> <p><b>Exemptions</b> – Those under 16 can continue to claim DLA until their sixteenth birthday. Those already getting Attendance Allowance will not be affected by PIP. Other disability benefits will not be affected by PIP.</p>	<p>Claimants will be required to claim the new Personal Independence Payment (PIP) through a reassessment process. The details for PIP are still to be finalised. Implemented in July 2013 for new DLA claimants. From October 2013-2016 existing DLA claimants will be assessed for PIP.</p>	<a href="#">Welfare Reform Act 2012</a>
<b>Universal Credit</b>	October 2013 - 2017**	<p>A number of benefits for working-age claimants will be replaced with a single streamlined benefit called Universal Credit (UC) and will aim to be digital by default.</p> <p>UC is payable on a monthly basis, in arrears, directly to people both in and out of work.</p> <p>It will be paid to just</p>	<p>Existing and new claimants of:</p> <ul style="list-style-type: none"> <li>• Income Support</li> <li>• Income Related Jobseeker's Allowance</li> <li>• Income Related Employment Support Allowance</li> <li>• Housing Benefit</li> <li>• Working Tax Credit</li> <li>• Child Tax Credit</li> </ul> <p><b>Exemptions</b> – Pension credit will remain for those over the qualifying age, and those claimants will not transfer to Universal Credit.</p> <p>Universal Credit will not include Disability</p>	<p>All of these benefits will form the new Universal Credit payment. This benefit will be paid directly to claimants monthly in arrears.</p> <p>April 2013 – Pathfinder areas are used to test UC. These are Tameside, Oldham, Wigan and Warrington. Ashton under Lyne will be the first Jobcentre to accept claims for UC from 29 April.</p> <p>July 2013 – Wigan, Warrington, Oldham jobcentres will first trail the new claimant commitment and will take claims for UC beginning in July - informed by the early testing in Ashton-</p>	<a href="#">Welfare Reform Act 2012</a>

		<p>one person in a household with HB now being paid directly to the recipients.</p>	<p>Living Allowance (DLA), Council Tax Reduction, Personal Independence Payment (PIP) or Carers Allowance</p>	<p>under-Lyne.</p> <p>Spring 2014 – UC will extend to Hammersmith, Rugby, Inverness, Harrogate, Bath and Shotton.</p> <p>April 2014 – Roll out of UC in Northern Ireland.</p> <p>Summer 2014 – Claims for couples start to be taken.</p> <p>Autumn 2014 – Claims for families start to be taken.</p> <p>April 2015 – UC is fully implemented across the North West of England</p> <p><b>2016 – UC is implemented across the UK, including Surrey.</b></p> <p>**After 2017 – The last claimants to be transferred will be those in the Employment and Support Allowance support group (700,000 claimants)</p>	
--	--	---	---	--	--



**Local Assistance Scheme Clients:** Number clients per postcode  
**Surrey, March 2014**

● 1 - 3   ● 4 - 12   ● 13 - 34

▭ County Boundary  
 ▭ Districts and Boroughs

NB. 4 postcodes are outside this extent



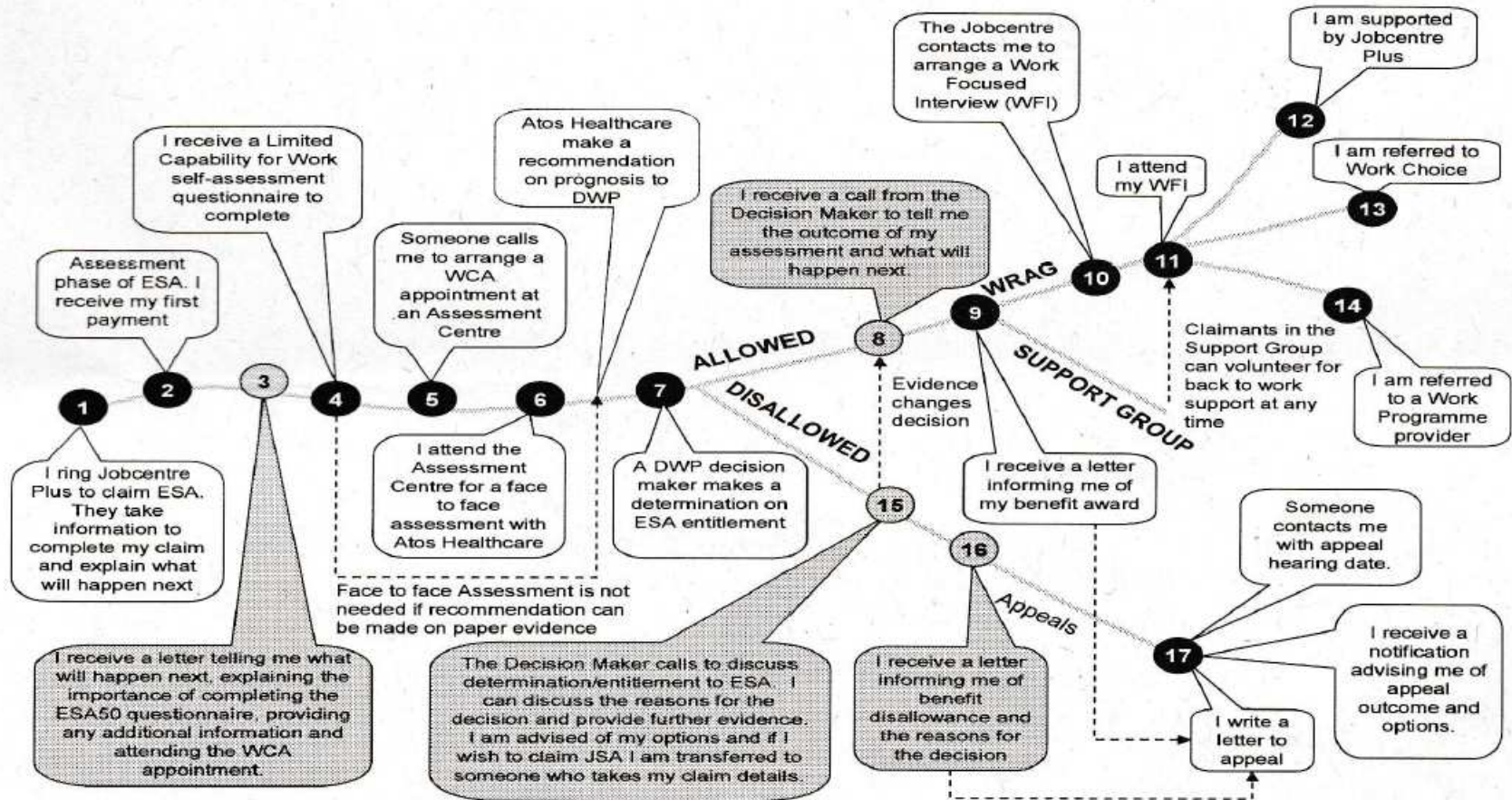
© Crown copyright and database rights 2014 Ordnance Survey 100019

Original Size A4

Printed By: GIS Team  
 Printed On: March 2014  
 Project No: F0647675  
 Scale: 1:260,000

This page is intentionally left blank

Annex 4 – The ESA Decision making process (provided by DWP)



This page is intentionally left blank



## **Annex 5 – Claimant description of the Employment and Support Allowance claims process**

Mr K supported his mother Mrs K through the ESA appeals process from February 2013 to January 2014. Mrs K's request to appeal was submitted before the introduction of mandatory re-consideration by DWP.

- Mrs K had suffered from a shoulder condition for the past 11 years, and had been in receipt of incapacity benefit before she was moved onto the Employment and Support Allowance as a result of the welfare reforms.
- She was invited for a Work Capability Assessment with ATOS healthcare as part of the ESA claims process. Mr K accompanied Mrs K to the WCA, to translate as English is not her first language. The Assessment consisted of simple 'yes' and 'no' questions as well as some physical exercises. Mrs K was in a lot of pain so could not complete the exercises. Mr K explained that the assessor suggested Mrs K was refusing to complete the exercises.
- Following the WCA, Mrs K received a letter from DWP informing her that she was fit for work. As there was not much information in the letter about this decision, Mr K contacted DWP on behalf of his mother to request further information. A small form was included with the decision letter for individuals who wished to exercise their right of appeal, to explain their reasons for doing so. As there was limited space on this form, Mr K typed up a lengthy letter explaining his mother's decision to appeal.
- All of Mrs K's benefits stopped within approximately a week of receiving the decision letter. Mrs K found out when the landlord questioned her about her missing rent payment. Mr K telephoned his local borough council who informed him that housing benefits for Mrs K had been stopped as this was derived from being eligible for ESA. Mr K was therefore advised to contact DWP. DWP agreed to reinstate Mrs K's ESA, at the lower rate whilst she appealed her ESA decision, as long as she was able to provide a medical certificate each month in support of why she was unable to work. Mrs K was able to provide this evidence, and she was paid back-dated monies for her rent and lower rate ESA for the two weeks she had been without, and lower-rate ESA until her appeal was heard. This was a difficult period for Mr K and his mother. Whilst awaiting appeal, Mrs K's condition did not improve, and she developed depression for which she received counselling. Mr K had to balance his work, studies and supporting his mother both financially and emotionally. He also had to seek financial support from relatives.
- Mr K explained that the process to appeal was slow. DWP confirmed receipt and informed Mr K that they would respond with an appeal date in 6 to 12 months. In the meantime, Mrs K's benefits were stopped a number of times, because DWP claimed they did not receive some of the monthly medical certificates posted to them by Mr K. As they would not accept copies, Mrs K had to re-visit her GP for new ones.
- Eventually, Mrs K received a letter giving her one month's notice of her appeal hearing date.
- Mr K had noted from the appeal form that individuals appealing their decision would need representation. Mr K visited his local borough office who referred him to the local CAB. The CAB provided Mr K with the details for getWIS£, who provided advice and support to Mr and Mrs K before and during the appeal. Mrs K and her son were nervous about the tribunal and appreciated getWIS£'s support in getting things

organised for it. The tribunal decision was given straight after hearing the appeal. Mrs K's appeal was successful.

- An explanation for the appeal decision was provided in a letter to Mrs K, however, it was too complicated for her or her son to understand.



Council Overview and Scrutiny Committee  
2 April 2014

## BUDGET MONITORING REPORT & QUARTERLY BUSINESS REPORT

**Purpose of the report:** This report presents the revenue and capital budget monitoring up-date for February 2014 with projected year-end outturn.

### Introduction:

1. The February 2014 month end budget report was presented to the cabinet meeting on Tuesday 25 March 2014.
2. Annex 1 to this report sets out the council's revenue and capital forecast of the year-end outturn at the end of February 2014.
3. 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

**Contact details:**

[kevin.kilburn@surreycc.gov.uk](mailto:kevin.kilburn@surreycc.gov.uk)

020 8541 9207

This page is intentionally left blank

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 25 MARCH 2014**

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

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

**SUBJECT: BUDGET MONITORING REPORT FOR FEBRUARY 2014**



7

**SUMMARY OF ISSUE:**

This report presents the council's financial position at the end of period 11 – February of the 2013/14 financial year, with particular focus on the year end revenue and capital budgets forecasts and the achievement of efficiency targets.

**RECOMMENDATIONS:**

Cabinet is asked to note the following.

1. Forecast revenue budget for 2013/14 is to underspend by -£6.4m (Annex 1, paragraph 1).
2. Forecast ongoing efficiencies and service reductions achieved by year end is £62.1m (Annex 1, paragraph 85).
3. Forecast capital expenditure and investment of £226.7m against a budget of £225.0m (Annex 1, paragraphs 90 to 96).

Cabinet is asked to approve the following.

4. Virement of £0.9m from Schools & Learning's central risk budget to Services for Young People to meet the cost of learning difficulty and disability (LLDD) placements in 2013/14 (Annex 1, paragraph 22).

**REASON FOR RECOMMENDATIONS:**

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

**DETAILS:**

1. The Council's 2013/14 financial year commenced on 1 April 2013. This is the ninth budget monitoring report of 2013/14. The budget monitoring reports for this financial year have a greater focus on material and significant issues, especially the tracking of the efficiency and reduction targets within the Medium Term Financial Plan. The reports also have a greater emphasis on proposed actions to be taken to resolve any issues.

2. The Council has implemented a risk based approach to budget monitoring across all directorates and services. The risk based approach is to ensure we focus resources on monitoring those higher risk budgets due to their value, volatility or reputational impact.
3. There is a set of criteria to evaluate all budgets into high, medium and low risk. The criteria cover:
  - the size of a particular budget within the overall Council's budget hierarchy (the range is under £2m to over £10m);
  - budget complexity relates to the type of activities and data being monitored (the criterion is about the percentage of the budget spent on staffing or fixed contracts - the greater the percentage the lower the complexity);
  - volatility is the relative rate at which either actual spend or projected spend move up and down (volatility risk is considered high if either the current year's projected variance exceeds the previous year's outturn variance, or the projected variance has been greater than 10% on four or more occasions during this year)
  - political sensitivity is about understanding how politically important the budget is and whether it has an impact on the Council's reputation locally or nationally (the greater the sensitivity the higher the risk).
4. High risk areas report monthly, whereas low risk services areas report on an exception basis. This will be if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower.
5. Annex 1 to this report sets out the Council's revenue budget forecast year end outturn as at the end of February 2014. The forecast is based upon current year to date income and expenditure as well as projections using information available to the end of the month.
6. The report provides explanations for significant variations from the budget, with a focus on staffing and efficiency targets. As a guide, a forecast year end variance of greater than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so any variance over 2.5% may also be material.
7. Also, Annex 1 to this report updates Cabinet on the Council's capital budget.
8. Appendix 1 provides details of the directorate efficiencies and revenue and capital budget movements.

#### **Consultation:**

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

#### **Risk management and implications:**

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

### **Financial and value for money implications**

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

### **Section 151 Officer commentary**

12. The Section 151 Officer confirms that the financial information presented in this report is consistent with the council's general accounting ledger and that forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks..

### **Legal implications – Monitoring Officer**

13. There are no legal issues and risks.

### **Equalities and Diversity**

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

### **Climate change/carbon emissions implications**

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

### **WHAT HAPPENS NEXT:**

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

---

#### **Contact Officer:**

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

#### **Consulted:**

Cabinet / Corporate Leadership Team

#### **Annexes:**

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

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

---

**Sources/background papers:**

None

---



## Budget monitoring period 11- 2013/14 (February 2014)

### Summary recommendations

Cabinet is asked to note the following:

1. Forecast revenue budget for 2013/14 is to underspend by -£6.4m (paragraph 1).
2. Forecast ongoing efficiencies and service reductions achieved by year end is £62.1m (paragraph 85).
3. Forecast capital expenditure and investment of £226.7m against a budget of £225.0m (paragraphs 90 to 96).

Cabinet is asked to approve the following.

4. Virement of £0.911m from Schools & Learning's central risk budget to Services for Young People to meet the cost of learning difficulty and disability (LLDD) placements in 2013/14 (paragraph 22).

### Revenue summary

Surrey County Council has now set its budget envelope for the 2014/15 financial year. In line with the Council's multi year approach to financial management, Cabinet approved the use of 2013/14's unused £13m risk contingency and £2m increased business rates and government grants to support 2014/15. To provide further budget equalisation and avoid arbitrary cut offs to budgets, services will make requests to a future meeting to carry forward underspent funds for use in 2014/15 to complete projects that are not finished by 31 March.

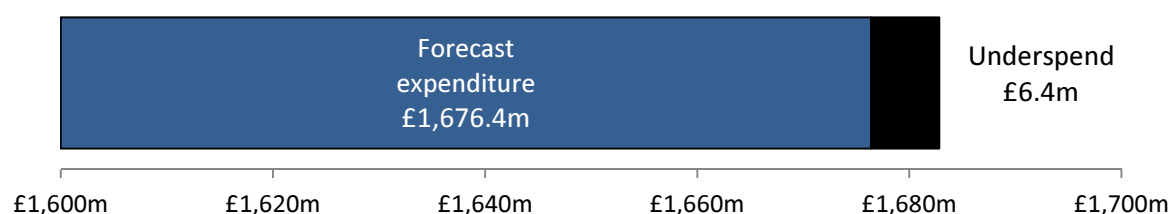
The financial strategy has a number of long term drivers to ensure sound governance, managing the council's finances and compliance with best practice.

- Keep any additional call on the council taxpayer to a minimum, consistent with delivery of key services through continuously driving the efficiency agenda.
- Develop a funding strategy to reduce the council's reliance on council tax and government grant income. The council is heavily dependent on these sources of funding, which are being eroded.
- Balance the council's 2014/15 budget by maintaining a prudent level of general balances and applying reserves as appropriate.
- Continue to maximise our investment in Surrey.

*Keep the additional call on the council tax payer to a minimum, consistent with delivery of key services*

For the fourth year running, the council will end the financial year with a small underspend, demonstrating its tight grip on financial management. The council will continue to seek further savings this year in line with the corporate strategy of using our resources responsibly to plan for future years of financial uncertainty.

Figure 1: Year end forecast revenue position



### *Continuously drive the efficiency agenda*

A key objective of MTFP 2013-18 is to increase the council's overall financial resilience, including reducing reliance on government grants over the long term. MTFP 2013-18 includes savings and reductions totalling £68.3m in 2013/14 (£167m for 2013-18). At the end of January 2014, services forecast to achieve £61.3m efficiencies by year end. This under-achievement is mainly due to slippage in Adult Social Care's (ASC's) innovative Family, Friends and Community Support (FFC) strategy (+£6.0m) and delays in achieving efficiencies in services for children with disabilities and facing higher demand for care packages (+£1.5m), partly offset by Business Services' planning to bring forward some 2014/15 efficiencies (-£1.2m).

2013/14's efficiencies include £10.4m ASC savings re-categorised as one-off measures. These savings, budgeted for 2013/14 onwards, will need to be made from 2014/15.

### *Maintain a prudent level of general balances and apply reserves appropriately*

In addition to meeting on-going demand and funding pressures, the council ensures it is prepared for emergencies, such as the recent severe weather and flooding. Part of this preparedness is having adequate balances and reserves. The council currently has nearly £20m in general balances. The cost of the immediate response and temporary repairs required as a result of the flooding and associated storms is estimated to be £11.0m, with £10.0m relating to damage sustained to local highways. The cost of long-term capital and revenue repairs to highways infrastructure is estimated to be about £15.0m. The council continues to pursue all available relief funding from central government.

## **Capital summary**

### *Maximising our investment in Surrey*

A key element of Surrey County Council's corporate vision is to create public value by improving outcomes for Surrey's residents. This vision is at the heart of the capital programme and MTFP 2013-18 set a £699m five year capital programme. The council also wants to reduce its reliance on government funding and the council tax payer. To this end, it has invested £29.7m in long term capital investment assets and aims to increase this to £40.3m by 31 March.

Cabinet approved re-profiling to revise the 2013/14 capital budget to £225.0m. The total forecast capital expenditure this year, including the long term investment, is £226.7m.

## **Flooding update**

Between December and February there was widespread flooding across the county. The estimated cost of the immediate response and temporary repairs associated with this is £11m, with £5.3m to be incurred in the current financial year. £10m of the total relates to local highways, mostly relating to the immediate repairs to damage and protection. Longer-term capital repairs required to highways infrastructure as a direct result of the flooding, and the cumulative impact of the last three severe winters, is estimated to be in the region of £15m. A more reliable estimate will not be available until all the assessment work has been completed. In February, the River Thames burst its banks and caused flooding in the north of the county across Runnymede, Elmbridge and Spelthorne and other locations. The costs associated with this more recent flooding are still to be determined, but as the flooding was more severe and widespread, the costs are likely to be higher.

Under the Bellwin scheme local authorities can apply for a grant from the Department for Communities and Local Government (DCLG) to compensate them for the costs incurred from the immediate actions they take in connection with a disaster or emergency, above a certain threshold. The threshold for the council in relation to the flooding has been reduced from £2.8m to £1.6m. The council has registered for the scheme and has up to 30 May 2014 to incur eligible expenditure and until 30 June 2014 to submit a claim. The Bellwin scheme does not usually cover capital costs, so the Department for Transport (DfT) has

made £70m available to local highways authorities under the Severe Weather Recovery Scheme. DfT will distribute this grant based on length of road and number of bridges damaged by flooding. The council has submitted a claim and we are waiting to hear back on any possible funding that we will receive under this scheme. DfT has also made £103.5m of additional funding available to all local highways authorities to help with the severe weather experienced this winter. This grant will be distributed automatically based on the total miles of road maintained by an authority. It is estimated that Surrey County Council will receive around £2m of this funding. Officers are currently working on options to fund both the revenue and the capital costs of this severe weather and this will be reported to Cabinet in July 2014.

The county council is working with district and borough councils on a scheme to allow a council tax discount to residents affected by flooding. The cost of this scheme is estimated to be around £700,000 to the county council, although central government funding is expected to fund all or part of this.

## Revenue budget

1. The updated 2013/14 revenue budget, including schools, is supported by £23.0m of earmarked and general reserves, plus £7.9m revenue carried forward from 2012/13 to fund committed 2013/14 expenditure. The current projection for services' net revenue budget is -£6.4m underspend (-£2.1m at the end of January).
2. In line with the Council's multi year approach to financial management, Cabinet approved the use of 2013/14's unused £13m risk contingency and £2m increased business rates and government grants to support 2014/15. At this stage of the financial year, to provide further budget equalisation and avoid arbitrary cut offs to budgets, services prepare to make requests to carry forward underspent funds for use in 2014/15 to complete projects that are not finished by 31 March. Services have included their indicative thinking in the directorate reports below.
3. The year to date budget variance at the end of February is -£20.1m underspent. This is predominately due to:
  - Dedicated Schools Grant nursery provision underspends of -£3.7m, other underspends in Schools & Learning of -£2.9m, staffing across Children, Schools and Families of -£0.9m; Children's Services non staffing overspends of +£2.3m;
  - the income ahead of budget for business rate and government grants and reduced capital financing costs of -£5.7m;
  - delayed maintenance work for both Highways of -£4.1m and Property of -£2.5m;
  - brought forward saving plans for Business Services and better contracts combined with rent and rates rebates and scheduling of Business Services projects and other work of -£3.9m;
  - timing of expenditure and income on third party grants, member allocations and cultural service income and trading standards income of -£2.1m;
  - Revolving Investment & Infrastructure Fund of -£0.6m; and
  - Adult Social Care position in line with forecast of +£4.2m.
4. Schools funding is determined by an agreed formula under statute and expenditure decisions are the responsibility of each school's governing body.
5. Table 1 shows the year to date and forecast year end net revenue position for services and the council overall. Net revenue position for services is gross expenditure less income from specific grants plus fees, charges and reimbursements.

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

Jan's forecast variance £m	Directorate	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Mar remaining forecast £m	Full year forecast £m	Full year variance £m
6.0	Adult Social Care	310.4	314.6	4.2	336.4	26.9	341.5	5.2
-0.1	Children, Schools & Families	165.1	159.0	-6.1	181.1	20.5	179.5	-1.6
0	Schools (gross exp £502.3m)	0.1	-0.2	-0.3	0.1	0.3	0.1	0.0
-0.7	Customer & Communities	55.1	53.0	-2.1	59.9	6.2	59.2	-0.7
3	Environment & Infrastructure	115.4	113.1	-2.3	131.6	21.6	134.7	3.1
-5.6	Business Services	75.8	69.4	-6.4	82.8	7.2	76.6	-6.2
-0.5	Chief Executive's Office	15.2	14.5	-0.7	16.4	1.4	15.9	-0.5
-2.9	Central Income & Expenditure	-200.7	-205.1	-4.4	-197.0	3.8	-201.3	-4.3
<b>-0.8</b>	<b>Service net budget</b>	<b>536.3</b>	<b>518.2</b>	<b>-18.1</b>	<b>611.2</b>	<b>87.8</b>	<b>606.1</b>	<b>-5.1</b>
-1.3	Local taxation	-488.2	-489.5	-1.3	-599.3	-111.1	-600.6	-1.3
0	Revolving Infrastructure & Investment Fund	0.0	-0.6	-0.6	0.0	0.6	0.0	0.0

<b>-2.1 Overall net budget</b>	<b>48.2</b>	<b>28.1</b>	<b>-20.1</b>	<b>11.9</b>	<b>-22.7</b>	<b>5.5</b>	<b>-6.4</b>
--------------------------------	-------------	-------------	--------------	-------------	--------------	------------	-------------

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

6. Both the year to date and forecast revenue budget positions are shown by directorate in the graphs below. Table App 3 in the appendix shows the overall income and expenditure for the year to date and year end forecast positions.
7. The forecast year end underspend on services of -£5.1m is a result of: Adult Social Care slippage implementing its innovative FFC strategy of +£5.2m, plus flood repairs, waste management pressure and support for local bus routes of +£3.1m; and Children's Services' volume pressures of +£3.1m; offset by underspends in Schools & Learning of -£2.4m, Customer & Communities of -£0.7m, Business Services of -£6.2m, Chief Executive's Office of -£0.5m and Central Income & Expenditure of -£4.3m.
8. Table 2 below summarises the main movements in forecast year end variances over the last month. The directorates' commentaries provide further information on the forecasts.

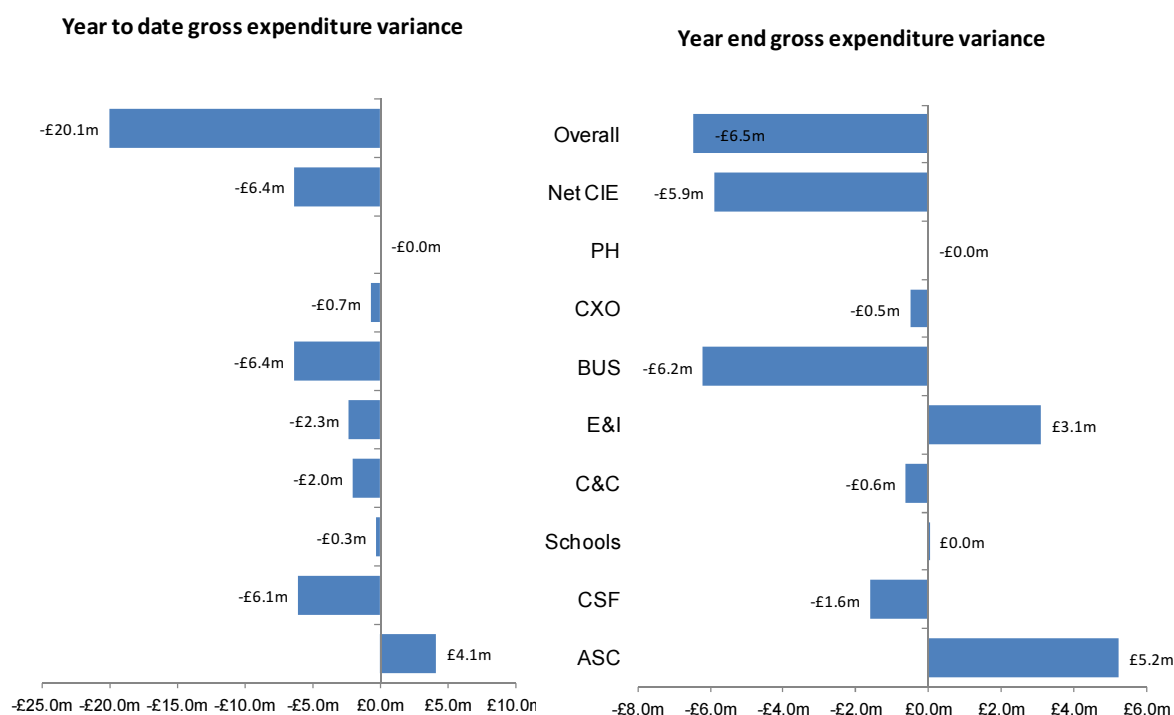
Table 2: 2013/14 Revenue budget year end variance monthly movement by directorate

<b>Directorate</b>	<b>Jan YE variance £m</b>	<b>Movement £m</b>	<b>Feb YE variance £m</b>
Adult Social Care	6.0	-0.8	5.2
Children, Schools & Families	-0.1	-1.5	-1.6
Schools	0.0	0.0	0.0
Customer & Communities	-0.7	0.0	-0.7
Environment & Infrastructure	3.0	0.1	3.1
Business Services	-5.6	-0.6	-6.2
Chief Executive's Office	-0.5	0.0	-0.5
Central Income & Expenditure	-2.9	-1.4	-4.3
<b>Service net budget</b>	<b>-0.8</b>	<b>-4.3</b>	<b>-5.1</b>
<b>Summarised movements</b>		<b>Movement £m</b>	<b>Directorate</b>
Increased demand pressure		-0.8	ASC
Increased assessment for		0.1	E&I
Planned maintenance delayed due to flooding		0.3	BUS
Smaller movements across the directorate		0.4	BUS
Reduction in placement costs for post 16 students with learning difficulties		-1.5	CSF
Increased government grants		-1.4	CIE
<b>Overall movement</b>		<b>-4.3</b>	

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

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

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



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

### Adult Social Care

Table 3: Summary of the revenue position for the directorate

Adult Social Care	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year Revised Budget £m	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
<b>Summary by subjective</b>							
Income	-61.2	-70.4	-9.2	-69.1	-8.8	-79.3	-10.2
Expenditure	371.6	385.0	13.3	405.4	35.7	420.8	15.4
<b>Net position</b>	<b>310.4</b>	<b>314.6</b>	<b>4.2</b>	<b>336.4</b>	<b>26.9</b>	<b>341.5</b>	<b>5.2</b>
<b>Summary by service</b>							
Income	-61.2	-70.4	-9.2	-69.1	-8.8	-79.3	-10.2
Older People	148.8	159.3	10.5	162.4	13.9	173.2	10.8
Physical Disabilities	43.5	45.0	1.5	47.4	4.0	49.0	1.6
Learning Disabilities	115.0	120.0	5.0	125.6	11.9	131.9	6.3
Mental Health	8.4	8.8	0.4	9.1	0.9	9.7	0.6
Other Expenditure	55.9	51.9	-4.0	60.9	5.1	57.0	-3.9
<b>Total by service</b>	<b>310.4</b>	<b>314.6</b>	<b>4.2</b>	<b>336.4</b>	<b>26.9</b>	<b>341.5</b>	<b>5.2</b>

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

11. February's projected outturn for Adult Social Care is a +£5.2m overspend (1.6%). This represents a decrease of -£0.8m from last month. This decrease is largely due

to revisions in the anticipated costs of care call off budgets for services such as respite care and transport and a reduction in the cost of Transition clients (individuals who transfer from Children's, Schools & Families into Adult Social Care).

12. ASC expects to make the following carry forward requests:
  - £35,000 First Point – carry forward of unused non ring-fence grant funding received for set up costs for the Community Interest Company.
  - £39,000 Employability – funding for the Not in Education, Employment or Training (NEET) and Travel Smart programmes that are continuing into 2014/15.
  - £45,000 Apprenticeship one-off funding – due to delays recruiting to these posts.
13. The year to date position is a +£4.2m overspend, as described below.
14. A projected overspend was highlighted as a risk during 2013/14 budget planning and should be set in context of ASC's very challenging savings target of £45.9m. The Directorate has made good progress in many of the savings actions and judges £31m of savings have either been achieved or will be achieved without needing further management action.
15. The most significant element of the Directorate's savings plans is Family, Friends and Community Support (FFC). It is a new and innovative strategy designed to provide more personalised community support options to individuals requiring care, while at the same time reducing direct costs to the council. ASC is implementing the new strategy and it has been a key factor in the recent Rapid Improvement Events on the social care and financial assessment processes.
16. The FFC savings target for 2013/14 is £15.5m. Although ASC continues to prioritise work on implementing the key policy changes required to deliver FFC's expected benefits, it now anticipates this work will only start to achieve savings against next year's budget rather than any significant savings this year. As a result, ASC forecasts no ongoing savings from FFC for the remainder of 2013/14 and projects slippage of £15.5m against the original target. The slippage in the FFC programme reflects the amount of cultural shift, systems change and community development required to implement the strategy fully.
17. ASC is looking at all possible opportunities to cover the slippage on FFC and some smaller shortfalls on other savings plans. ASC has taken two main counter-measures in 2013/14:
  - draw down £7.5m of unused 2011/12 whole system funding, approved by Cabinet in September, and
  - £1.7m draw down of previous years' winter pressures funding approved by Cabinet in October.
18. Although these measures help improve 2013/14's budget position, they do not prevent the pressure arising in next year's budget and ASC needs to replace them with new on-going savings in 2014/15. Work on the 2014-19 Medium Term Financial Plan has highlighted that the combination of: this year's projected overspend; other non-recurring one-off savings used in 2013/14; additional demand pressures forecast for next year; and a review of forward savings plans adds up to at least £14m, for which ASC needs to identify additional savings. After careful consideration with and scrutiny by the Chief Executive, Chief Finance Officer and Interim Director of Adult Social Care it is now proposed ASC will reprofile its contribution the MTFP 2013-18 savings target. While the value of savings ASC will remove from the council's overall budget by 2017/18 remains the same, it will receive £14m of one-off support from corporate reserves in 2014/15 while it amends its planned savings schedule. Joint work continues to look at all options available to

achieve additional savings in future, including scoping the benefits expected from the Better Care Fund.

19. The current year end projection relies on ASC implementing £1.3m of management action savings plans in the remainder of the financial year. Table 4 summarises the management actions included in February's projections.
20. The key driver of the underlying pressures ASC faces is individually commissioned care services (also known as "spot" care). The gross spend to date on spot care, excluding Transition, has on average been £21.5m a month for April to February. That compares with £21.3m in the last quarter of 2012/13, indicating ASC is largely containing new in year demand pressures, but has not yet decreased expenditure as planned by delivery of the FFC savings programme.

Table 4: Summary of Adult Social Care forecast

	£m	£m
<b>ASC MTFP efficiency target</b>		<b>-45.9</b>
Additional demand pressure above those anticipated in 2013-18 MTFP		-0.8
<b>Revised efficiency target</b>		<b>-46.7</b>
Total savings achieved (or not needing further management action) to date		-31.0
Savings forecast in the rest of 2013/14 through use of FFC	0.0	
Other savings forecast in the rest of 2013/14 and included as management actions	-1.3	
Total savings forecast in remainder of the year		-1.3
Total forecast savings before draw downs		-32.3
Whole systems funding 2011/12 draw down		-7.5
Proposed winter pressure funding 2011/12 draw down		-1.7
Total forecast savings		-41.5
<b>Under(+)/over(-) performance against MTFP target</b>		<b>+5.2</b>

## Children, Schools & Families

Table 5: Summary of the revenue position for the directorate

Children, Schools & Families	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
<b>Summary by subjective</b>							
Income	-134.6	-135.5	-0.9	-149.1	-15.8	-151.3	-2.2
Expenditure	299.7	294.5	-5.2	330.2	36.3	330.8	0.6
<b>Net position</b>	<b>165.1</b>	<b>159.0</b>	<b>-6.1</b>	<b>181.1</b>	<b>20.5</b>	<b>179.5</b>	<b>-1.6</b>
<b>Summary by Service:</b>							
Income	-134.6	-135.5	-0.9	-149.1	-15.8	-151.3	-2.2
Strategic Services	5.5	4.9	-0.6	5.8	0.4	5.3	-0.5
Children's Services	81.4	83.8	2.4	89.0	8.3	92.1	3.1
Schools and Learning	189.5	182.4	-7.1	209.6	24.8	207.2	-2.4
Services for Young People	23.3	23.4	0.1	25.8	2.8	26.2	0.4
<b>Total by service</b>	<b>165.1</b>	<b>159.0</b>	<b>-6.1</b>	<b>181.1</b>	<b>20.5</b>	<b>179.5</b>	<b>-1.6</b>

21. The forecast outturn at February 2014 for Children Schools and Families (CSF) is a -£1.6m underspend, an increase in underspend of -£1.5m.
22. The main reason for this increased underspend is a reduction in the estimated cost of the new responsibility for the placement of post-16 students with learning difficulties and disabilities that transferred to Surrey from September 2013. Cabinet



agreed a virement to set the budget for this new area in November 2013, although a central risk budget of £2m (including £0.707m DSG income) was retained pending greater clarity on additional placements and price negotiations with providers. It is now clear only £0.911m of this expenditure budget will be required in 2013/14 and a virement is proposed to transfer £0.9.11m of this budget to Services for Young People, including all of the £0.707m DSG element.

23. Pressures continue in Children's Services and demand for transport in relation to children with special education needs (SEN) increases. These are partly offset by an improved trading position for Commercial Services and underspends elsewhere, mainly within Schools & Learning.
24. The year to date underspend of -£6.1m is mainly due to underspends on: DSG nursery provision of -£3.7m, staffing across the directorate of -£0.9m and other underspends in Schools and Learning of -£2.9m. These are partly offset by non staffing overspends in Children's Services of +£2.3m.<sup>1</sup>

#### Children's Services

25. The projected overspend in Children's Services is +£3.1m. The main reasons for this are a combination of: rising demand, increased complexity of need and some price increases.
26. Increasing demand has led to overspends in the following areas.
  - Higher numbers of agency placements earlier in the year have given rise to an overspend of +£0.8m. Numbers have now returned to the level seen in April although the position remains volatile. There are currently three remand placements required at a cost of £4,000 a week.
  - Pressures continue on fostering allowances and in the cost of adoption allowances of +£0.5m. The number of children we pay a fostering allowance for varies from month to month and has increased by 16 to 502 (28 more than budgeted for. The number of Special Guardianship Orders (SGOs) has also increased; 65 SGOs will be made in 2013/14 compared to 45 in 2012/13.
  - The budgets for leaving care and asylum seekers are expected to overspend by +£0.7m as the number of care leavers and asylum seekers with no recourse to public funds is higher than that experienced in 2012/13 when an overspend also occurred.
  - Area care services forecast a +£0.5m overspend. This is mainly due to an increase in the instances and cost of court proceedings (217 cases so far in 2013/14, compared to 169 for all of 2012/13) and increasing costs for supervised contact and SGOs compared to 2012/13.
27. The budgets for children with disabilities are overspending by +£1.7m due to a combination of rising demand, greater complexity of need and the service being unable to achieve the planned savings in these circumstances. +£1.5m of the overspend relates to the budget reduction for the MTFP efficiency in this service area which it has not achieved. However, underspends elsewhere across CSF have offset the impact of this overspend. In addition the service is seeing more complex and costly cases and rising demand with 33 extra cases (4%) since April 2013.
28. Difficulties recruiting permanent social workers continue and CSF has to rely on more expensive agency staff. A +£0.5m overspend is anticipated. This is an ongoing problem and CSF plans to improve recruitment and retention of social workers through the career progression framework and recruitment programme in the North East Area to grow our own skilled workforce. These initiatives will take

---

<sup>1</sup> The year to date position is for CSF's total activity (including that funded by Dedicated Schools Grant) whereas the forecast variances relate to those budgets funded by the county council only.

time to realise results. Despite this, overall staffing across Children's Services is in line with the budget due to turnover and careful management of vacancies.

29. Net underspends of -£1.6m across Children's Services offset these overspends. These are planned to continue to help alleviate the cost pressures.

#### Schools & Learning

30. Schools & Learning's forecast position is -£2.4m underspend on county funded services, which with -£1.4m additional income gives an overall -£3.8m underspend. This underspend is -£1.4m greater than reported last month mainly due to a reduction in the forecast cost of high needs agency places to be met from the £1.5m set aside to meet new responsibilities in 2013/14.
31. The main pressure on the Schools and Learning budget is a +£1.8m overspend on SEN transport. School transport already faced a £0.7m budget pressure, reported as an overspend in the 2012/13 outturn. Furthermore pupil numbers and costs have continued to rise, particularly around SEN, leading to +£0.6m additional costs.
32. Offsetting the transport overspend is a -£3.4m underspend on centrally held budgets. This is mainly against the budget for demographics and inflation. Given its £7m savings requirement, CSF prudently decided to hold this budget centrally to cover pressures arising from demand led budgets where the impact of funding changes would not become clear until the start of the new academic year.
33. Commercial Services projects making a -£1m higher contribution to corporate overheads than budgeted. This projection takes into account the reduced contribution due to the loss of cleaning and catering contracts, which is more than offset by improved contract prices and contracted income.
34. Although not included in the full year county position, services funded by Dedicated Schools Grant (DSG) forecast a -£2.9m underspend. The main reason being lower demand for two, three and four year old nursery provision than the grant funding that underpins the budget. There are other underspends on DSG services, though overall these are partly offset by +£0.8m increased demand for support to children with SEN (particularly paediatric therapy services).

#### Services for Young People and Strategic Services

35. Services for Young People forecasts a +£0.4m overspend although additional income brings this down to +£0.2m. Strategic Services anticipates an underspend of -£0.5m mainly due to recognition that it is now unlikely to require resources set aside for one off service initiatives this financial year.

#### Schools (delegated budget)

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

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-441.6	-441.6	0.1	-502.3	-60.7	-502.3	0.0
Expenditure	441.7	441.3	-0.4	502.4	61.1	502.4	0.0
<b>Net position</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.3</b>	<b>0.1</b>	<b>0.3</b>	<b>0.1</b>	<b>0.0</b>

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

36. The forecast is unchanged since the beginning of the year. The budget has been updated by -£2.9m for Surrey schools' transfers to academy status and +£2.9m volume related grant changes. The schools delegated budget is reviewed each month.

## Customer & Communities

Table 7: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-22.1	-23.1	-1.0	-24.2	-1.9	-25.0	-0.8
Expenditure	77.2	76.1	-1.1	84.0	8.1	84.2	0.2
<b>Net position</b>	<b>55.1</b>	<b>53.0</b>	<b>-2.1</b>	<b>59.9</b>	<b>6.2</b>	<b>59.2</b>	<b>-0.7</b>
<b>Summary by service</b>							
Cultural Services	9.9	9.2	-0.7	10.7	1.4	10.6	-0.1
Fire & Rescue	32.7	32.7	0.0	35.6	3.6	36.3	0.7
Customer Services	3.6	3.5	-0.1	4.0	0.4	3.9	-0.1
Trading Standards	2.0	1.9	-0.1	2.2	0.2	2.1	-0.1
Community Partner & Safety	3.9	2.9	-1.0	4.1	0.4	3.3	-0.8
C&C Directorate Support	2.0	1.7	-0.3	2.2	0.1	1.8	-0.4
County Coroner	1.0	1.1	0.1	1.1	0.1	1.2	0.1
<b>Total by service</b>	<b>55.1</b>	<b>53.0</b>	<b>-2.1</b>	<b>59.9</b>	<b>6.2</b>	<b>59.2</b>	<b>-0.7</b>

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

37. Customer & Communities' (C&C) year to date underspend is -£2.1m, partly due to the timing of expenditure on third party grants and member allocations within Community Partnership and Safety of -£1.0m. The rest is due to the timing of Library Resources expenditure and Cultural Services income already earned, Trading Standards legal costs and Customer Services recoveries, along with the year to date impact of the full year underspend.
38. C&C currently projects an underspend of -£0.7m (no change since end of January). This is predominantly within Directorate Support with £0.4m due to cost sharing and holding posts for the early achievement of the 2014/15 MTFP efficiency and an expected underspend on Community Improvement Fund of -£0.6m due to waiting for grant conditions to be met before funds are released. Further underspends are expected within Customer Services of -£0.1m and Trading Standards of -£0.1m from staffing and miscellaneous savings along with Registration of -£0.2m from the continued increase in income generation. Member allocations are expected to underspend by -£0.2m and the Leader has asked members to note any funds not committed by the end of February will become unavailable.
39. C&C expects pressures within Fire of +£0.8m, mainly due to the cost of responding to the recent flooding (+£0.6m) and extending the SGI contingency crewing contract. There is a further pressure within Coroner of +£0.1m where legislative changes are resulting in higher inquest costs. The full year effect of the latter is expected to be in the region of +£0.2m from 2014/15 onwards and has been built into the MTFP.
40. C&C expects to make carry forward requests to match underspends on the Community Improvement Fund (£0.6m) and committed member allocations (£0.2m). This will enable payments to be made in the new financial year.

## Environment & Infrastructure

Table 8: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year Revised Budget £m	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-17.0	-14.1	2.9	-18.6	-2.4	-16.5	2.1
Expenditure	132.4	127.2	-5.2	150.2	24.0	151.2	1.0
<b>Net position</b>	<b>115.4</b>	<b>113.1</b>	<b>-2.3</b>	<b>131.6</b>	<b>21.6</b>	<b>134.7</b>	<b>3.1</b>
<b>Summary by service</b>							
Environment	51.3	54.0	2.7	61.0	7.8	61.8	0.8
Highways	39.9	35.8	-4.1	44.3	11.6	47.4	3.1
Economy, Transport & Planning	24.0	23.1	-0.9	26.1	2.2	25.3	-0.8
Other Directorate Costs	0.2	0.2	0.0	0.2	0.0	0.2	0.0
<b>Total by service</b>	<b>115.4</b>	<b>113.1</b>	<b>-2.3</b>	<b>131.6</b>	<b>21.6</b>	<b>134.7</b>	<b>3.1</b>

41. The year to date position for Environment & Infrastructure (E&I) is -£2.4m underspend. This primarily relates to highway maintenance works including local schemes, road maintenance (where some payments have been delayed) and also to economic development projects funded through New Homes Bonus grant, which is not now expected to be used fully this financial year.
42. The forecast outturn for E&I is +£3.0m overspend, as last month. The most significant variance is the additional cost associated with continued flooding. Expenditure relates to immediate response and making safe, damage assessments, emergency generators to power water pumps, plus the expected cost of repairing roads and potholes. Longer term costs will include drainage works and permanent repairs to damaged roads and structures, some of which will be capital works. The highway cost this year is now estimated at £3.5m, although significant uncertainty remains.
43. Other significant variations include:
- waste management expects to overspend by + £0.8m mainly due to the need for specialist external advice needed to complete the contract variation successfully;
  - local bus support expects to overspend by + £0.5m as a result of difficulty achieving planned contract savings and a number of instances where bus routes are no longer commercially viable and need financial support from the council;
  - economic development projects funded through New Homes Bonus grant are expected to underspend by - £0.7m due to delays;
  - the street lighting budget expects to underspend by -£0.4m as a result of lower than forecast price increases;
  - the mild winter temperatures mean the winter maintenance budget expects to underspend by -£0.3m;
  - additional income and recharges are expected to largely offset additional employee costs of + £0.1m; and
  - the balance includes variations such as additional parking income, an underspend in road safety and project related costs.
44. E&I expects to make the following revenue carry forward requests:
- Road safety/Drivesmart - £0.1m –  
To enable the Drivesmart board to allocate the funding next financial year.

- Flood enforcement - £0.1m  
Enforcement action is required at a private nursery on A22 Godstone Road. Due to legal timescales, work will not start until 21 March and will be completed next financial year.
- Major transport schemes - £0.3m  
To continue development and transport modelling work for major transport schemes.
- Strategy projects - £0.03m  
To continue Surrey car club marketing and promotion.

## Business Services

Table 9: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-13.7	-14.4	-0.7	-14.9	-1.1	-15.5	-0.6
Expenditure	89.5	83.8	-5.7	97.7	8.3	92.1	-5.6
<b>Net</b>	<b>75.8</b>	<b>69.4</b>	<b>-6.4</b>	<b>82.8</b>	<b>7.2</b>	<b>76.6</b>	<b>-6.2</b>
<b>Summary by service</b>							
Property	29.3	24.4	-4.9	32.0	3.8	28.2	-3.8
Information Management & Technology	21.3	20.9	-0.4	23.3	2.4	23.3	0.0
Human Resources & OD	7.6	7.0	-0.6	8.3	0.8	7.8	-0.5
Finance	8.1	8.9	0.8	8.8	-0.6	8.3	-0.5
Shared Services	3.9	3.5	-0.4	4.2	0.4	3.9	-0.3
Procurement & Commissioning	3.0	3.0	0.0	3.3	0.3	3.3	0.0
Business Improvement	2.6	1.7	-0.9	2.9	0.1	1.8	-1.1
<b>Total by service</b>	<b>75.8</b>	<b>69.4</b>	<b>-6.4</b>	<b>82.8</b>	<b>7.2</b>	<b>76.6</b>	<b>-6.2</b>

45. Business Services (BUS) projects a -£6.2m full year underspend. BUS has delivered this year's efficiency savings, brought forward some of next year's and is also achieving one-off revenue savings. The underspend is an increase of -£0.6m compared to last month. The increased underspend reflects utility costs savings and the impact of rescheduling training courses due to take place at the Runnymede Centre.
46. BUS's year to date underspend is -£6.4m. The largest year to date variance is -£4.9m in Property. -£2.5m of this is maintenance work, though its full year underspend is likely to be -£1.7m. The new property management system will deliver -£0.4m efficiencies. There have been delays to planned maintenance as a result of difficulties in letting contracts and the recent flooding. Flooding affected the planned maintenance programme as buildings were inaccessible and capacity was needed elsewhere to overcome urgent weather related emergencies.
47. BUS expects to request a carry forward of -£1.4m planned maintenance forecast underspend, as Property will deliver these works in 2014/15 alongside its planned programme of works, £1m of which is already commissioned.
48. The Making a Difference programme is on track to deliver savings of -£6.6m each year from the office portfolio and has supported staff to work more flexibly with the benefits of new technology and a change in the way we work. The programme started in 2010 and includes implementing Electronic Data & Record Management

(EDRM) across the council. EDRM solutions have been implemented for social care activity and will be implemented for the rest of the organisation by IMT alongside a Lotus Notes upgrade, resulting in a Making a Difference underspend of -£1.1m.

49. BUS expects to request a carry forward of -£0.5m of the Making a Difference underspend to ensure the successful implementation of the project to achieve a modern copying environment. This project is currently being planned for roll out by the end of December 2014. The successful implementation of this project requires new equipment and changing the culture and behaviours of how people work. To do this and ensure adequate and appropriate resource, both technically and culturally, a proportion of this underspend is required.
50. IMT's year to date underspend is -£0.4m. This largely relates to project work and is offset by an overspend on demand led budgets. The estimated full year forecast is for a balanced budget position.
51. HR and Organisational Development forecasts -£0.5m year end underspend, a change of -£0.2m compared to last month. This is caused by several factors including delays to delivering training courses as a result of not being able to use the Runnymede Centre.
52. Finance's year to date variance is overstated as a one-off insurance payment relating to previous years of £1.1m was made, which will be met from a previous year provision. Finance forecasts a -£0.4m full year underspend, -£0.2m relates to the audit fee and -£0.2m to staffing.
53. BUS's remaining services' year to date variances are in line with the year end forecasts. Shared Services estimates -£0.3m full year underspend. It expects to deliver 2014/45 savings early on both staffing of -£0.2m and income of -£0.1m

### Chief Executive's Office

Table 10: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-22.6	-20.3	2.3	-27.8	-4.6	-24.9	2.9
Expenditure	37.8	34.8	-3.0	44.2	6.0	40.8	-3.4
<b>Net</b>	<b>15.2</b>	<b>14.5</b>	<b>-0.7</b>	<b>16.4</b>	<b>1.4</b>	<b>15.9</b>	<b>-0.5</b>
<b>Summary by service</b>							
Strategic Leadership	0.4	0.4	0.0	0.5	0.1	0.5	0.0
Legacy	0.5	0.5	0.0	0.5	0.0	0.5	0.0
Emergency Management	0.5	0.5	0.0	0.5	0.1	0.6	0.1
Communications	1.8	1.7	-0.1	2.0	0.2	1.9	-0.1
Legal & Democratic Services	9.0	8.6	-0.4	9.7	0.8	9.4	-0.3
Policy & Performance	3.0	2.8	-0.2	3.2	0.2	3.0	-0.2
Public Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total by service</b>	<b>15.2</b>	<b>14.5</b>	<b>-0.7</b>	<b>16.4</b>	<b>1.4</b>	<b>15.9</b>	<b>-0.5</b>
Public Health – income	-21.5	-19.1	2.4	-26.5	-4.5	-23.6	2.9
Public Health - expenditure	21.5	19.1	-2.4	26.5	4.5	23.6	-2.9
Public Health - net expenditure	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

54. Chief Executive's Office (CXO) currently projects a -£0.5m underspend against a £16.4m total revenue budget. Lower projected Communications publicity costs have

- offset the increased costs of responding to flooding, resulting in no overall change from last month.
55. The CXO underspend is predominantly due to -£0.2m one-off savings against the Local Elections budget, plus -£0.3m establishment staff vacancies and -£0.2m service savings across the directorate. Pressures within Legal of +£0.1m, due to the cost and volume of child protection cases and Emergency Management of +£0.1m, due to costs of responding to flooding partly offset these.
  56. CXO's year to date underspend is mainly due to the underspend on Local Elections, the timing of expenditure on members' allowance & expenses payments and communication campaigns, plus the year to date impact of staff vacancies.
  57. CXO expects to request to carry forward £50,000 to fund a Public Services Transformation Network campaign in 2014/15.
  58. CXO has taken on the council's new responsibility for Public Health (PH) this year. Some uncertainties remain in this first year of Public Health budgets.
  59. In determining the Public Health grant allocation to SCC, the Department of Health (DH) misallocated £3.3m of the sexual health funds, which instead were transferred to the Clinical Commissioning Groups (CCGs). DH requested this error was resolved locally, but this has not been possible. In January, Guildford & Waverley CCG offered £100,000 and Surrey Heath CCG £55,000 towards this matter, which is reflected in this report.
  60. The other ongoing budget issue being investigated is the cost of prescribing drugs related to the Public Health Agreements. It has come to light nationally that local authorities may be recharged for such costs by the NHS Business Services Authority and this amount had not been included in the council's baseline allocation. Initial estimates show Surrey's liability could be in the region of +£1.9m. As this is a country wide issue the Director of Public Health (DPH) is linking with other DPHs to progress this matter with the DH.
  61. Because some staff did not transfer to the council from NHS Surrey as part of the changes to the NHS from 1 April 2013, Public Health has had vacancies throughout its team, including many at a senior level. Recruitment to all vacancies in the agreed structure has now been completed and all staff have started.
  62. PH continues to ensure a strong public health service is delivered across Surrey. Delivery is happening through previous NHS contracts which are being novated to Surrey and also through tenders for new contractors. The full range of public health services is now being delivered across sexual health, substance misuse, school nursing, obesity, physical activity, smoking and health checks.
  63. As a result of the £3.3m sexual health funding not being received, PH undertook a review to minimise any overspend. There is increasing concern there could be a +£0.2m pressure as a result of high demand for Genito-Urinary Medicine services across the country. This is one of the five requirements of the Health and Social Care Act 2012. It is not possible to contract these in a block contract in order to limit the cost of these services and as such the council is required to pay accurate invoices received. PH is monitoring this issue closely as year end approaches and relevant steps are being taken to minimise its impact.

## Central Income & Expenditure

Table 11: Summary of the revenue position for the directorate

Summary	YTD Budget £m	YTD Actual £m	YTD Variance £m	Full Year (Revised) Budget £m	Mar Forecast £m	Full Year Projection £m	Full Year Variance £m
Income	-246.2	-248.4	-2.2	-252.6	-7.0	-255.4	-2.8
Expenditure	45.5	43.3	-2.2	55.6	10.8	54.1	-1.5
<b>Net</b>	<b>-200.7</b>	<b>-205.1</b>	<b>-4.4</b>	<b>-197.0</b>	<b>3.8</b>	<b>-201.3</b>	<b>-4.3</b>
Local Taxation	-488.2	-489.5	-1.3	-599.3	-111.1	-600.6	-1.3
Risk contingency			0.0	0.0	0.0	13.0	0.0
<b>Total net</b>	<b>-688.9</b>	<b>-694.6</b>	<b>-5.7</b>	<b>-796.3</b>	<b>-107.3</b>	<b>-801.9</b>	<b>-5.6</b>

64. The year to date variance of -£5.7m includes the transfer of the unused £13m risk contingency to the Budget Equalisation Reserve in period 11 matched to the re-profiled budget. This transfer will support the 2014/15 budget. The variance is largely due to: lower capital financing costs, additional income from retained business rates of -£1.3m and early receipt of government grant income of -£1.2m.
65. Capital financing costs are -£0.9m underspent on interest payable due to the council not undertaking any borrowing to fund its capital programme so far this year. The council has also received an additional -£0.9m interest mainly due to higher than expected cash balances earlier in the year. The Minimum Revenue Provision (MRP) is money set aside to repay debt and is calculated on the audited balance sheet at 31 March 2013. Following the unqualified audit of the statement of accounts in September, this budget is -£0.5m underspent and will remain at that level at year end.
66. The year to date cost of staff auto-enrolment into the pension schemes is -£0.9m less than budgeted. This will result in a -£1m year-end underspend.
67. The MTFP included a business rates safety net top slice return of -£2.4m. The council will not now receive this funding due to national call on the safety net (this will also be a pressure in 2014/15). The Education Support Grant has also been reduced by +£0.9m, due to schools gaining academy status. However, this is more than offset in 2013/14 by additional grant income not included in the MTFP, including: Local Authority Central Spend Efficiency Grant of -£1.4m, Adoption Reform -£2.0m, Small Business and Empty Property Rate Relief Grant -£0.7m, Council Tax Transition Grant -£0.3m and HM Courts Service -£0.2m.
68. Furthermore business rates collection in 2013/14 yielded -£1.3m more revenue than budgeted. It is proposed this amount is contributed to the Budget Equalisation Reserve with the -£0.6m received in relation to the Small Business & Empty Property Rate Relief Grant. The final quarter receipt of the Adoption Reform Grant of -£0.5m will be requested as a carry forward and vired to Children, Schools & Families during 2014/15.
69. Interest receivable projects -£1.3m over-recovery due to higher cash balances held at the start of the year from up-front payment of some government grants.
70. As described above, the MRP charge will underspend this year by -£0.5m, due to lower borrowing in 2012/13 than projected when setting the 2013/14 MRP budget.
71. In setting the budget, the council assumed it would use its cash balances to fund capital expenditure in place of external borrowing. However, it made a provision against undertaking any external borrowing. The council has been able to maintain its internal borrowing strategy throughout 2013/14 and the possibility of requiring this provision is now very small. This budget forecasts -£0.9m underspend. In



addition, there is a further -£1.6m of unspent New Homes Bonus within the interest payable budget, of which -£0.7m will be requested as a carry forward.

72. During January 2014 the council agreed to sell its outstanding debt relating to the Icelandic bank Landsbanki. It received the income from this sale in February and included the interest due on the initial investment of -£0.5m. This sum is included in both the year to date and full year variance for interest receivable. Offsetting this is the impairment of the initial investment for the amounts not being recovered which is included against the interest payable budget.
73. The redundancy budget continues to be expected to be on budget. March is typically when a number of redundancies are approved. Any unspent budget in relation to redundancies will be requested as a carried forward.

### Revolving Infrastructure & Investment Fund

Table 12: Summary

Summary	YTD Actual £m	Full Year Forecast £m
Income	-2.2	-2.4
Expenditure	1.6	1.7
<b>Net revenue position</b>	<b>-0.6</b>	<b>-0.7</b>
<b>Capital spend</b>	<b>29.7</b>	<b>40.3</b>

74. The Revolving Infrastructure & Investment Fund was established in the 2013-18 MTFP to provide the revenue costs of funding initiatives that will deliver savings and enhance income in the longer term. Net income, after deducting funding costs, is being delivered this financial year by the Joint Venture project to deliver regeneration in Woking town centre (Bandstand Square) and from various property acquisitions that have been made for future service delivery.
75. Year to date capital expenditure includes the purchase of five properties, loans to the Woking Bandstand Joint Venture company and a small investment in FutureGov. The forecast position includes an estimate of further loans to the Joint Venture company and the purchase of an additional property asset as approved by Cabinet on 4 February 2014.
76. Funding costs are charged to the Revolving Infrastructure & Investment Fund to reflect the opportunity cost of internal capital resources. As additional borrowing has not yet been required, the projects noted above will deliver -£2.1m gross income for 2013/14, with -£1.4m additional income being recorded in the Central Income & Expenditure interest receivable account.

## Staffing costs

77. The council employs three categories of staff.
- Contracted staff are employed on a permanent or fixed term basis and paid through the council's payroll. These staff are contracted to work full time, or part time.
  - Bank staff are contracted to the council and paid through the payroll but have no guaranteed hours.
  - Agency staff are employed through an agency with which the council has a contract.
78. Bank and agency staff enable managers to manage short term variations in service demand, or contracted staff vacancies. This is particularly the case in social care.
79. A sensible degree of flexibility in the staffing budget is good, as it allows the council to keep a portion of establishment costs variable. The current level is approximately 92% of costs are due to contracted staff.
80. The council sets its staffing budget based upon the estimated labour required to deliver its services. This is expressed as budgeted full time equivalent staff (FTEs) and converted to a monetary amount for the budget. This budget includes spending on all three categories of staff and is the key control in managing staffing expenditure.
81. The council's total full year budget for staffing is £313.0m based on 8,025 budgeted FTEs. The year to date budget for the end of February 2014 is £285.2m and the expenditure incurred is £280.5m. At the end of February 2014, the council employed 7,350 FTE contracted staff.
82. Table 13 shows the staffing expenditure and FTEs for the period to February against budget, analysed among the three staff categories for each directorate. The table includes staff costs and FTEs that are recharged to other public services for example: other councils, NHS Trusts, outsourced to South East of England Councils or capital funded (super fast broadband). The funding for the recharges is within other income.

Table 13: Staffing costs and FTEs to end of February 2014

	Staffing budget to Feb 2014		Staffing spend by category				2014 occupied	
	£m	Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m	Budget FTE	contracted FTE
Adult Social Care	65.9	57.8	3.2	1.9	62.9	-3.1	2,187	1,865
Children Schools & Families	95.8	86.8	4.4	3.7	94.9	-0.9	2,690	2,480
Customer and Communities	52.5	46.9	0.9	4.3	52.1	-0.4	1,507	1,420
Environment & Infrastructure	21.1	20.1	0.9	0.4	21.2	0.1	524	512
Business Services and Central Income & Expenditure	38.5	35.3	2.7	0.1	38.1	-0.4	892	834
Chief Executive's Office	11.3	10.7	0.2	0.2	11.2	-0.1	225	239
<b>Total</b>	<b>285.2</b>	<b>257.6</b>	<b>12.3</b>	<b>10.6</b>	<b>280.5</b>	<b>-4.7</b>	<b>8,025</b>	<b>7,350</b>

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

83. The most material variance is a -£3.1m underspend in ASC due to recruitment delays, mainly in reablement and front line teams. However, such staffing savings are counterproductive as they reduce the directorate's ability to implement key strategic savings plans such as FFC and in most cases are outweighed by additional spend on care ASC might otherwise have avoided.
84. Table 14 shows there are 665 "live" vacancies, for which active recruitment is currently taking place, with 512 of these in social care. The live vacancies figure for

social care in the December report should have been 364. Many vacancies are covered on a temporary basis by either agency or bank staff, the costs of which are shown in Table 13. The number of temporary staff does not translate easily into an FTE number as these may be for a few hours only, part time etc. The easiest way to measure this is to look at the actual expenditure as shown in Table 13 (agency staff and bank & casual staff)

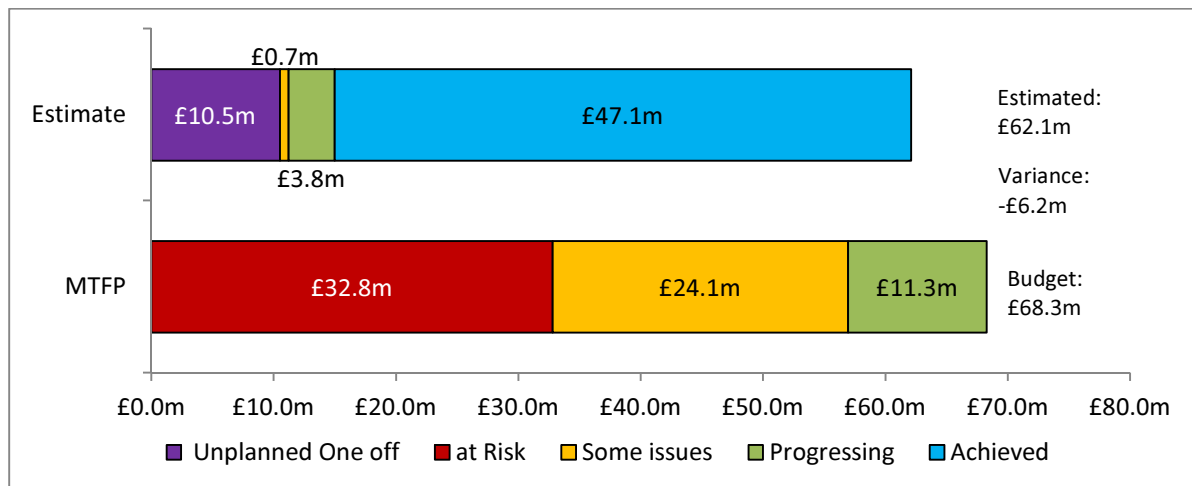
Table 14: full time equivalents in post and vacancies

	<u>Feb FTE</u>
Budget	8,025
Occupied contracted FTE	7,350
“Live” vacancies (i.e. actively recruiting)	665
Vacancies not occupied by contracted FTEs	10

## Efficiencies

85. The MTFP incorporates £68.3m of expenditure efficiencies. Overall, the council forecasts achieving £62.1m by year end, an under achievement of -£6.2m. This is the same forecast as at the end of January.
86. The appendix to this annex includes each directorate's efficiencies and a brief commentary on progress. Directorates have evaluated efficiencies on the following risk rating basis:
- RED – significant or high risk of saving not being achieved, as there are barriers preventing the necessary actions to achieve the saving taking place.
  - AMBER - a risk of saving not being achieved as there are potential barriers preventing the necessary actions to achieve the saving taking place
  - GREEN – Plans in place to take the actions to achieve the saving
  - BLUE – the action has been taken to achieve the saving.

Figure 3: 2013/14 overall risk rated efficiencies



87. The bulk of the -£6.2m variance is from ASC (-£5.2m), largely due to slippage in the innovative FFC strategy as outlined above in ASC's revenue budget commentary.
88. Under achievements in CSF (-£1.8m) and E&I (-£0.5m) remain as reported for December. CSF is experiencing delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages. This means the planned saving in that area of £1.5m is unlikely to be achieved in 2013/14. Given the pressure on the transport budget, it is also unlikely that the planned efficiency of £0.3m will be achieved. E&I forecasts -£0.4m underachievement on the bus service contract savings. This is offset by overachievement by Business Services bringing +£1.2m of 2014/15 efficiencies forward. The appendix to this annex includes each directorate's efficiencies as at the end of February 2014.

## Capital

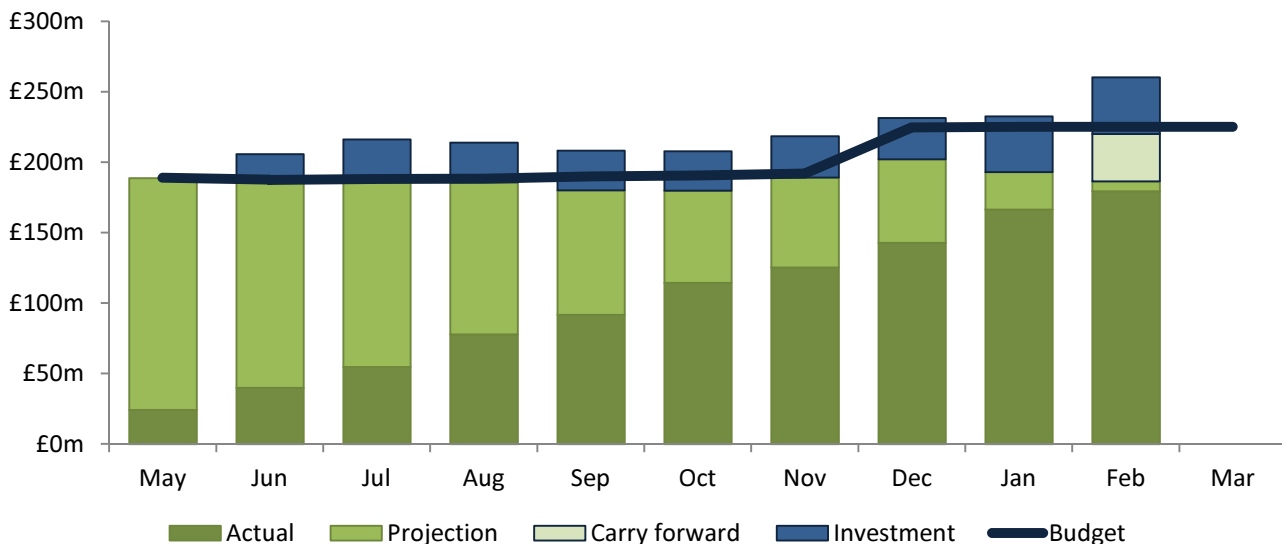
89. By planning significant capital investment as part of MTFP 2013-18, the council demonstrated its firm long term commitment to supporting economic recovery in Surrey.
90. Table 15 shows current forecast expenditure for the service capital programme and long term investments of £226.7m against a budget of £225.0m. The material variances are:
- school basic need programme (-£9.3m);
  - acquiring land for waste schemes (-£6.3m);
  - contract and adverse weather impeded site access to corporate projects (-£9.5m);
  - archaeological finds at Guildford Fire Station (-£3.2m);
  - deliveries for the fire vehicle and equipment replacement programme and mobilisation control (-£2.6m);
  - safe cycle bid and economic regeneration projects, Local Sustainable Transport Fund and Redhill Balanced Network (-£5.0m);
  - replacement of boiler specifications (-£2.0m);
  - obtaining planning permission to improve a travellers' site (-£1.3m);
  - Superfast broadband project (-£1.8m); and
  - long term investments (£40.2m).
91. Other, smaller capital programme variances are in Adult Social Care of -£0.4m and Children Schools & Families of -£0.3m.

Table 15: 2013/14 Capital expenditure position

	<b>Revised full year budget £m</b>	Apr - Feb actual £m	Mar projection £m	<b>Full year forecast £m</b>	<b>Full year variance £m</b>	<b>Carry forward requests £m</b>	<b>Revised variance £m</b>
Adult Social Care	<b>2.0</b>	1.3	0.3	<b>1.6</b>	<b>-0.4</b>	0.2	-0.2
Children, Schools & Families	<b>8.9</b>	8.9	-0.3	<b>8.6</b>	<b>-0.3</b>	0.0	-0.3
Customer & Communities	<b>4.8</b>	2.4	-0.3	<b>2.1</b>	<b>-2.7</b>	2.7	0.0
Environment & Infrastructure	<b>69.4</b>	70.7	-6.2	<b>64.5</b>	<b>-4.9</b>	4.9	0.0
School Basic Need	<b>54.3</b>	40.5	4.6	<b>45.1</b>	<b>-9.2</b>	9.2	0.0
Business Services	<b>74.1</b>	47.6	7.3	<b>54.9</b>	<b>-19.2</b>	19.2	0.0
Chief Executive Office	<b>11.5</b>	8.1	1.5	<b>9.6</b>	<b>-1.9</b>	1.9	0.0
<b>Total service programme</b>	<b>225.0</b>	<b>179.5</b>	<b>6.9</b>	<b>186.4</b>	<b>-38.6</b>	<b>38.1</b>	<b>-0.5</b>
Central investment assets	<b>0.0</b>	29.6	10.7	<b>40.3</b>	<b>40.3</b>		40.3
<b>Total overall</b>	<b>225.0</b>	<b>209.1</b>	<b>17.6</b>	<b>226.7</b>	<b>1.7</b>	<b>38.1</b>	<b>39.8</b>

92. These variances relate to project duration rather than spending savings. Therefore the overall capital programme will spend the same and funding is unaltered.
93. The total of all directorates' expected capital carry forward requests is £38.1m.

Graph : Capital forecast expenditure profile by month



7

94. The council initially approved the 2013/14 capital expenditure budget at £187.3m. Cabinet subsequently reprofiled the capital budget for 2013/14 by -£2.5m, which reduced it to £184.8m. Up to 31 January 2014 the capital budget was updated for: new approved schemes; re-profiling requests and new grant funded schemes (+£2.7m); drawing down capital grants for Walton Bridge (+£0.6m); wellbeing centres (+£0.1m); purchasing Woking Magistrates Court (+£0.9m); purchasing Quadrant Court (+£21.3m); reprofiling highway maintenance (+£11.1m); further funding from local schemes (+£0.1m); and external funding from sources such as schools' parent teacher associations (+£3.2m).
95. In February, the council updated the capital budget for: £0.9m more external funding from sources such as schools' parent teacher associations and -£0.7m for a Business Services scheme transferred to the Central Investment assets. The revised capital budget for 2013/14 is £225.0m.
96. Table App 4 in the appendix to this annex summarises the capital budget changes.

## Appendix to Annex

### Contents

<b>Corporate performance scorecard – finance</b> .....	24
<b>Efficiencies &amp; service reductions</b> .....	25
<b>Updated budget - revenue</b> .....	28
<b>Updated budget - capital</b> .....	30

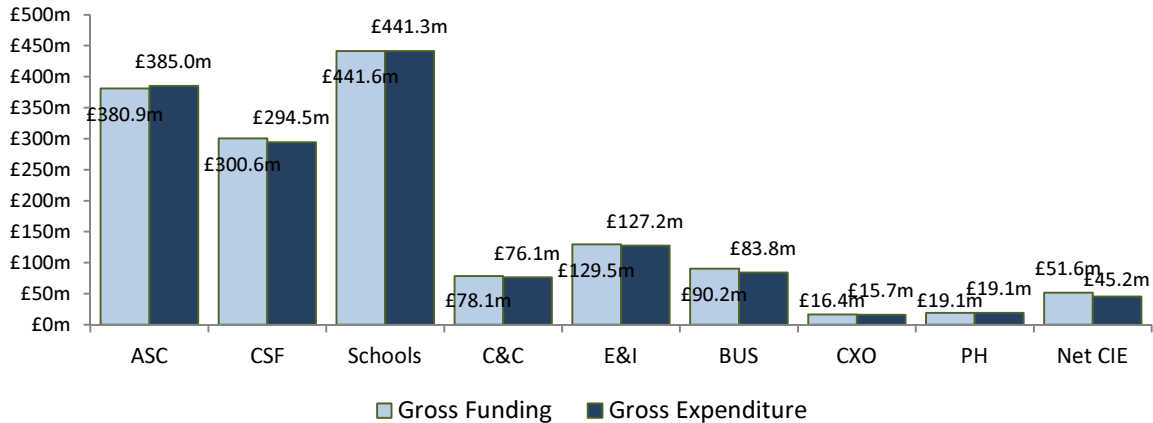
## Corporate performance scorecard – finance

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

App 2. The corporate performance scorecard also includes the year end forecast revenue position shown above in the main annex in Figure 1.

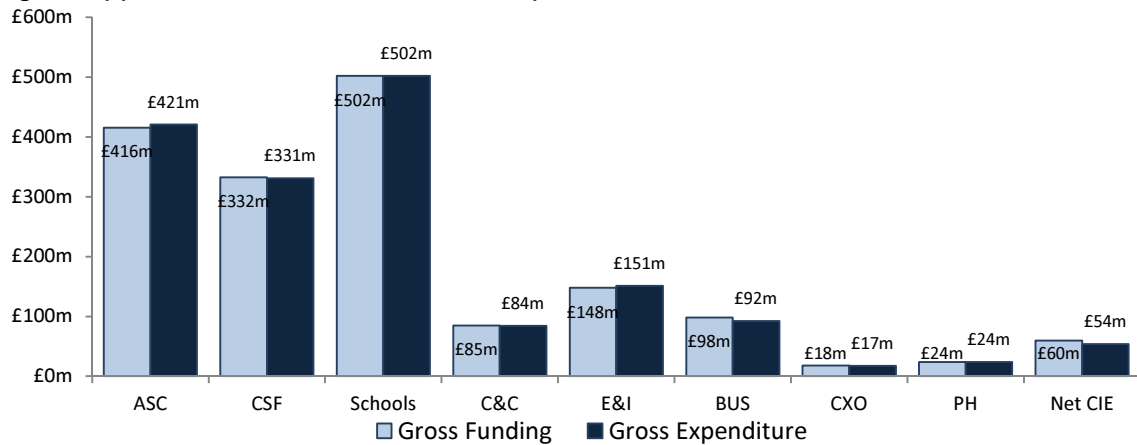
7

Figure App 1: Year to date revenue position



App 3. Figure App 2 shows services forecast an underspend year end position of -£6.4m (-£2.1m at the end of January). This excludes -£0.6m net income on the Revolving Infrastructure & Investment Fund.

Figure App 2: Year end forecast revenue position



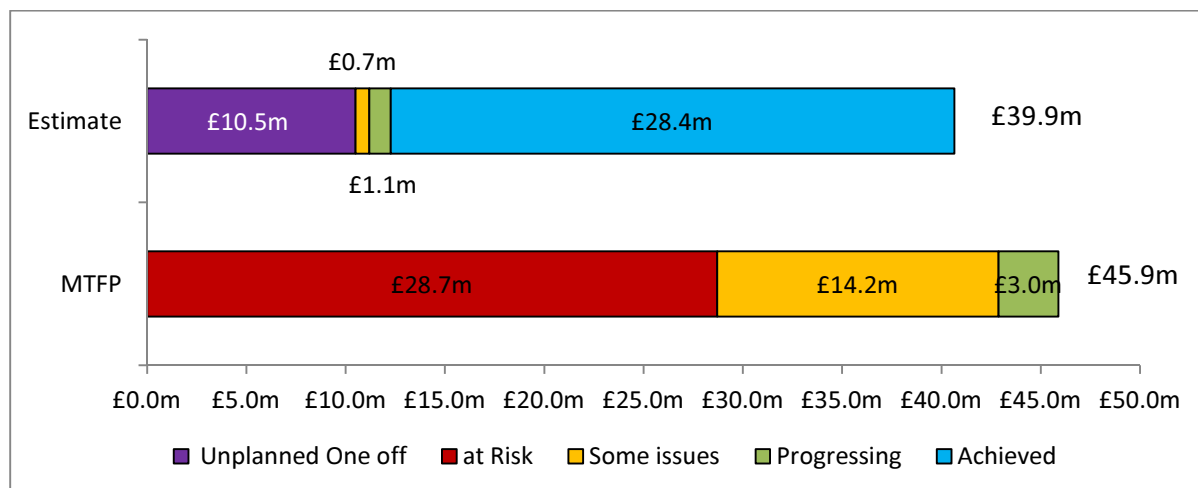


## Efficiencies & service reductions

App 4. The graphs below track progress against directorates' MTFP 2013-18 ragged expenditure efficiencies & service reductions.

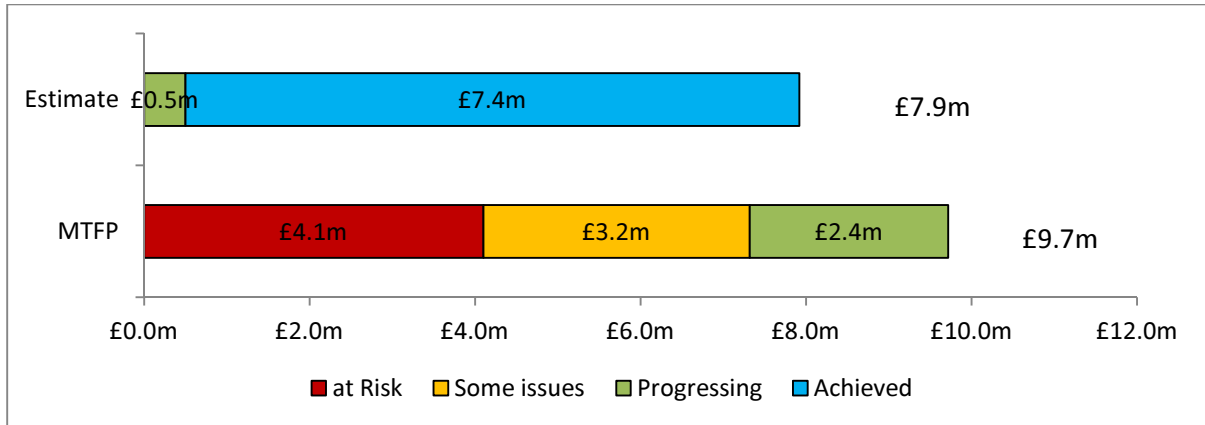
App 5. All the graphs use the same legend:  
 Red – At risk, Amber – Some issues, Green – Progressing, Blue – Achieved.  
 Each graph is based on the appropriate scale and so they are not directly comparable one against another.

## Adult Social Care



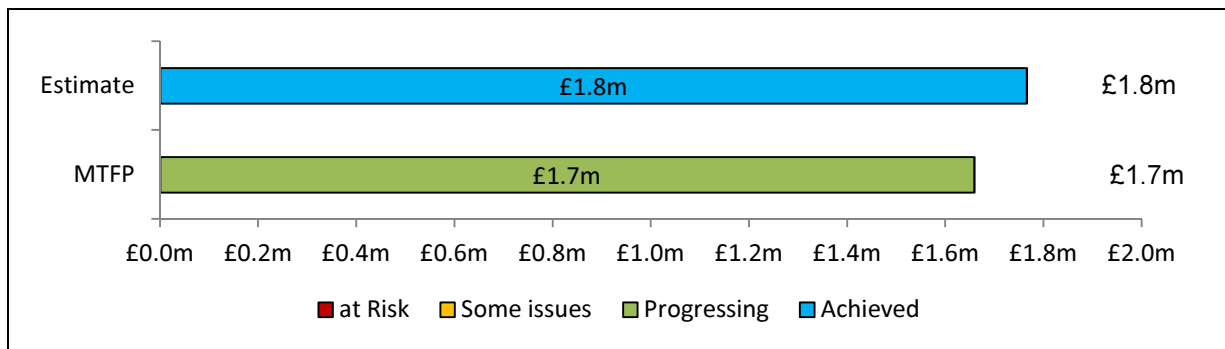
App 6. The Directorate has already achieved savings of £28.4m this year. A further £1.8m is on target to be achieved by year-end. The most significant element of ASC's savings plans in 2013/14 is the Family, Friends and Community (FFC) support strategy, which originally had a £15.5m savings target. Given the scale of the challenge and that this is the first year of these ambitious plans, it was flagged as a significant risk during the budget planning process and although considerable work is ongoing to fully embed this new approach, this will impact on next year's budget and therefore no savings are forecast for 2013/14. The projected FFC slippage combined with slippage against other some savings plans is being partially offset by £10.4m of unplanned one-off savings, which will need to be replaced by new savings plans in 2014/15. The main one-off savings measures are draw downs of £7.5m of unused Whole Systems 2011/12 funds and £1.7m of previous years' Winter Pressures Funding. The Whole Systems funding was set aside by the Directorate as a contingency for this year's budget and the draw down has now been actioned following approval by Cabinet. The Winter Pressures money was carried forward to offset anticipated increased demand over the 2013/14 winter period.

## Children, Schools & Families



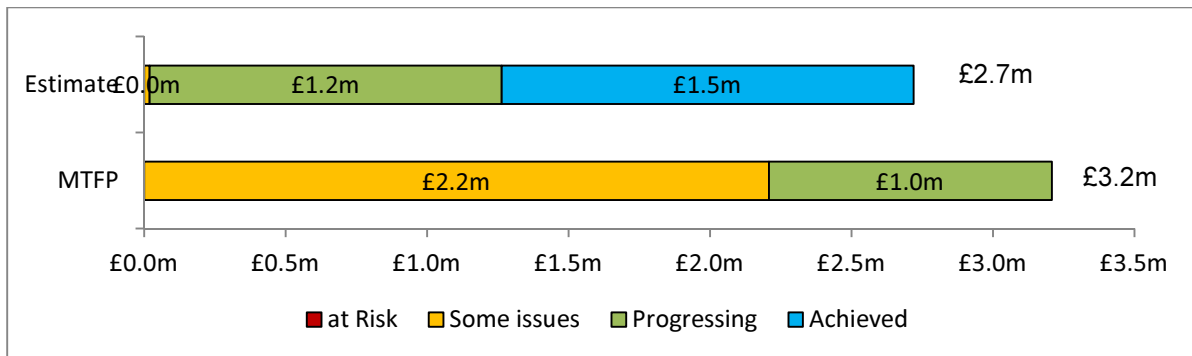
App 7. The forecast budget position for CSF means it is unlikely to achieve two of the planned efficiencies. Delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages, as described above, mean that the planned saving of £1.5m is unlikely to be fully achieved in 2013/14. Also, given the pressure on the transport budget the planned efficiency of £0.3m will not be achieved. The £1.8m unachieved savings in 2013/14 have been reallocated in 2014/15 and are expected to be achieved along with the 2014/15 efficiency savings.

## Customer & Communities



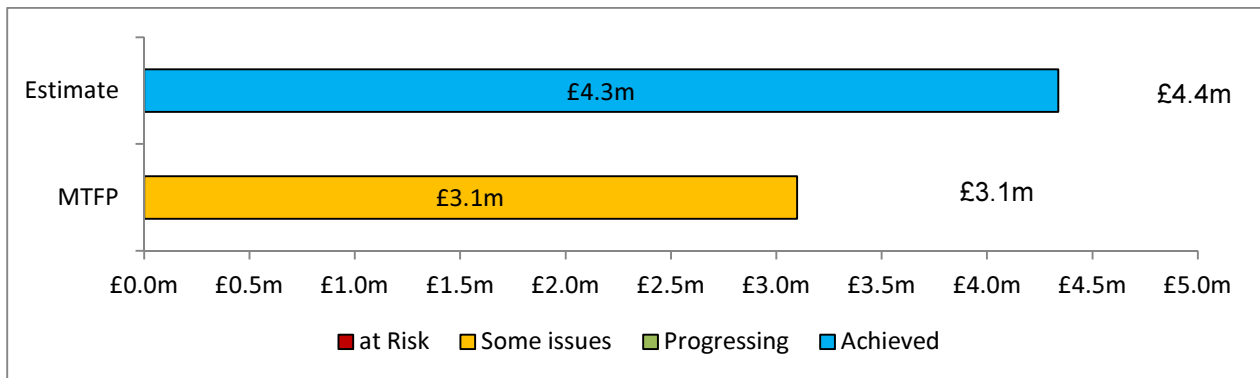
App 8. The efficiencies summary shows an over-achievement of +£0.1m against the 2013/14 target of £1.7m. This is due to the early achievement of the 2014/15 Directorate Support staff saving. The majority of the 2013/14 efficiencies have already been achieved, with the exception of the Cultural Services income increase. This is expected to be achieved as Registration are currently over-achieving their target however there are some risks associated with Libraries and Heritage income that may have an impact on this.

## App 9. Environment & Infrastructure



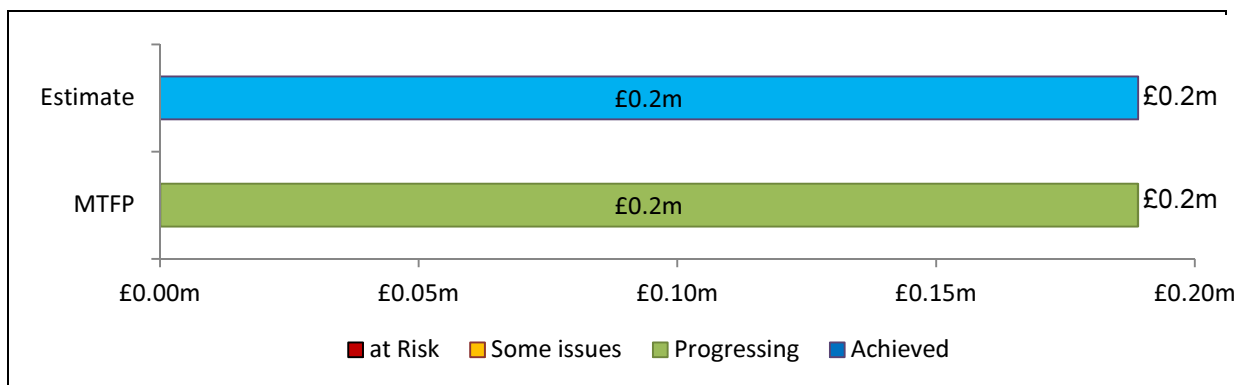
App 10. The directorate currently anticipates a shortfall of £0.5m against planned savings and efficiencies, primarily bus services contract savings (£0.4m) which have been superseded by the wider Transport Review.

## Business Services



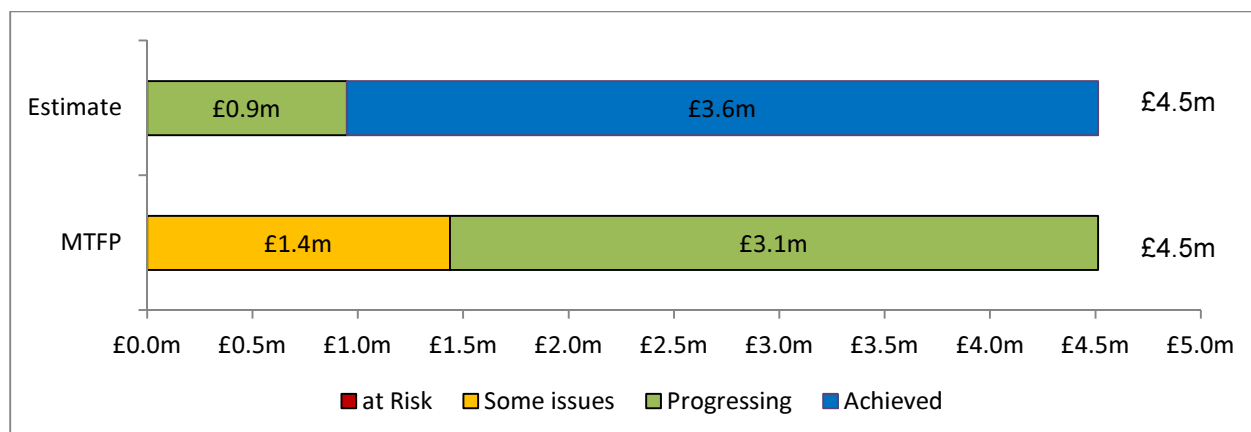
App 11. The budget for BUS includes efficiency savings and increased income targets of £3.1m. Most of these have been delivered already and all are expected to be delivered. The directorate is also delivering £1.2m of 2014/15 efficiencies early.

## Chief Executive's Office



App 12. CXO has achieved the planned 2013/14 efficiencies. The directorate currently holds vacancies within Policy & Performance in preparation for achieving efficiency savings for 2014/15 and will review these during the year to establish their on-going effect.

## Central Income & Expenditure



App 13. The efficiencies identified in MTFP 2013-18 from changes to the council's treasury management strategy have been achieved. Those in relation to redundancy are on track to be realised.

### Updated budget - revenue

App 14. The council's 2013/14 revenue expenditure budget was initially approved at £1,685.3m. Subsequently Cabinet approved the use of reserves built up in 2012/13 to augment this. Adding virement changes in May to January decreased the expenditure budget at the end of January to £1,687.4m. In February, there was a transfer back to the Department for Education for academy status conversions (£0.3m), and a number of virements reprofiled the income & expenditure budgets, maintaining the overall expenditure budget at £1,687.4m. Table App 1 summarises these changes.

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

	Income £m	Expenditure £m	Earmarked reserves	General balances £m	Total £m	Number of Virements
Original MTFP	-1,662.3	1,685.2	-11.0	-11.9	0.0	
Q1 changes	-2.3	11.1	-8.8		0.0	72
Q2 changes	7.7	-2.7	-5		0.0	114
Q3 changes	-3.6	-3.8	7.4			90
January changes	2.4	-2.4				25
<b>Previous changes</b>	<b>-1,658.1</b>	<b>1,687.4</b>	<b>-17.4</b>	<b>-11.9</b>	<b>0.0</b>	<b>301</b>
<u>February changes</u>						
Academy conversion Feb 2014 – budget and grant reduction	0.3	-0.3			0.0	1
Transfer of income and expenditure	-0.3	0.3			0.0	20
February changes	-0.0	0.0	0.0	0.0	0.0	21
<b>Updated budget - Feb 2014</b>	<b>-1,658.1</b>	<b>1,687.4</b>	<b>-17.4</b>	<b>-11.9</b>	<b>0.0</b>	<b>322</b>

App 15. When Council agreed the MTFP in February 2013, some government departments had not determined the final amount for some grants. Services therefore estimated their likely grant. The general principle agreed by Cabinet was that any changes in the final amounts, whether higher or lower, would be represented in the service's income and expenditure budget. For example, there were a number of changes in September for the notification of schools transferring to Academy status.

App 16. In controlling the budget during the year, budget managers occasionally need to transfer, or vire, budgets from one area to another. In most cases these are

administrative or technical in nature, or of a value that is approved by the Chief Finance Officer.

App 17. Virements above £250,000 require the approval of the relevant Cabinet Member. There was one virement above £250,000 in February:

- transfer of £266,691 back to the Department for Education for academy status conversions for February.

App 18. Table App 2 shows the updated revenue budget that includes the changes in government grants and virements since the beginning of the year.

Table App 2: 2013/14 updated revenue budget – February 2014

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-69.1	405.4	336.4
Children, Schools & Families	-149.1	330.2	181.1
Schools	-502.3	502.4	0.1
Customers and Communities	-24.2	84.0	59.9
Environment & Infrastructure	-18.6	150.2	131.6
Business Services	-14.9	97.7	82.8
Chief Executive's Office	-27.8	44.2	16.4
Central Income & Expenditure	-851.9	55.6	-796.3
<b>Service total</b>	<b>-1,658.1</b>	<b>1,670.0</b>	<b>11.9</b>

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

App 19. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2013/14 Revenue budget forecast position as at end of February 2014

	YTD Budget £m	Year to date Actual £m	YTD Variance £m	Full Year Budget £m	Remaining Forecast Spend £m	Outturn Forecast £m	Forecast Variance £m
Income:							
Local taxation	-488.2	-489.5	-1.3	-599.3	-111.1	-600.6	-1.3
Government grants	-826.3	-800.7	25.6	-908.6	-108.8	-909.5	-0.9
Other income	-132.9	-169.6	-36.7	-150.2	8.8	-160.8	-10.6
<b>Income</b>	<b>-1,447.4</b>	<b>-1,459.8</b>	<b>-12.4</b>	<b>-1,658.1</b>	<b>-211.1</b>	<b>-1,670.9</b>	<b>-12.8</b>
Expenditure:							
Staffing	285.2	280.5	-4.7	312.2	25.1	305.6	-6.6
Service provision	768.7	766.1	-2.6	855.4	102.3	868.4	13.0
<b>Non schools sub-total</b>	<b>1053.9</b>	<b>1046.6</b>	<b>-7.3</b>	<b>1,167.6</b>	<b>127.4</b>	<b>1,174.0</b>	<b>6.4</b>
Schools expenditure	441.7	441.3	-0.4	502.4	61.1	502.4	0.0
<b>Total expenditure</b>	<b>1495.6</b>	<b>1487.9</b>	<b>-7.7</b>	<b>1,670.0</b>	<b>188.5</b>	<b>1,676.4</b>	<b>6.4</b>
<b>Movement in balances</b>	<b>48.2</b>	<b>28.1</b>	<b>-20.1</b>	<b>11.9</b>	<b>-22.7</b>	<b>5.5</b>	<b>-6.4</b>

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

## Updated budget - capital

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

App 21. New virements and reprofiling in May to January added £40.6m to the capital budget. There are changes to the capital budget totalling £0.3m, increasing the capital budget to £225.0m. There were two changes over £0.25m:

- - £0.9m external funding from sources such as schools' parent teacher associations; and
- -£0.7m for a Business Services scheme transferred to Central Investment Assets.

App 22. Table App 4 summarises these changes.

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

2013/14 Monitoring	MTFP Budget £m	C/fwd and reprofiled budget £m	Budget virement £m	Revised full year budget £m
Adult Social Care	1.3	0.4	0.3	2.0
Children, Schools & Families	2.8	1.6	4.5	8.9
Customer & Communities	2.0	3.1	-0.3	4.8
Environment & Infrastructure	50.1	4.3	15.0	69.4
Business Services	50.4	0.6	23.1	74.1
Schools Basic Need	69.2	-14.9	0.0	54.3
Chief Executive's Office	11.5	0.0	0.0	11.5
<b>Total overall</b>	<b>187.3</b>	<b>-4.9</b>	<b>42.6</b>	<b>225.0</b>

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



Council Overview & Scrutiny Committee  
2 April 2014

**FORWARD WORK PROGRAMME & RECOMMENDATIONS TRACKER**

8

1. The Committee is asked to review its Forward Work Programme and Recommendations Tracker which are attached.

**Recommendations:**

That the Committee reviews its work programme and recommendations tracker makes suggestions for additions or amendments as appropriate

**Next Steps:**

The Committee will review its work programme and 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](mailto:bryans@surreycc.gov.uk)

**Sources/background papers:** None.

This page is intentionally left blank



**COUNCIL OVERVIEW & SELECT COMMITTEE  
ACTIONS AND RECOMMENDATIONS TRACKER – UPDATED April 2014**

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 Select Committee. Once an action has been completed, it will be shaded out to indicate that it will be removed from the tracker at the next meeting. The next progress check will highlight to members where actions have not been dealt with.

**Recommendations made to Cabinet**

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
3 October 2013 COSC 003	DIGITAL BY DEFAULT [Item 6]	That the Cabinet considers developing a high-level strategy document to help guide its approach to the digital delivery of both back-office and front-line services.	Cabinet	This was considered at the Cabinet meeting on 22 October 2013. A response was included in the Committee papers on 7 November 2013. It was agreed on 4 December 2013 that this matter would be reviewed 6 months after the appointment of a Chief Digital Design Officer.	June 2014

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
3 October 2013 COSC 004	DIGITAL BY DEFAULT [Item 6]	That consideration be given to identifying a Cabinet Member to take lead responsibility for the Council's overall approach to the digital delivery of services.	Cabinet	This was considered at the Cabinet meeting on 22 October 2013. A response was included in the Committee papers on 7 November 2013. It was agreed on 4 December 2013 that this matter would be reviewed 6 months after the appointment of a Chief Digital Design Officer.	June 2014
7 November 2013 COSC 008	RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [ITEM 5]	The Cabinet Member for Business Services is requested to consider the Committee's recommendation, from its October meeting, regarding the development of a high-level strategy document to help guide its approach to the digital delivery of both back-office and front-line services.	Cabinet Member for Business Services	A Digital Update report was prepared for the Committee. It was agreed on 4 December 2013 that this matter would be reviewed 6 months after the appointment of a	June 2014

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
				Chief Digital Design Officer.	
5 March 2014  COSC 015	RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [ITEM 5]	That the appropriate Cabinet Members be invited to the meeting of the Performance & Finance Sub Group on 31 March 2014, to further discuss the issues highlighted in the Committee's recommendations from the last meeting.	Cabinet/Democratic Services	The appropriate Cabinet Members have been invited to the Performance & Finance Sub Group on 31 March 2014. The outcomes of these discussions will be shared at the meeting today as part of the budget monitoring item.	Complete
5 March 2014  COSC 016	BUDGET MONITORING REPORT & QUARTERLY BUSINESS REPORT [ITEM 6]	a) That, as a matter of urgency, the Cabinet considers how the Council will fund the cost of repairs required as a result of the recent flooding in the County, including the option to approve additional capital borrowing in 2014/2015, with the interest payments arising from the loan in 2014/2015 and future years to be met from within the Directorate's revenue budget.	Cabinet	These recommendations were considered by Cabinet at its meeting on 25 March 2014. A response is included in today's agenda papers.	April 2014

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
		<p>b) That the Cabinet accelerate the Family, Friends and Community Support programme from April 2014 to increase capacity using an Invest to Save bid to review open cases.</p> <p>c) That the effectiveness of voluntary sector grants be reviewed to ensure, where appropriate, these align with and support the objectives of the Family, Friends and Community Support programme.</p> <p>d) That initiatives which have the potential to increase value for money be discussed with providers.</p> <p>e) That efforts to recruit and retain qualified staff to unfilled social worker posts be redoubled.</p>			

## Select Committee and Officer Actions

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
7 November 2013 COSC 012	IMPROVING STAFF MORALE AND WELLBEING [Item 8]	The Committee receives a report on Surrey's People Strategy at a future meeting.	Head of Human Resources and Organisational Development	The Committee considered the next steps as part of its scrutiny of this topic on 4 December 2013. It was agreed that further scrutiny options would be explored. There is a further staff workshop planned for June 2014.	July 2014
4 December 2013 COSC 014	FAMILY, FRIENDS & COMMUNITY SUPPORT - SOCIAL CAPITAL IN SURREY [Item 7]	That the Committee receives an update report regarding the implementation of Family, Friends & Community Support.	Strategic Director for Adult Social Care	The Committee will receive this report in July 2014.	July 2014
5 March 2014 COSC 017	BUDGET MONITORING REPORT & QUARTERLY BUSINESS REPORT [ITEM 6]	That the Committee receive a further report outlining the options explored in relation to meeting the financial pressures created by flood-recovery. This report will be brought to the meeting on 2 April	Deputy Chief Finance Officer	The costs of the response and recovery phase of the flooding are still being assessed, so although estimates	July 2014



Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		2014.		of the cost will form a part of the February budget monitoring, they are could be more or less than this. In addition, the government are announcing a range of different funding streams to help households, businesses and local authorities. These were outlined in the information pack distributed for the full Council meeting on Tuesday 18 March 2014. The level of this funding has not yet been confirmed. The combination of these these two unknowns make the net cost to the council difficult to predict with any accuracy.	

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				<p>One of the recommendations of the MTFP is that the Cabinet receive a report in July on the impact of the severe weather on service work programmes and revenue and capital budgets.</p> <p>In the light of this officers have proposed that the COSC consider the report closer to the time of the cabinet meeting, when greater information will be available.</p>	
5 March 2014 COSC 018	NEW MODELS OF DELIVERY PROGRAMME/ LOCAL AUTHORITY TRADING COMPANY UPDATE [ITEM 7]	That a further report on the progress of the New Models of Delivery Programme is brought to the Committee at its meeting in September 2014.	Democratic Services/ New Models of Delivery Programme lead officer	This item will be added to the agenda for September's meeting.	Complete

This page is intentionally left blank



# Council Overview & Scrutiny Committee – Forward Work Programme 2013/14

2 April 2014

- Welfare Reform Task Group - Final Report
- Flooding Update
- Budget Monitoring

30 April 2014

- Communications
- Staff Pay & Reward
- Private Training Workshop - Facilitation Skills

4 June 2014

- Digital Strategy Update
- Budget Out-turn/Monitoring
- Staff Morale and Wellbeing – informal workshop discussions with staff

2 July 2014

- Family, Friends & Community Support
- Budget Monitoring

## Scrutiny Topics

8

**Work commenced September 2013: Welfare Reform:** Welfare reform will result in pressure on many Council services as the government changes take effect. What will be the impact on Surrey residents? What could the Council be doing now to minimise the impact?

To be linked to consideration of Surrey's present Medium Term Financial Plan (MTFP)

This work is being undertaken by a Member Task Group throughout autumn 2013. There was an interim report back to Committee in January 2014, a final report is included in today's agenda papers.

The Committee is due to receive a further update, following appointment of the Chief Digital Design Officer, in June 2014.

**Work commenced October 2013: Digital by Default:** Like many Councils, Surrey is exploring the benefits and limitations of bringing or delivering services online. How do Surrey residents want to engage with the Council? To what extent should this be reflected in the Council's Digital Strategy? What can we learn from other organisations approach to digital by default?

The Committee used their November meeting to discuss how the Council supports its staff with respect to wellbeing and morale. There is a further informal workshop in June 2014.

**Work Commenced November 2013 - Staff:** Given ongoing austerity, what do employees really feel about working for Surrey? Do employees have the appropriate tools and resources to do their job? What is the impact of employee satisfaction and morale on service delivery? How can Surrey best support and value their employees?

**Work commencing December 2013: Budget Savings:** Surrey is having to think differently about how it delivers services in light of public sector spending cuts. What is the impact of these cuts and changes on the everyday life of people in Surrey?

The Committee reviewed the changes proposed to the Medium Term Financial Plan 2014-19, prior to agreement by Cabinet. Matters arising from recent select committee budget workshops were collated and reviewed by the Performance and Finance Sub Group, and a series of recommendations made to Cabinet. The response to these recommendations is included in today's agenda papers.

Adult Social Care Committee looked at this topic in autumn 2013. Following this, Council Overview & Scrutiny Committee considered the topic in December 2013 and agreed to review progress in July 2014.

**Work Commenced December 2013: Social Capital:** When resources are scarce, will residents acting collectively to tackle issues within the community plug the gap?

**Communication (Internal & External):** As a Council, are we communicating the right things, in the right way, to the right people?

The Cabinet agreed a Communications and Engagement Strategy at its meeting on 25 June 2013. The Committee will receive a report regarding Communications on 30 April 2014.

**Trading & Investment:** What trading and investment models is Surrey currently utilising and what are the future options for the Council (looking at experiences outside of the County)? What will the governance arrangements be?

The Committee had an update regarding Trading and Investment at its meeting on 12 September 2013. An update on the New Models of Delivery Programme and Local Authority Trading Company was given at the meeting on 5 March 2014. A further update will be received later in the year, and a future item concerning the Council's approach to investment is being explored.

This page is intentionally left blank