

Notice of Meeting

Council Overview & Scrutiny Committee



Date & time
Wednesday, 4
June 2014
at 9.30am

Place
Park House, Randalls
Road, Leatherhead,
KT22 OAH

Contact
Bryan Searle
Room 122, County Hall
Tel 020 8541 9019
Or email:
Bryans@surreycc.gov.uk

Chief Executive
David McNulty

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

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

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, Mrs Denise Saliagopoulos, Mr Chris Townsend, Mr Richard Walsh, 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:

(Pages 1
- 10)

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 (*29 May 2014*).
2. The deadline for public questions is seven days before the meeting (*28 May 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
11 - 12)

The Committee made a recommendation to Cabinet concerning Appraisals at its meeting on 30 April 2014. The Cabinet provided a response at its meeting on 27 May 2014. A copy of this response is attached.

6 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME

(Pages
13 - 38)

The Committee is asked to monitor progress on the implementation of recommendations from previous meetings, and to review its Forward Work Programme. The Committee is also asked to review the scoping document for the Primary Care Task Group (Health Scrutiny Committee)

7 YEAR END FINANCIAL BUDGET OUTTURN 2013/14

(Pages
39 - 88)

Purpose of report: *Scrutiny of Services and Budgets*

This report presents the revenue and capital budget outturn for 2013/14 and proposed carry forward requests to 2014/15

8 REWARD STRATEGY REVIEW 2014 - 2018

(Pages
89 - 98)

Purpose of report: *Scrutiny of Services; Policy Development and Review*

The purpose of this report is to provide a rationale for the review of the current reward strategy in order to implement changes by April 2016. The report also provides an overview of the current position.

9 DIGITAL STRATEGY UPDATE

The Chief Digital Officer will provide a short presentation on the plan for delivery of the Digital Strategy

10 DATE OF NEXT MEETING

The next meeting of the Committee will be held at County Hall, Kingston Upon Thames, on 2 July 2014.

David McNulty
Chief Executive

Published: Tuesday, 27 May 2014

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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MINUTES of the meeting of the **COUNCIL OVERVIEW & SCRUTINY COMMITTEE** held at 10.30 am on 30 April 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, 4 June 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
- A 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

Present:

Mr David Hodge, Leader of the Council [For items 6,7 & 8]

* = present

30/14 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Victoria Young. There were no substitutions.

31/14 MINUTES OF THE PREVIOUS MEETING: 2 APRIL 2014 [Item 2]

These were agreed as an accurate record of the meeting.

32/14 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest.

33/14 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions.

34/14 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 Cabinet response to the recommendations made concerning the impact of welfare reform. Members commented that the Adult Social Care Select Committee would be reviewing the progress of the getWIS£ Service on 26 June 2014. The view was expressed by some Members that there was a need to ensure getWIS£ and CAB worked together to support residents who needed advice and assistance.
2. The Committee thanked the Impacts of Welfare Reform Task Group for their work. The Chairman commented that there was a vacancy in the Task Group, and suggested a Member of the Adult Social Care Select Committee might wish to join, it was agreed that this would be raised at the next Committee meeting.

Recommendations:

None.

Actions/further information to be provided:

None.

Committee Next Steps:

The Impacts of Welfare Reform Task Group will continue in a monitoring role, and make a further report to the Committee at its meeting on 11 September 2014.

35/14 INTERNAL AUDIT: REVIEW OF APPRAISALS 2013/14 [Item 6]

Declarations of interest: None.

Witnesses: Pascal Barras, Compliance Auditor
Sue Lewry-Jones, Chief Internal Auditor
Carmel Millar, Head of Human Resources and Organisational Development
Neil Bradley, HR Group Manager

David Hodge, Leader of the Council

Key points raised during the discussion:

1. The Chairman commented that appraisals had been an historic area of concern for the Committee, and noted that Members were disappointed that the audit had identified significant concerns. Officers offered an apology, and outlined that the audit had been based on a manual counting exercise. The Committee was informed that the SAP Portal had been upgraded from March 2014 to enable managers to

electronically input whether an appraisal had been completed. The Committee was told that this information was then reported up through the management structure to ensure that there was appropriate oversight. Officers circulated information about a number of measures that were being undertaken to ensure the number of appraisals increased.

2. Members queried whether the updated system would lead to managers completing appraisals in a superficial manner, in order to show full completion. Officers clarified that a package of training and development supported the appraisal process in order to ensure they were of sufficient quality.
3. The Committee commented that there should be steps taken to ensure that a digital record was being made of the appraisal documents. Officers explained that the decision had been taken not to do so, as it was felt that it would require a significant IT resource. Members expressed the view that there should be further consideration about how a digital solution might support the appraisal process. It was highlighted that appraisal information needed to be retained to ensure continuity when managers changed.
4. Officers commented that one appraisal form for all staff might not be suitable, as different staff had different requirements. It was highlighted that the emphasis was on the quality of conversation around performance and support needs, rather than following a rigid process.
5. The Committee expressed concern about the lack of response to telephone messages left by the auditor during the course of the investigation. The Chief Internal Auditor welcomed the Committee's support and commented that efforts were made to ensure that investigations were undertaken directly with staff when there was sufficient resource to do so.
6. Members questioned whether the low number of appraisals undertaken in some Directorates had an impact on retaining staff. Officers expressed the view that quality of management had an influence on how staff viewed their employment, and that it was recognised that it was important to have in place measures to support good management. It was commented that the relevant individual Select Committees should follow-up the appraisal figures for those Directorates that reported low completion rates.
7. It was highlighted by officers that work was being undertaken to review the Council's Pay and Reward Strategy. The Committee commented that the proposed changes should be supported by the appraisal process, and stressed the importance of ensuring staff were involved in a development conversation with managers. It was also highlighted that there were a number of risks to the Council, both in terms of its reputation and in cases where certain matters could go to an employment tribunal.

Recommendations:

- a) That Cabinet note that the Council Overview & Scrutiny Committee's significant concern about the present level of appraisal completion, as highlighted in the internal audit report, and that the Cabinet and Corporate Leadership Team work to ensure that managers are achieving 100% completion of appraisals for eligible staff by May 2015.

Action by: Cabinet/Corporate Leadership Team

- b) That the Chief Executive and Corporate Leadership Team reiterate to staff the importance of the work of the Internal Audit Team, and ensure that all requests for information are responded to in a timely fashion.

Action by: Chief Executive/Corporate Leadership Team

- c) That HR investigate options to move towards a digital appraisal process as a means of improving both the quality of appraisals and the completion rates.

Action by: Head of HR and Organisational Development

Actions/further information to be provided:

None.

Committee Next Steps:

None.

36/14 FLASH OUTTURN REPORT FOR 2013/14 AND PROPOSED CARRY FORWARD REQUESTS TO 2014/15 [Item 7]

Declarations of interest: None.

Witnesses: Kevin Kilburn, Deputy Chief Finance Officer

David Hodge, Leader of the Council

Key points raised during the discussion:

1. The Committee was presented with a report from the Performance & Finance Sub-Group. A copy of this report is included as an attachment to these minutes. There were no further comments.

Recommendations:

That the Committee seeks assurance from the Cabinet Member for Assets & Regeneration Programmes and from Property Services that Commercial Services be given sufficient support to enable them to be able to provide free school meals in all infant schools by 1 September 2014.

Action by: Cabinet Member for Assets & Regeneration Programmes/
Property Services

Actions/further information to be provided:

None.

Committee Next Steps:

None.

37/14 REVIEW OF CENTRAL AND DIRECTORATE COMMUNICATIONS FUNCTIONS [Item 8]

Declarations of interest: None.

Witnesses: Louise Footner, Head of Communications
Susie Kemp, Assistant Chief Executive
Kerry Middleton, Communications Manager, Children, Schools & Families

David Hodge, Leader of the Council

Key points raised during the discussion:

1. Officers informed the Committee that the emphasis was on creating a single forward plan and pooled budget for communications activity across the Council. It was commented that a systematic approach to evaluating the effectiveness of communications activity had been developed, and that it gave a clear view of communications spend across the Council. The Committee was told that there was continuing work to identify areas of best practice for grant funded and income generating activity.
2. The Committee queried why there had been an increase in communications staff across the different directorates. Officers commented that while the central Communications Team had reduced staff, this had created resource implications where activities were still being required. It was commented that the numbers had changed since publication and that updated figures would circulate to the Committee.
3. It was highlighted that the changes outlined within the report would enable the Head of Communications to have a greater oversight and the ability to identify where resources were required for specific activities. The Committee was informed that the Environment & Infrastructure Directorate had developed a model of good practice where posts were funded within the Directorate but located with the central Communications team.
4. The Committee commented that it felt local Members could be utilised more effectively to help communicate information about the Council, as well as a number of local issues. It was also highlighted that libraries and printed material both had important roles in communicating key messages. Members commented that the "More than 50 Ways that Surrey adds Value" document had been praised by residents, and suggested that a condensed annual report could also

be produced in order to help with communicating information. Officers commented that they recognised the value local Members could add in this instance, and that they would explore how this could be supported within the level of resources available.

5. There was a discussion concerning the role of the Communications & Engagement Strategy, and how the function of media and public affairs worked in relation to the Council. Some Members expressed concern that this function was not suitably recognised within the report. Officers commented that reputational considerations were embedded across all communications activity.
6. The Committee discussed the role of consultation documents, and commented that elements of this process could be clearer and widened to include a greater number of those affected. Officers highlighted that work was being undertaken with Directorates to develop an improved approach to consultations, this included the use of the “Surrey Says” website.
7. The Committee had a general discussion about how public reports could be made easier to read. A number of ways this could be supported were highlighted, including the use of annexes for more detailed information such as Equalities Impact Assessments.
8. The Committee endorsed the approach and activity set out in the report to embed a common management, planning and budgetary framework for communications across the organisation, and expressed its appreciation for the effectiveness and quality of the service.

Recommendation:

- That the Head of Communications review the support and information provided to Members in their local role, both individually and through Local Committees, including the provision of a simplified version of the Annual Report (in printed form) for Members to share with constituents.

Actions/further information to be provided:

The Head of Communications to circulate latest staffing figures to the Committee.

Committee Next Steps:

None.

**38/14 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME
[Item 9]**

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 concerning these.
2. The Committee reviewed the Flooding Task Group scoping document. After a period of discussion, the Committee was informed that the scoping document did not reflect the issues highlighted at the first meeting of the Task Group. It was agreed that an updated scoping document would be circulated to the Committee for ratification

Resolved:

- That the scoping document for the Flooding Task Group be updated to reflect the issues identified at the Task Group's first meeting, and then circulated to the Committee for approval.

Actions/further information to be provided:

None.

Committee Next Steps:

None.

39/14 DATE OF NEXT MEETING [Item 10]

The next meeting of the Committee will be held at 10.30am on 4 June 2014.

Meeting ended at: 1.05 pm

Chairman

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Council Overview & Scrutiny Committee **10.30am on Wednesday 30 April 2014**

At its meeting on Monday 28 April 2014 the Performance & Finance Sub-Group considered the flash out-turn report for 2013/14 and Proposed Carry-Forward Requests to 2014/15. Amongst other items, the Sub-Group also discussed issues relating to Commercial Services, including the training, financial management and governance arrangements.

Item 7: Flash Out-Turn Report for 2013/14 and Proposed Carry-Forward Requests to 2014/15

The Sub-Group reviewed the report and noted that the provisional capital and revenue out-turn was broadly in line with the position projected in the budget monitoring report considered by the Committee at its last meeting. The Sub-Group did not make any specific recommendations, but requested the following additional information (with responses in italics):

- (a) The size of the overall budget for the Chairman of the Council and how it's spent.

The Chairman's budget is £74,600 and is provided to support his activities. It is used for a variety of activities with both an internal and external focus, for example hosting Long service awards and civic services like remembrance and commonwealth days, and supporting the voluntary sector.

The chairman has a two year plan of activities to support the voluntary sector and wider community, for which the carry forward of £20,000 is requested.

- (b) The identified schemes to be funded from the New Homes Bonus carry forward of £720,000.

The New Homes Bonus funding carry forward of £720,000 has been identified for supporting economic development in the county.

£290,000 is being used to support the Sheerwater Link Road and the remainder on projects to support economic development such as;

- *Creating capacity for the development of major schemes funded by DfT, Local Transport Bodies, LEPs etc*
- *Development of Transport strategies for 11 Surrey towns – to include strategy and implementation plans*
- *Supporting delivery of smart economic growth/ Surrey Connects action plan*

The allocation of funding to the South East is still being determined.

(c) A breakdown of the £160,000 on Member Allocations to be carried forward.

This information is attached.

Commercial Services

Commercial Services is a trading department based within the Children, Schools & Families Directorate which provides catering services to schools and Council buildings. The Sub-Group noted that the biggest challenge facing the Service was currently the need to meet the requirement to provide Universal Infant Free Meals from September 2014, as many schools either did not have kitchens on site or had premises which needed extensive refurbishment to bring them up to the required legal standard. The importance of working closely with Property Services in order to achieve the September deadline was noted, and the Sub-Group made the following **recommendation**:

That the Committee seeks assurance from the Cabinet Member for Assets & Regeneration Programmes and from Property Services that Commercial Services be given sufficient support to enable them to be able to provide free school meals in all infant schools by 1 September 2014.

Nick Skellett

Chairman of the Performance & Finance Sub-Group

CABINET RESPONSE TO COUNCIL OVERVIEW AND SCRUTINY COMMITTEE

INTERNAL AUDIT: REVIEW OF APPRAISALS
(considered by COSC on 30 April 2014)

SCRUTINY COMMITTEE RECOMMENDATION:

That the Cabinet note that the Council Overview & Scrutiny Committee's significant concern about the present level of appraisal completion, as highlighted in the internal audit report, and that the Cabinet and Corporate Leadership Team work to ensure that managers are achieving 100% completion of appraisals for eligible staff by May 2015.

RESPONSE

1. The Chief Executive shares the concern of the COSC about the present level of appraisal completion. Strategic Directors have committed to bringing about a significant improvement in appraisal completion. Completion rates are being monitored monthly using the new Reporting and Recording System. A report will be presented to COSC at the end of Quarter 2 to track progress at this mid-way point in the year.
2. The Chief Executive and the Corporate Leadership Team recognise the importance of the work of the Internal Audit Team and the Chief Internal Auditor has provided assurance that in most cases there is no undue delay in obtaining information from auditees. The Chief Executive meets regularly with the Chief Internal Auditor and this matter will be kept under close review.
3. The Head of H.R and OD, Head of IMT and Head of Shared Services to look into the feasibility of enhancing the digital solution and report back to a future committee

Denise Le Gal
Cabinet Member for Business Services
27 May 2014

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Council Overview & Scrutiny Committee
4 June 2014

FORWARD WORK PROGRAMME & RECOMMENDATIONS TRACKER

1. The Committee is asked to review its Forward Work Programme and Recommendations Tracker which are attached. The Committee is also asked to review the scoping document for the Primary Care Task Group (Health Scrutiny Committee).

Recommendations:

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

That the Committee reviews the scoping document for the Primary Care Task Group and approves, subject to any comments, additions or amendments.

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

Sources/background papers: None.

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**COUNCIL OVERVIEW & SELECT COMMITTEE
ACTIONS AND RECOMMENDATIONS TRACKER – UPDATED June 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 at today's meeting.	Complete
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	Complete

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
				was included in the Committee papers on 7 November 2013. It was agreed on 4 December 2013 that this matter would be reviewed at today's meeting.	
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 at today's meeting.	Complete
2 April 2014 COSC 22	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	Any Local Assistance Scheme (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.	Cabinet	This recommendation was considered by Cabinet at their meeting on 22 April 2014. A response was considered at the meeting on 30	Complete

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
				April 2014.	
2 April 2014 COSC 24	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	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.	Leader of the Council	This recommendation was considered by Cabinet at their meeting on 22 April 2014. A response was considered at the meeting on 30 April 2014.	Complete
2 April 2014 COSC 29	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	<p>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 (ESA) process including the following recommendations:</p> <p>(a) That firms carrying out the medical work capability assessments (WCA) for benefit claimants, on behalf of DWP:</p> <p style="padding-left: 40px;">(i) treat benefit claimants like customers; and</p> <p>(ii) ensure appropriately qualified persons carry out these medical</p>	Leader of the Council	This recommendation was considered by Cabinet at their meeting on 22 April 2014. A response was considered at the meeting on 30 April 2014.	Complete

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
		<p>assessments.</p> <p>(b) Bureaucracy within the ESA claims and appeals process be reduced. In particular:</p> <p>(i) DWP to provide information on the number of medical certificates posted by claimants but not received by DWP and the reasons for this,</p> <p>(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.</p> <p>(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.</p>			

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
		<p>(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.</p> <p>(e) DWP to use lessons learned from the ESA process and apply this to the roll-out of the Personal Independence Payments.</p>			
<p>2 April 2014 COSC 30</p>	<p>REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]</p>	<p>The Leader of the Council to write to the Secretary of State for Work and Pensions on simplifying the Universal Credit application process and exploring options for a common assessment for claimants across welfare benefits and support.</p>	<p>Leader of the Council</p>	<p>This recommendation was considered by Cabinet at their meeting on 22 April 2014. A response was included in the meeting papers on 30 April 2014. An update from the Welfare Reform Co-ordination Group</p>	<p>September 2014</p>

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
				to COSC is scheduled for September.	
30 April 2014 COSC 34	INTERNAL AUDIT: REVIEW OF APPRAISALS 2013/14 [ITEM 6]	That Cabinet note that the Council Overview & Scrutiny Committee's significant concern about the present level of appraisal completion, as highlighted in the internal audit report, and that the Cabinet and Corporate Leadership Team work to ensure that managers are achieving 100% completion of appraisals for eligible staff by May 2015.	Cabinet/Corporate Leadership Team	This item was referred to the Cabinet meeting on 27 May 2014. A response is included in the agenda papers.	June 2014

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	July 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				options would be explored. There is a further staff workshop planned for June 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.	Deputy Chief Finance Officer	The costs of the response and recovery phase of the flooding are still being assessed, so although estimates 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	July 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				<p>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 two unknowns make the net cost to the council difficult to predict with any accuracy.</p> <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>	

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				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.	
2 April 2014 COSC 31	BUDGET MONITORING REPORT & QUARTERLY BUSINESS REPORT [ITEM 7]	That the information provided in response to the Section 19 request be brought to the Committee for discussion at the earliest opportunity: following discussion, the Committee to refer detailed issues to the Environment & Transport Select Committee for further consideration if necessary.	Assistant Director, Highways, Environment & Infrastructure	Officers have confirmed that the Environment Agency will publish a report in May 2014, this will inform the report to Cabinet in July 2014. Officers in Democratic Services will continue to monitor the timescales for the flooding information, and will ensure that it is brought to the relevant scrutiny committee as soon	July 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				as it is available.	
2 April 2014 COSC 18	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	Adult Social Care, Children Schools and Families, 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. Adult Social Care to include a summary of the impact of the welfare reforms on carers and Children Schools and Families to include a summary of the impact of the welfare reforms on care leavers in their updates.	Welfare Reform Co-ordination Group	This recommendation will be addressed through the update report to the Council Overview & Scrutiny Committee in September 2014.	September 2014
2 April 2014 COSC 19	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	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	Welfare Reform Co-ordination Group	This recommendation will be addressed through the update report to the Council Overview & Scrutiny Committee in September 2014.	September 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		Overview and Scrutiny Committee as part of the update report in September 2014.			
2 April 2014 COSC 20	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	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.	Organisational Development Team	This recommendation will be addressed through the update report to the Council Overview & Scrutiny Committee in September 2014.	September 2014
2 April 2014 COSC 21	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	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.	Welfare Reform Co-ordination Group/ Head of Family Services	This recommendation will be addressed through the update report to the Council Overview & Scrutiny Committee in September 2014.	September 2014
2 April 2014 COSC 23	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 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.	Shared Services	This recommendation will be addressed through the update report to the Council Overview & Scrutiny Committee in	September 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				September 2014.	
2 April 2014 COSC 25	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	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.	Adult Social Care Select Committee	The Adult Social Care Select Committee will be receiving a report on getWIS£ on 26 June 2014.	September 2014
2 April 2014 COSC 26	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	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.	Adult Social Care Commissioners/ Welfare Reform Co-ordination Group/Public Health	This recommendation will be addressed through the update report to the Council Overview & Scrutiny Committee in September 2014.	September 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
2 April 2014 COSC 27	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	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.	Public Health	This recommendation will be addressed through the update report to the Council Overview & Scrutiny Committee in September 2014.	September 2014
2 April 2014 COSC 28	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	<p>Surrey County Council to work closely with the Department for Work and Pensions, District and Borough Councils, housing providers and the Voluntary, community and faith 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:</p> <p>(a) researching and understanding the need for digital access and support across Surrey;</p> <p>(b) the County Council better understanding the potential demand on IT resources as a</p>	Welfare Reform Co-ordination Group	This recommendation will be addressed through the update report to the Council Overview & Scrutiny Committee in September 2014.	September 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		<p>result of the introduction of Universal Credit to enable Surrey to properly prepare for this, including reviewing budget provision;</p> <p>(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</p> <p>(d) lobbying central government to ensure that support to access Universal Credit is adequately funded.</p>			
30 April 2014 COSC 35	INTERNAL AUDIT: REVIEW OF APPRAISALS 2013/14 [ITEM 6]	That the Chief Executive and Corporate Leadership Team reiterate to staff the importance of the work of the Internal Audit Team, and ensure that all requests for information are responded to in a timely fashion.	Chief Executive/Corporate Leadership Team	An update will be provided to the Committee at the July meeting.	July 2014
30 April 2014 COSC 36	INTERNAL AUDIT: REVIEW OF APPRAISALS 2013/14 [ITEM 6]	That HR investigate options to move towards a digital appraisal process as a means of improving both the quality of appraisals and the completion rates.	Head of HR	An update will be provided to the Committee at the July meeting.	July 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
30 April 2014 COSC 37	FLASH OUTTURN REPORT FOR 2013/14 AND PROPOSED CARRY FORWARD REQUESTS TO 2014/15 [ITEM 7]	That the Committee seeks assurance from the Cabinet Member for Assets & Regeneration Programmes and from Property Services that Commercial Services be given sufficient support to enable them to be able to provide free school meals in all infant schools by 1 September 2014.	Cabinet	The Chairman has emailed the relevant Cabinet Members and Head of Property Services for this assurance.	July 2014
30 April 2014 COSC 38	REVIEW OF CENTRAL AND DIRECTORATE COMMUNICATIONS FUNCTIONS [ITEM 8]	That the Head of Communications review the support and information provided to Members in their local role, both individually and through Local Committees, including the provision of a simplified version of the Annual Report (in printed form) for Members to share with constituents.	Head of Communications	The Head of Communications has noted this recommendation and will explore the potential to develop this within the reduced resources available.	October 2014
30 April 2014 COSC 39	REVIEW OF CENTRAL AND DIRECTORATE COMMUNICATIONS FUNCTIONS [ITEM 8]	The Head of Communications to circulate latest staffing figures to the Committee.	Head of Communications	The Head of Communications has noted this recommendation and the figures are to be circulated.	Complete
30 April 2014 COSC 40	RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME	That the scoping document for the Flooding Task Group be updated to reflect the issues identified at the Task Group's first meeting,	Democratic Services	The updated terms of reference have been circulated.	June 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
	[ITEM 9]	and then circulated to the Committee for approval.			

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

6

4 June 2014

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

2 July 2014

- Family, Friends & Community Support
- Budget Monitoring

11 September 2014

- New Models of Delivery Programme
- Financial Impact of the Flooding.
- Welfare Reform Co-ordination Group - Update Report

Scrutiny Topics

6

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?

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 was considered at the Committee meeting on 2 April 2014. A number of recommendations were made to Cabinet and a response 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.

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Select Committee Task and Finish Group Scoping Document

The process for establishing a task and finish group is:

1. The Select Committee identifies a potential topic for a task and finish group
2. The Select Committee Chairman and the Scrutiny Officer complete the scoping template.
3. The Council Overview and Scrutiny Committee reviews the scoping document
4. The Select Committee agrees membership of the task and finish group.

6

Review Topic: Access to General Practice in Surrey
Select Committee(s) Health Scrutiny Committee
<p>Relevant background</p> <p>NHS England directly commissions primary Care (GP's, Dentists, Optometrists and Pharmacists) and has approximately 1,800 Primary Care contracts. Area Teams deal with a limited number of locally contracted GPs. Clinical Commissioning Groups take on a role for developing primary care services for their local population.</p> <p>NHS England states that General practice and wider primary care services face increasingly unsustainable pressures. There is a recognition that primary care wants and needs to transform the way it provides services to reflect these growing challenges.</p> <p>The Committee and its Member have had local reports of issues with accessing GP appointments and wish to pursue the matter at a Surrey level.</p>
<p>Why this is a scrutiny item</p> <p>Primary Care is expected to take on a greater role in relieving pressure on the Acute sector of the NHS. It must do this against a backdrop of static or reduced financial resources, demographic change and increasing prevalence of complex conditions.</p> <p>Access to GPs is the entry point to Primary Care for most residents. Scrutiny of the issues facing the sector in Surrey can publicise the pressures specifically facing GPs and the feasibility of an expanded role for them in the health system.</p> <p>The Task group will gather evidence specific to Surrey General Practices to generate awareness of the current situation, potential areas of improvement that would improve outcomes for Surrey residents.</p>

What question is the task group aiming to answer?

What is the current status of accessibility to General Practice across Surrey?

- What are the current barriers people face?
- What is working well and where?
- How can General Practice improve accessibility?

Accessibility is defined as:

1. Methods – telephone, automated telephone, on-line, in person.
2. Availability of these methods – what does each practice offer?
3. Ease – how easy are these methods to use?
4. Safety net – do these methods accommodate vulnerable/at-risk groups such as those with a disability, the elderly and the un-registered?
5. Results:
 - a) Time taken to receive an appointment (days/weeks etc.)
 - b) Appropriateness of the result (male or female Doctor, continuity of care, requisite expertise/knowledge)

Aim

The group will deliver evidence on the current state of accessibility to General Practice in Surrey.

Objectives

- a) To gather relevant evidence for providers and users
- b) To collate findings into a report
- c) To publicise the investigation and results

To be completed by November 2014

Scope (within / out of)

Within: all Surrey General Practices.

Out: the remaining elements of Primary Care – dentistry, optometry, pharmacy. General Practices outside Surrey which have registered Surrey residents.

Outcomes for Surrey / Benefits

The review can help contribute to the County Councils priorities, in particular:

- *keeping families healthy and helping families thrive* – by creating a body of evidence on ease of access that reassures families that they can make appointments that can make a difference
- *supporting vulnerable adults and protecting vulnerable children* – by highlighting good practice and adaptations in its report for those in need

Scrutiny of the issues in Surrey can publicise the pressures facing GPs and the feasibility of an expanded role in the health system for Primary Care.

The Task group will gather evidence specific to Surrey and make recommendations to providers and commissioners encouraging best practice that improves outcomes for Surrey residents.

Proposed work plan

It is important to clearly allocate who is responsible for the work, to ensure that Members and officers can plan the resources needed to support the task group.

Timescale	Task	Responsible
May to July	1. Run a forum for Practice Managers. Forum to be held to brief Practice Managers and gain buy-in for Task Group aims and request their help in the collection of data. 2. Ascertain availability and enthusiasm among Practice Managers and whether an existing forum can be used. If not, the Group will need to organise events in different parts of the County to facilitate attendance. 3. Brief Commissioners on the aims and objectives of the Task Group and benefits for these organisations.	Task Group/ Scrutiny Officer/ Practice Managers
August to September	Design and disseminate questionnaire on access to GPs to Practice Managers Other key stakeholders will include: <ul style="list-style-type: none"> • Clinical Commissioning Groups • Healthwatch Surrey • NHS England Surrey and Sussex Area Team • Patient Partnership Groups • Wider public 	Task Group, Scrutiny Officer
November	Analysis of data and draft report	Scrutiny Officer

Witnesses

Practice Managers, GPs, Commissioners, Healthwatch, Patient Groups, Residents

Useful Documents

NHS England Surrey and Sussex Paper to Health Scrutiny January 2014



Primary Care
Commissioning Intent

Improving General Practice – a call to action. Evidence Pack



NHS England
Evidence Pack.pdf

General Medical Services Contract 2014/15 Guidance



GMS_contract2014-2
015_guidance_audit_

Personal Medical Services Agreements and Review



gp pms agreements
0904.pdf



PMS review.pdf

Quality and Outcomes Framework 2014/15



gpqofguidance2014-
15.pdf

Potential barriers to success (Risks / Dependencies)

Dependent on cooperation of Practice Managers to collect data on the accessibility to their Practices.

Requires support from GPs, the various commissioning authorities and sufficient public engagement to deliver comprehensive Surrey-wide evidence on access.

Equalities implications

There are no initial indications of negative impacts. The work could uncover variations and groups or individuals effected by accessibility and lead to positive outcomes.

Task Group Members	Ben Carasco, Karen Randolph Tim Evans Tim Hall
Co-opted Members	n/a
Spokesman for the Group	?
Scrutiny Officer/s	Ross Pike



Council Overview and Scrutiny Committee
4 June 2014

YEAR END FINANCIAL BUDGET OUTTURN 2013/14

Purpose of the report:

This report presents the revenue and capital budget outturn for the 2013/14 financial year.

Introduction:

1. The Year End Financial Budget Outturn 2013/14 was presented to the cabinet meeting on Tuesday 27 May 2014. This report is attached with **annexes 1, 2 and 3.**

Report contact: Kevin Kilburn, Deputy Chief Finance Officer

Contact details:

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020 8541 9207

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SURREY COUNTY COUNCIL

CABINET

DATE: 27 MAY 2014

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

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

SUBJECT: YEAR END FINANCIAL BUDGET OUTTURN 2013/2014



7

SUMMARY OF ISSUE:

To note the revenue and capital budget outturn for 2013/14 financial year. The annexes present the final revenue and capital outturn for the 2013/14 financial year. This is based upon the final accounts at the end of March 2014. The carry forwards for revenue and capital were indicatively approved last month, but there are some minor changes between the indicative figures and actual. This report requests the minor changes and revenue reserve transfers.

As the outturn impacts upon the 2014 - 19 revenue and capital budget, there is a high level update and two revenue virement requests for allocating and distributing government grants and realigning the children's service contact centre. The capital budget will be reprofiled in July.

RECOMMENDATIONS:

Cabinet is asked to note the following.

1. note the 2013/14 net revenue budget underspend of £6.9m (Annex 1, paragraph 1);
2. approve the final 2013/14 revenue carry forward requests of £5.5m through transfer to the Budget Equalisation Reserve (Annex 1, paragraphs 2 and 36);
3. approve the residual revenue underspend of £1.4m is transferred to General Balances (Annex 1, paragraph 56);
4. note the capital budget outturn of £224.1m and approve the final capital carry forwards of £32.6m (Annex 1, paragraphs 79 to 82);
5. note the reserves movements and year end general balances and reserves (Annex 1, Appendix, Table App5)
6. note the revised revenue 2014/15 budget incorporating the 2013/14 transfers and carry forwards. (Annex 2, paragraph 1); and
7. approve the two 2014/15 revenue virements for SEN Reform Grant distribution and Children Service's contact centre realignment (Annex 2, paragraph 2 and 4).

REASON FOR RECOMMENDATIONS:

To review and manage the budget outturn for the 2013/14 financial year in the context of a multi-year approach to financial management.

To approve final carry forwards to enable on-going projects to continue.

DETAILS:

1. The Council's 2013/14 financial year ended on 31 March 2014. The accounts for the financial year closed on 17 April 2014 and included year-end adjusting transactions such as year end accruals, reconciliations and allocations required for the formal financial statements.
2. At its meeting on 22 April 2014, Cabinet noted an indicative outturn position of -£6.1m underspend. Cabinet approved £4.9m of 2013/14 revenue carry forwards.
3. This is the final and tenth budget monitoring report of 2013/14 (excluding the brief indicative outturn report presented to Cabinet on 22 April 2014). The budget monitoring reports for this financial year have had greater focus on material and significant issues, especially tracking the efficiency and spending reduction targets within the Medium Term Financial Plan (MTFP) 2013-18. The monitoring reports have given greater emphasis to proposed actions to resolve any issues and future impacts on subsequent budgets.
4. Annex 1 to this report sets out the Council's revenue budget outturn as at 31 March 2014. This reports final revenue income and expenditure and notes material variations from the budget, with a focus on staffing and efficiency targets. As a guide, an outturn variance of more than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so variances over 2.5% may also be material.
5. Annex 1 also provides an update on the capital budget and outlines the changes in the Council's reserves and balances over the year. Additionally, it summarises level of debt owed to the Council after the proposed write-off of irrecoverable debts.
6. Appendix 1 provides details of directorates' efficiencies and revenue and capital budget movements.
7. Annex 2 updates and summarises the impact of 2013/14 carry forwards on the 2014/15 revenue and capital budgets. Overall the carry forwards add £5.5m to the 2014/15 revenue budget and £32.6m to the 2014/15 and subsequent years' capital budgets.
8. MTFP 2013-18 includes two government grants the Council did not distribute fully to services. Annex 2 includes a 2014/15 virement request to allocate the Special Educational Needs and Adoption Reform Grants to Children, Schools & Families. Another virement request reflects the transfer of the Children's Services' contact centre from Customer & Communities to Children, Schools & Families.

9. The outturn position is part of the Statement of Accounts and Annual Report. Both these documents will be audited over the coming months and be presented to Audit & Governance at 31 July 2014 to approve them formally on the Council's behalf.
10. As part of the Council's commitment to openness and transparency, Annex 3 contains details of travel costs, members' expenses and allowances incurred during 2013/14 and the pay transparency statement for 2013/14. These details and will also form part of the Annual Report.

Consultation:

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

Risk management and implications:

12. 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 by central government. The Leadership Risk Register is regularly updated and reviewed at Audit & Governance committee.

Financial and value for money implications

13. 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

14. 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

15. There are no legal issues and risks.

Equalities and Diversity

16. The impact of any actions taken during the year to manage the budget are evaluated by individual services

Climate change/carbon emissions implications

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

18. Any impacts on climate change and carbon emissions to achieve the Council's aim have been considered by the relevant service.

WHAT HAPPENS NEXT:

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

The County Council's formal, financial statements for 2013/14 will be presented to the Audit & Governance Committee at its meeting in July 2014, with a formal opinion from the External Auditors. The financial statements will reflect any adjustments arising from the audit of the accounts by the Council's external auditors, who are Grant Thornton. Any material changes made are required to be reported to Audit & Governance Committee. No material changes to either the revenue or capital outturn position as presented in this report and annexes are anticipated to arise from the audit.

The Council has been looking at the corporate external reporting provisions of an integrated annual report. Following this review, the 2013/14 annual report will contain elements include the following additions; Chief Financial Officer Report, abridged audited financial statements, consultancy expenses, energy report, pay banding and gender analysis, high level performance indicators and risk, as well as the efficiencies and member information. This will be presented at the Audit & Governance Committee on 31 July 2014. The annual report will be published shortly after.

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, reserves and balances and debt summary.

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

Annex 2 - 2014/15 Revenue budget and virement requests

Annex 3 – Annual report information

Sources/background papers:

None

Budget monitoring – Outturn 2013/14

Summary recommendations

Cabinet is asked to:

1. note the 2013/14 net revenue budget underspend of £6.9m (Annex 1, paragraph 1);
2. approve the final 2013/14 revenue carry forward requests of £5.5m through transfer to the Budget Equalisation Reserve (Annex 1, paragraphs 2 and 36);
3. approve the residual revenue underspend of £1.4m is transferred to General Balances (Annex 1, paragraph 2);
4. note the capital budget outturn of £224.1m and approve the final capital carry forwards of £32.6m (Annex 1, paragraphs 79 to 82);
5. note the reserves movements and year end general balances and reserves (Annex 1, Appendix, Table App5).

Financial strategy

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

- Keep any additional call on the council taxpayer to a minimum consistent with the 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.
- 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 to improve services; support business; develop members and staff, and generate income streams

Revenue summary

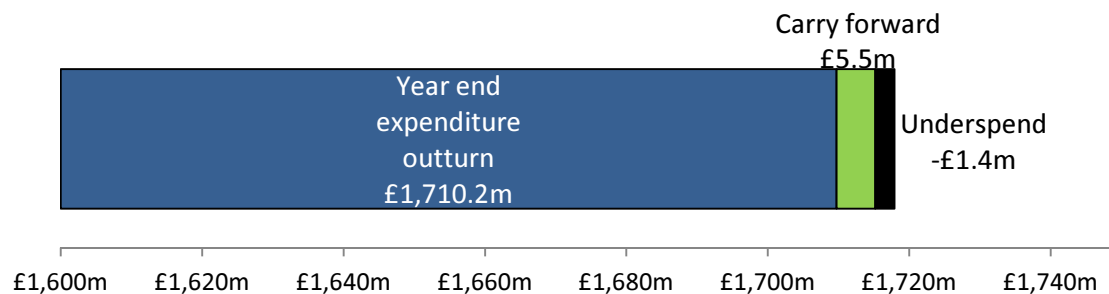
The Council reports a -£6.9m underspend on its 2013/14 revenue budget and has agreed to carry forward £5.5m for use in 2014/15 to complete projects and schemes that were not completed by 31 March 2014. The remaining underspending of -£1.4m will be transferred to General Balances, which will stand at £21.3m

In the face of on-going demand and funding pressures, the Council has to prepare for emergencies, such as the recent severe weather and flooding. Part of this preparedness is holding adequate reserves and balances. At 31 March 2014, the Council held £21.3m in general balances. The estimated cost of the immediate response and temporary repairs required as a result of this flooding and associated stormy weather is £3.2m, including £3m relating to damage sustained to local highways. Over the longer term, the estimated cost of capital and revenue repairs to highways infrastructure is £4.5m. The Council will pursue all available relief funding from central government.

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

For the fourth year running the Council will end the year with a small underspend, demonstrating tight financial management. The Council will continue to seek further savings in 2014/15 in line with the corporate strategy of using our resources responsibly to plan for future years of financial uncertainty.

Figure 1: Year end revenue budget outturn



Continuously driving the efficiency agenda

A key objective of MTFP 2013-18 is to increase the Council's overall financial resilience, including reducing long term reliance on government grants. MTFP 2013-18 includes savings and reductions totalling £68.3m in 2013/14 (£167m for 2013-18). At the end of March 2014, services achieved £62.3m efficiencies. This shortfall includes slippage in Adult Social Care's (ASC) innovative Family, Friends & Community Support (FF&C) strategy (+£6.0m), partly offset by Business Services bringing forward 2014/15 efficiencies (-£1.3m).

The total savings from efficiencies includes £10.4m savings ASC re-categorised as one-off measures. As these 2013/14 savings are one-off, the directorate has carried this amount of savings forward to 2014/15.

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. Following Cabinet approved re-profiling of 2012/13 carry forward budgets and virements; the revised 2013/14 capital budget was £230.1m. Capital expenditure for 2013/14, including the investment was £224.1m and includes investment of £38.4m in long term capital investment assets as part of its strategy to reduce reliance upon government funding and the council tax payer.

As part of its multi-year approach to financial management, enabling budget equalisation and avoiding arbitrary cut offs to budgets, Cabinet has requests to carry forward £32.6m. This is an adjustment from that approved at the Cabinet meeting on 30 April.

Flooding update

During 2013/14 there was widespread flooding across the county. In December the rivers Wey and Mole burst their banks flooding the centre of the county in areas such as Godalming, Dorking and Leatherhead. Then in February the River Thames caused flooding in the north of the county in Runnymede, Elmbridge, Spelthorne and other locations.

The cost associated with the immediate action taking in the aftermath of the flooding is estimated to be £6.5m. This includes items such as sandbags, tree clearing and support from other fire services.

Local authorities can apply for a grant from the Department for Communities and Local Government (DCLG) to compensate for costs (above a certain threshold) incurred from their immediate actions connected to a disaster or emergency. The grant is defined by the Bellwin scheme. The threshold for the council in relation to the flooding is £1.6m. The Council has registered for the scheme and has till 30 May 2014 to incur eligible expenditure.

The majority of the flooding damage has been to the road network and other highways infrastructure. It is estimated it will cost £22.5m to repair roads and other infrastructure assets that have been damaged over the past two years due to severe weather, with flooding and excessive rainfall this winter and snow and ice last winter. It is very unlikely the council will receive any funding for road repairs under the Bellwin scheme due to additional highways funding provided by the Department for Transport.

The Department for Transport (DfT) made £70m available to local highways authorities under the Severe Weather Recovery Scheme. This grant was distributed based on the miles of road and number of bridges damaged by flooding. The council received £3.4m of revenue funding under this scheme in March 2014.

The Department for Transport (DfT) also made an additional allocation of £103.5m of capital funding to Highways authorities in March 2014 to help repair damaged roads. This funding was distributed based on the total miles of road maintained by each authority and the council received £1.9m under this scheme.

The Department for Transport also has a £168m pothole fund that local highways authorities will need to apply to and bid for funding. The closing date for application is the 22 May 2014 and the council is currently preparing a bid.

Revenue budget

1. The revenue budget for the 2013/14 financial year, including schools, included £23.0m support from earmarked and general reserves and £7.9m revenue carried forward from 2012/13 to fund committed 2013/14 expenditure. The outturn position for services' net revenue budget is -£5.6m underspent and -£6.9m for the Council overall, including -£1.3m on local taxation.
2. At its meeting on 22 April 2014, Cabinet approved £4.9m revenue carry forwards from 2013/14 to 2014/15. Environment & Infrastructure has submitted a further request to carry forward £0.5m (paragraph 36). If Cabinet approves this further carry forward request it would lead to a residual -£1.4m underspend. This would be transferred to General Balances.
3. Table 1 shows the year end net revenue outturn 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 outturn by directorate

February forecast variance £m	Directorate	Full year (revised) budget £m	Full year outturn £m	Full year variance £m	Carry forward £m	Revised variance
5.2	Adult Social Care	337.3	342.5	5.2	0.1	+5.3
-1.6	Children, Schools & Families	180.7	179.0	-1.7	0.7	-1.0
0.0	Schools (gross exp £512.3m)	0.1	0.1	0.0		0.0
-0.7	Customer & Communities	60.0	59.4	-0.6	0.8	+0.2
3.1	Environment & Infrastructure	130.5	132.0	1.5	1.0	+2.5
-6.2	Business Services	83.1	77.0	-6.1	2.0	-4.1
-0.5	Chief Executive's Office	16.4	16.3	-0.1		-0.1
-4.3	Central Income & Expenditure	-196.9	-200.7	-3.8	0.9	-2.9
-5.1	Service net budget	611.2	605.6	-5.6	5.5	-0.1
-1.3	Local taxation	-599.3	-600.6	-1.3		-1.3
-6.4	Overall net budget	11.9	5.0	-6.9	5.5	-1.4

4. The outturn underspend on services is a net result of: Adult Social Care not fully achieving its innovative FF&C strategy (+£5.2m), plus flood repairs, waste management pressure and support for local bus routes (+£1.5m); offset by net underspends in Children, Schools & Families (-£1.7m), Business Services (-£6.1m), Customer & Communities (-£0.6m), Chief Executive's Office (-£0.1m) and Central Income & Expenditure (-£3.8m).
5. Overall funding for schools is from specific government grant (Dedicated Schools Grant (DSG)). A formula agreed under statute determines each schools' funding and expenditure decisions are the responsibility of each school's governing body.

6. Table 2 summarises the main movements between February forecast year end and outturn. The Directorate commentaries provide further information.

Table 2: 2013/14 Revenue budget outturn variance by directorate

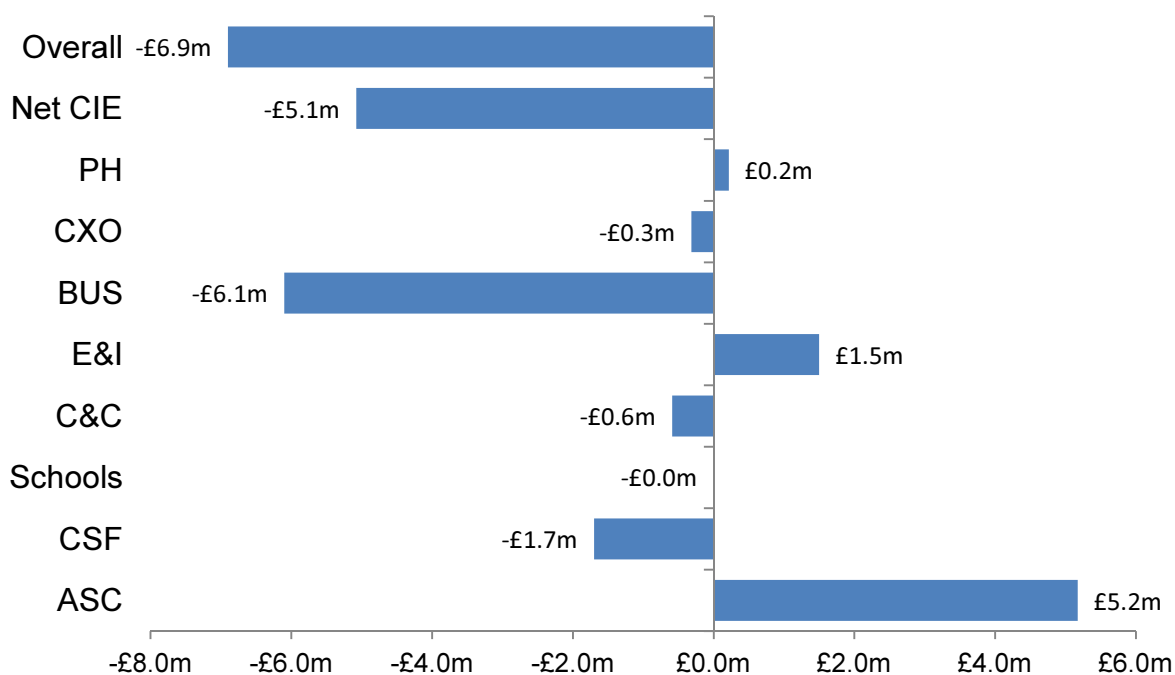
Directorate	Feb YE variance	Movement	Outturn variance
	£m	£m	£m
Adult Social Care (ASC)	5.2	0.0	5.2
Children, Schools & Families (CSF)	-1.6	-0.1	-1.7
Schools	0.0	0.0	0.0
Customer & Communities (C&C)	-0.7	+0.1	-0.6
Environment & Infrastructure (E&I)	3.1	-1.6	1.5
Business Services (BUS)	-6.2	+0.1	-6.1
Chief Executive's Office (CEO) including Public Health (PH)	-0.5	+0.4	-0.1
Central Income & Expenditure (CIE)	-4.3	0.5	-3.8
Service net budget	-5.0	-0.6	-5.6

Significant movements	Movement £m	Directorate
Genito-Urinary Medicine funding under absorption	+0.3	CEO
Reduced flooding costs and slippage	-1.6	E&I
Reserves offset by income	+0.7	CIE
Overall movement	-0.6	

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

7. Figure 2 shows services' gross expenditure variances at outturn, exclusive of carry forward amounts. Table App3 in the appendix to this annex shows the overall outturn income and expenditure.

Figure 2: Outturn expenditure variance



8. Below, each directorate summarises its outturn 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. Table App1 in the appendix to this annex shows budget movements during the year.

Adult Social Care

Table 3: Summary of the revenue outturn for the directorate

Adult Social Care	Full year (revised) budget £m	Full year outturn £m	Full year variance £m
Income	-69.0	-81.5	-12.5
Older People	163.4	176.3	12.9
Physical Disabilities	47.4	49.0	1.6
Learning Disabilities	125.5	131.6	6.1
Mental Health	9.1	9.6	0.5
Other Expenditure	60.9	57.5	-3.4
Total by service	337.3	342.5	5.2

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

9. The outturn position for Adult Social Care is +£5.2m (1.6%) overspent, which is no change from the interim outturn forecast.
10. A projected overspend was highlighted as a risk during 2013/14 budget planning and should be viewed in the context of ASC's very challenging MTFP savings target of £45.9m plus £2.9m demand pressures arising in year. The Directorate succeeded in achieving £34.4m of savings (excluding sums drawn down) which is the most achieved in any year to date (the appendix gives outline analysis of these savings). However, the Directorate did not achieve the full £48.8m savings required to achieve the budget, due principally to difficulty implementing the Family, Friends & Community Support (FFC) programme, as explained below. To mitigate the impact on the 2013/14 budget, the Directorate obtained permission to draw down £9.2m of balances from previous years as follows:
 - £7.5m of unused 2011/12 Whole System Funding, approved by Cabinet in the September 2013 monitoring cycle and drawn down in October 2013.
 - £1.7m of previous years' Winter Pressures funding, approved by Cabinet in the October 2013 monitoring cycle and drawn down in November 2013.
11. The most significant element of the Directorate's savings plans is FFC. It is a new and innovative strategy designed to provide more personalised community support options to individuals requiring care, while reducing direct costs to the Council. ASC continues to implement the FFC strategy and it has been a key driver in the recent Rapid Improvement Events on the social care and financial assessment processes.
12. The FFC savings target for 2013/14 was £15.5m. To succeed, FFC requires fundamental cultural shift and considerable levels of system changes and community developments. The necessary conditions proved to be harder than expected to put in place, and so the savings were not made in 2013/14. Actions are under way to ensure that 2014/15 is different, and FFC is forecast to deliver £35m of ongoing savings over the 2014-19 MTFP period.

13. The key driver of the underlying pressures ASC faces is individually commissioned care services (also known as spot care). The gross spend in 2013/14 on spot care, excluding Transition (which are clients moving from children's social care to adults social care), was on average £21.6m per month for April to March. That compares with £21.3m in the last quarter of 2012/13, indicating that while ASC is largely containing new in year demand pressures, expenditure has not yet decreased to the budgeted level of £19.9m as planned through the delivery of the FFC savings programme.
14. In light of the specific nature of the following areas, carry forwards have been approved by Cabinet as follows.
- £35k First Point – carry forward of non ring-fence unused grant funding received for set up costs for the Community Interest Company.
 - £39k Employability – funding for the Not in Education, Employment or Training (NEET) and Travel Smart programmes that are continuing into 2014/15.
 - £45k Apprenticeship one-off funding – due to recruitment delays for these posts

Table 4: Summary of Adult Social Care outturn

	£m
ASC MTFP efficiency target	-45.9
Additional demand pressure above those anticipated in MTFP 2013-18	2.9
Revised efficiency target	48.8
Total savings achieved before draw downs	-34.4
Whole Systems Funding 2011/12 draw down	-7.5
Winter Pressure Funding 2011/12 draw down	-1.7
Total forecast savings	-43.6
Under / (over) performance against MTFP target	5.2

Children, Schools & Families

Table 5: Summary of the revenue outturn for the directorate

	Full year (revised) budget	Full year outturn	Full year variance
	£m	£m	£m
Children, Schools & Families			
Income	-139.4	-139.7	-0.3
Strategic Services	5.8	5.4	-0.4
Children's Services	89.0	91.9	2.9
Schools and Learning	199.6	195.2	-4.4
Services for Young People	25.7	26.2	0.5
Total by service	180.7	179.0	-1.7

15. Children, Schools and Families (CSF) outturn position is a -£1.7m underspend, an increase compared to the forecast underspend of -£1.6m.
16. Within CSF the main pressure areas were in Children's Services and increasing demand for transport for children with special education needs (SEN). This was more than offset by an improved trading position for Commercial Services and underspends elsewhere, mainly within Schools & Learning.

Children's Services

- 7
17. Children's Services overspent by +£2.9m. The main reasons for this are a combination of rising demand, increased complexity of need and some price increases.
 18. Higher demand led to overspends in the following areas.
 - Higher numbers of agency placements earlier in the year generated a +£0.4m overspend. Placement numbers reduced towards the end of the year although additional pressure arose due to remand placements needed at £4,000 a week.
 - Fostering and adoption allowances costs were +£0.6m greater than budgeted. This was mainly due to higher numbers of fostered children, an average of 503, compared to the number the service budgeted for (474). In addition the number of Special Guardianship Orders (SGOs) increased. An additional 65 SGOs were made in 2013/14 compared to an additional 45 in 2012/13.
 - The budgets for leaving care and asylum seekers overspent by +£0.8m as the number of care leavers and asylum seekers with no recourse to public funds is higher than experienced in 2012/13 when an overspend also occurred.
 19. Expenditure on area care services was +£0.4m above budget. This was mainly due to an increase in the instances and cost of court proceedings, as well as increasing costs for supervised contact and SGOs and residence orders compared to 2012/13.
 20. Difficulties continue recruiting permanent social workers in area teams with a resulting reliance agency staff. This led to a +£0.5m overspend. This is an ongoing problem and CSF is working to improve recruitment and retention of social workers through the career progression framework and the recruitment programme in the North East Area to grow our own skilled workforce. The results of these initiatives will take time to be realised. Overall the staffing budget across Children's Services is in line with the budget due to turnover and careful management of vacancies.
 21. The budgets for children with disabilities overspent by +£1.8m due to a combination of rising demand, greater complexity of need and the service being unable to achieve its planned savings in these circumstances. During 2013/14 the service saw an additional 34 cases (+4%) and an increase in unit costs of 4.7% reflecting increasing complexity. The overspend in part relates to the budget reduction for the MTFP efficiency in this service area (£1.5m) which the service has not been able to achieve. Underspends elsewhere in the directorate offset the impact of this overspend
 22. Offsetting these overspends within Children's Services were net underspends of -£1.5m across Children's Services planned to alleviate cost pressures.

Schools & Learning

23. Schools & Learning outturn position is a -£4.4m underspend including a -£2.8m underspend on DSG services.
24. The main pressure on the Schools & Learning budget was a +£2.4m overspend on home to school transport. The school transport service already faced a budget pressure of £0.7m reported as an overspend in the 2012/13 outturn report. In addition to this, pupil numbers and costs have continued to rise, particularly around SEN, leading to additional costs of +£1.0m.

25. Offsetting the transport overspend is a -£3m 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. In addition resources earmarked for new post 16 responsibilities were not required in full.
26. The financial position of Commercial Services improved over the year resulting in a higher than budgeted contribution to corporate overheads of -£1.5m mainly as a result of additional income.
27. Services funded by DSG underspent by -£3.1. The main reason was lower demand for two, three and four year old nursery provision than the grant funding that underpins the budget (-£2.3m). Overall DSG funded SEN services underspent by -£0.7m, a combination of lower costs for mainstream support and additional recoupment income, offset by growing demand for paediatric therapy services (+£0.8m).

Services for Young people and Strategic Services

28. Services for Young People overspent by +£0.5m although additional income brings this down to +£0.2m. Strategic Services underspent by -£0.4m mainly because resources set aside for one off service initiatives were not required in 2013/14.

Schools (delegated budget)

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

	Full year (revised) budget	Full year outturn	Full year variance
Summary	£m	£m	£m
Income	-513.5	-539.1	-25.6
Expenditure	513.5	539.1	25.6
Net position	0.1	0.1	0.0

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

29. The outturn position reflects the other income remitted by schools for school dinners, parent donation and contributions and associated expenditure.

Customer & Communities

Table 7: Summary of the revenue outturn for the directorate

Summary	Full year (revised) budget	Full year projection	Full year variance
	£m	£m	£m
Income	-24.2	-25.1	-0.9
Expenditure	84.1	84.4	0.3
Net position	60.0	59.4	-0.6
Net summary by service			
Cultural Services	10.8	10.6	-0.2
Fire & Rescue	35.7	36.6	0.9
Customer Services	4.0	3.9	-0.1
Trading Standards	2.2	2.1	-0.1
Community Partner & Safety	4.1	3.2	-0.9
County Coroner	1.0	1.2	0.2
C&C Directorate Support	2.2	1.8	-0.4
Total by service	60.0	59.4	-0.6

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

30. The directorate underspent by -£0.6m (+£0.1m change since the end of February).
31. Underspends arose predominantly within Community Partnership & Safety against the Community Improvement Fund (£677,000) and Members' allocations (£160,000) for committed projects awaiting grant conditions to be met before funds are released. The carry forwards Cabinet approved will enable payments for these to be made within the new financial year without affecting the 2014/15 budget.
32. Further underspends were achieved within: Directorate Support (£0.4m) by achieving 2014-15 MTFP efficiencies in advance; Registration (£0.2m) from increased income generation; and Customer Services (£0.1m) and Trading Standards (£0.1m) from staffing and miscellaneous savings.
33. These underspends were partly offset by pressures within Fire (£1.0m) mainly due to the cost of responding to the recent flooding, and the Coroner (£0.1m) where legislative changes resulted in the increased cost of inquests. The full year effect of the latter (estimated at £0.2m) has been built into the MTFP.

Environment & Infrastructure

Table 8: Summary of the revenue outturn for the directorate

Summary	Full year (revised) budget £m	Full year projection £m	Full year variance £m
Income	-18.6	-20.0	-1.4
Expenditure	149.1	152.0	2.9
Net	130.5	132.0	1.5
Net summary by service			
Environment	61.0	62.0	1.0
Highways	43.2	45.0	1.8
Economy, Transport & Planning	26.1	24.8	-1.3
Other Directorate Costs	0.2	0.2	0.0
Total by service	130.5	132.0	1.5

34. The final position for Environment & Infrastructure (E&I) is a +£1.5m overspend. The overspend reduced by £1.6m from the position forecast at the end of February. This is primarily associated with flood response works, where costs are lower than expected and some works span financial years and will be completed in 2014/15.
35. The final overspend comprises several offsetting variances. Highway maintenance overspent by +£2m, primarily due to additional costs associated with flooding. Waste management overspent by +£1m primarily due to the need for external specialist advice needed to complete the contract variation successfully. Local bus support overspent by +£0.6m due to difficulty achieving planned contract savings and also several instances where bus routes are no longer commercially viable and need financial support from the Council. These overspends were offset by a number of underspends including: delays to economic development projects and development of major transport schemes (-£0.6m), additional Highways capital recharges (-£0.4m), underspends against project related budgets in the Strategy team (-£0.3m) and concessionary fares (-£0.3m) due to fewer passenger journeys.
36. At its meeting in April, Cabinet approved carry forward of underspends totalling £0.5m. E&I now requests to carry forward a further £0.5m as set out below and the following page.

Carry forward	Amount	Reasoning
Strategy / Surrey Growth Fund	£0.033m	Carry forward of the remaining underspend to complete projects agreed by the Deputy Leader.

Carry forward	Amount	Reasoning
Strategy / New Homes Bonus	£0.288m	Carry forward of the remaining underspend, which relates to NHB grant carried forward from 2012/13 and not spent during 2013/14. This is required to enable development of business cases for major transport schemes. In March both LEPs submitted Strategic Economic Plans to Government setting out schemes to unlock growth potential in a number of key towns in Surrey. Clarity around funding approvals is expected in the Autumn, with SCC required to submit business cases for funding by March 2015. These business cases require scheme design, transport modelling, benefits appraisal and consultation.
Local Sustainable Transport Fund / New Homes Bonus	£0.204m	SCC's match funding contribution to LSTF is funded through the NHB grant. This funding was not required in 2013/14 as grant funding was used first, but it will be required in 2014/15.
Total	£0.525m	

Business Services

Table 9: Summary of the revenue outturn for the directorate

Summary	Full year (revised) budget £m	Full year outturn £m	Full year variance £m
Income	-14.9	-16.3	-1.4
Expenditure	98.0	93.3	-4.7
Net expenditure	83.1	77.0	-6.1
Net summary by service			
Property	32.0	28.2	-3.8
Information Management & Technology	23.3	23.5	0.2
Human Resources & OD	8.4	7.9	-0.5
Finance	8.8	8.3	-0.5
Shared Services	4.2	3.9	-0.3
Procurement & Commissioning	3.3	3.3	0.0
Business Improvement	3.1	1.9	-1.2
Total by service	83.1	77.0	-6.1

37. Business Services' 2013/14 outturn is a -£6.1m underspend. The directorate has delivered 2013/14's efficiency savings (-£3.1m) and has brought forward some of 2014/15's (-£1.3m).

38. The final year end expenditure is £0.2m more than estimated in February and in the flash report to Cabinet in April. This is mainly due to higher demand-led IMT spending. The -£6.1m full year underspend includes achieving 2014/15 efficiencies early (-£1.3m) increased one off income (-£0.6m) and one off savings (-£4.1m).
39. Property's outturn is -£3.8m underspend (the same as estimated in February). The service has achieved -£0.7m 2014/15 efficiencies early. The one off underspend is mainly as a result of delays to the planned maintenance programme due to the adverse weather of -£1.2m. Cabinet has agreed to carry forward £1.0m of this. There was also a -£0.8m saving on utilities as the weather was not as cold as expected. The service received -£0.4m one off rate rebates and also exceeded income targets by -£0.3m.
40. 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 changes 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 saving of -£1.2m. The service plans to roll this project out by the end of the 2014 calendar year.
41. HR and Organisational Development's outturn is a -£0.5m underspend, the same as estimated in February. The service achieved -£0.3m of 2014/15 efficiencies early and the one off underspend is mainly due to staffing vacancies. Cabinet approved a £0.3m carry forward to meet the Council's internal target of 100 apprentices in 2014/15.
42. Finance's outturn is a -£0.5m underspend. As well as delivering -£0.2m 2014/15 efficiencies early, the service had one off savings mainly as a result of staffing vacancies.
43. Shared Services' outturn is a -£0.3m underspend, the same as forecast at the end of February. The service has achieved -£0.2m of 2014/15 efficiencies. A new earmarked reserve will be created and to which this £0.5m will be transferred for use in future years.
44. IMT's outturn is a +£0.2m overspend. This includes a +£1.2m overspend from user volume increases, offset by savings in other areas such as the Unicorn contract and hardware and software applications. MTFP 2014-19 addresses the volume related pressures.

Chief Executive's Office

Table 10: Summary of the revenue outturn for the directorate

	Full year (revised) budget	Full year outturn	Full year variance
Summary	£m	£m	£m
Income	-27.8	-24.9	2.9
Expenditure	44.2	41.2	-3.0
Net	16.4	16.3	-0.1
Net summary by service			
Strategic Leadership	0.4	0.4	0.0
Legacy	0.6	0.6	0.0
Emergency Management	0.5	0.8	0.3
Communications	2.0	1.9	-0.1
Legal & Democratic Services	9.7	9.4	-0.3
Policy & Performance	3.2	3.0	-0.2
Public Health	0.0	0.2	0.2
Total by service	16.4	16.3	-0.1
<u>Public health analysis</u>			
Public Health - Income	-26.5	-23.6	2.9
Public Health - expenditure	26.5	23.8	-2.7
Public Health - net expenditure	0.0	0.2	0.2

45. The directorate outturn is a -£0.1m underspend against a £16.4m total revenue budget.
46. The -£0.1m underspend is predominantly due to one-off savings against the Local Elections budget (-£0.2m) establishment staff vacancies (-£0.3m) and service savings (-£0.1m) across the directorate. These underspends were partly offset by an Emergency management overspend (+£0.3m) due to the costs of responding to the recent flooding. The costs incurred include staff overtime payments, the provision of sandbags, emergency transport and other responsive costs. There is also an overspend in Public Health (+£0.2m)
47. In determining the Public Health grant allocation to SCC, the Department of Health (DH) misallocated £3.3m of the Genito-Urinary Medicine (GUM) funds, which instead were transferred to the NHS Clinical Commissioning Groups (CCGs). DH accepted this was an error, but asked for it be resolved locally. However, only £0.2m has been received from the CCGs, which is reflected in these accounts.
48. The other ongoing budget issue which is 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 that this amount had not been included in councils' baseline allocations. Initial estimates show Surrey's liability could be in the region of £1.9m. As this is a national issue the Director of Public Health (DPH) is working with other DPHs to progress this matter nationally with DH. No accruals have been made in respect of this activity in 2013/14, but it is considered a contingent liability in the final accounts.

49. Miscellaneous income included the remaining funds of a transition grant, dental trainee salary grant and small one off funds and reimbursements.
50. Due to the fact that a number of staff did not transfer to the council from NHS Surrey as part of the changes to the NHS from 1 April 2013, Public Health have had several vacancies during 2013/14, including many at senior level. PH took the opportunity to recruit in a measured way given the budget shortfall. All vacancies in the agreed structure were filled by January and all staff have now started.
51. Despite needing to monitor contract payments closely, as a result of the GUM funding misallocation, Public Health delivered a strong service during the year through the full range of services including: sexual health, substance misuse (including alcohol), school nursing, obesity, physical activity, smoking and health checks.
52. Specific achievements include delivering health checks for the first time in the county, reducing the alcohol hospital admissions rate, reducing teenage conception rate, assisting with the emergency relief efforts for the Surrey floods.
53. There was a particularly high demand (£3.7m) for GUM services across the country. This is one of the 5 mandatory requirements from the Health and Social Care Act 2012. This area will be closely monitored in 2014/15 and contracts reviewed to contain the cost impact where possible.

Central Income & Expenditure

Table 11: Summary of the revenue outturn for the directorate

	Full year (revised) budget	Full year projection	Full year variance
Summary	£m	£m	£m
Income	-257.3	-259.4	-2.1
Expenditure	60.4	58.7	-1.7
Net	-196.9	-200.3	-3.8
Local Taxation	-599.3	-600.6	-1.3
Net position	-796.2	-801.3	-5.1

54. Central Income & Expenditure's outturn for 2013/14 is -£5.1m underspend. It differs from the -£5.6m underspend forecast at the end of February for the following reasons.
- The final quarter receipt of Education Support Grant was less than anticipated by £0.6m.
 - During March 2014, the Council approved a number of redundancies. However, the number and the value was not as large as forecast, leading to an underspending of £0.8m.
 - the 2012/13 external audit report recommended the Council review its provision for potential claims in respect of closed landfill waste sites. This assessment is now complete and a £0.7m transfer to the provision has been charged against this budget.

- 7
55. The Medium Term Financial Plan included a business rates top up grant of £2.4m, this grant was not received by the Council in 2013/14. In addition, the Education Support Grant has also been reduced by £0.8m, due to schools attaining academy status. However, this is offset in 2013/14 by additional grant income which was not included in the MTFP which was greater than the shortfall. These include;
- Local Authority Central Spend Efficiency Grant (£1.4m),
 - Adoption Reform (£2.0m)
 - Small Business & Empty Property Rate Relief Grant (£0.7m)
 - Council Tax Transition Grant (£0.3m),
 - HM Courts Service (£0.2m).
56. In addition, in 2013/14 local business rates collection yielded £1.3m more revenue than expected and the Small Business & Empty Property Rate Relief Grant of £0.7m more.
57. The final quarter receipt of the Adoption Reform Grant of £0.5m has been carried forward on the Balance Sheet and will be vired to Children, Schools and Families during 2014/15.
58. Capital financing costs are lower than budget, made up of:
- Interest payable -£2m – In setting the budget, the council assumed that it would use its cash balances to fund capital expenditure in place of borrowing externally. However, a provision was made against any external borrowing being undertaken. The Council has been able to maintain its internal borrowing strategy throughout 2013/14 and therefore this budget is forecast to underspend by -£0.5m. In addition, there is a further -£1.6m of unspent New Homes Bonus within the interest payable budget, of which £0.7m has been approved to be carried forward.
 - Interest receivable was over-recovered by around -£1.2m due to higher cash balances held at the beginning of the year as a result of the up-front payment of a number of Government Grants.
 - 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.
59. During January 2014 the Council agreed to sell the outstanding debt relating to the Icelandic bank Landsbanki. The income from this sale was received during February and included the interest due on the initial investment of £0.5m. This has been 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.
60. During March a number of redundancies were approved, this has enabled the redundancy outturn to be adjusted, and there will now be an underspend on this budget of £0.8m.
61. In April 2013 the Council was required to auto-enrol its staff into the relevant pension scheme. The MTFP made a provision for additional cost of this, based on the nine months year to date position at the time, the actual underspend is -£1m.

Revolving Infrastructure & Investment Fund

Table 12: Summary of the revenue outturn for the fund

Summary 2013/14	February 2014 forecast £m	Full year outturn £m
Income	-2.4	-3.0
Expenditure	0.3	0.8
Funding	1.4	1.5
Net revenue position	-0.7	-0.7
Capital spend (including investments as well as property)	40.3	40.2

62. The Revolving Infrastructure & Investment Fund was established in MTFP 2013-18 to provide the revenue costs of funding initiatives that will deliver savings and enhance income in the longer term. The mechanics of the fund is to transfer the net revenue position to the Revolving Infrastructure and Investment reserve at year end. Therefore the year end transfer to the reserve is +£0.7m and the revenue position does not impact on the outturn.
63. The infrastructure and investment portfolio now includes a total of seven properties (acquired for future service delivery), loans to the Woking Bandstand Joint Venture company and a small investment in FutureGov. The portfolio has generated income of £0.7m in 2013/14, after the deduction of expenses and capital funding costs.
64. Funding costs are charged to the Revolving Infrastructure & Investment Fund to reflect the opportunity cost of using internal capital resources. As additional borrowing has not yet been needed, the assets noted above have actually delivered net income of £2.2m for the year, with the additional income of £1.5m being recorded against the Central Income & Expenditure offsetting interest payable.
65. Capital expenditure of £40.2m has been incurred this financial year, in addition to £9.5m incurred in 2012/13, bringing the total investment made to date to £49.7m.

Staffing costs

66. 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 agencies the Council contracts with.
67. Bank and agency staff enable managers to manage short term variations in demand for services or vacancies for contracted staff. This is particularly so in social care.
68. A sensible degree of flexibility in the staffing budget is good, as it allows the Council to keep a portion of establishment costs variable. In 2013/14 approximately 92% of costs were due to contracted staff.
69. 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 is 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.
70. The Council's total staffing budget for 2013/14 was £313.0m based on 8,025 budgeted FTEs.
71. Table 12 shows the staffing expenditure and FTEs for the full year 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 12: Staffing costs and FTEs 2013/14

	Staffing budget to		Staffing spend by category				2013/14 occupied	
	Mar 2014 £m	Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m	Budget FTE	contracted FTE
Adult Social Care	71.8	62.7	3.6	2.0	68.2	-3.6	2,187	1,865
Children Schools & Families	104.6	95.0	5.0	4.1	104.1	-0.5	2,690	2,486
Customer and Communities	57.3	51.2	1.1	4.8	57.0	-0.2	1,507	1,413
Environment & Infrastructure	23.1	21.9	0.9	0.5	23.3	0.2	524	514
Business Services and Central Income & Expenditure	42.1	38.6	3.1	0.1	41.8	-0.2	892	839
Chief Executive's Office	13.4	11.8	0.2	0.2	12.2	-1.2	225	240
Total	312.2	281.1	13.8	11.7	306.6	-5.6	8,025	7,357

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

72. The most material variance is a -£3.6 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 FF&C and in most cases are outweighed by additional spend on care ASC might otherwise have avoided.

73. Table 13 shows there are 668 “live” vacancies, for which active recruitment is currently taking place, with 500 of these in social care. 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 and bank staff).

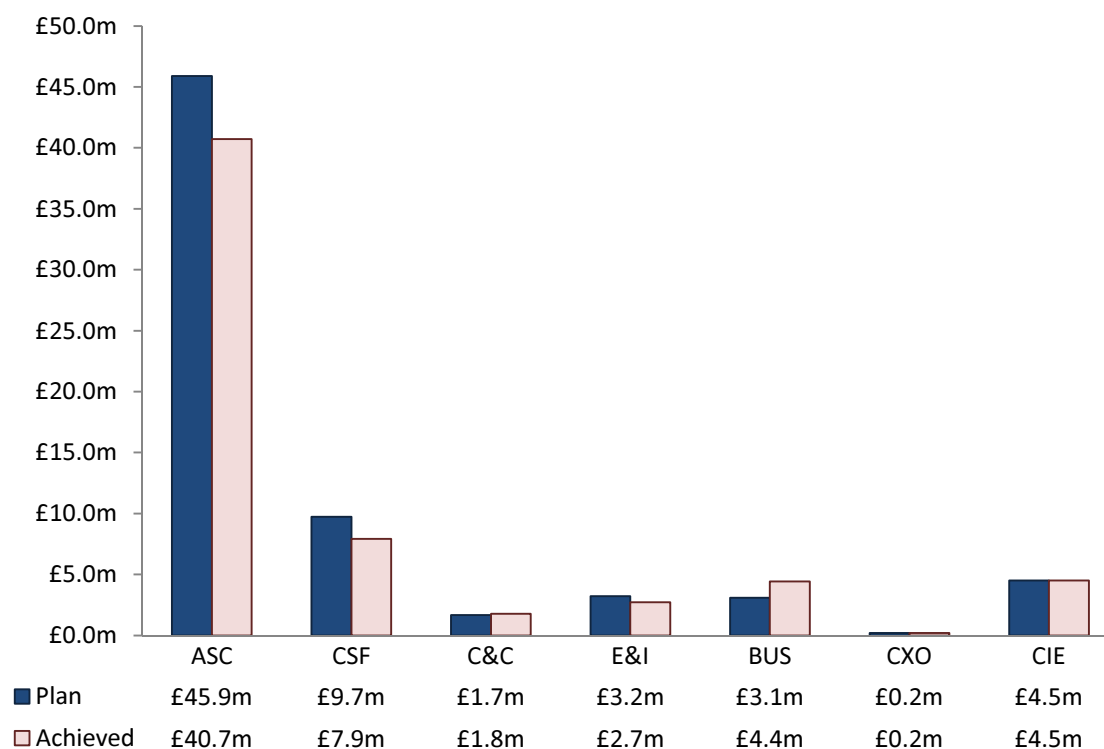
Table 13: full time equivalents in post and vacancies

	<u>March FTE</u>
Budget	8,025
Occupied contracted FTE	7,357
“Live” vacancies (i.e. actively recruiting)	668

Efficiencies

74. MTFP 2013-18 incorporates £68.3m of expenditure efficiencies. Overall, the Council achieved £62.3m by year end, an under achievement of -£6.0m.
75. 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 achieved against 2013/14 budgeted overall efficiencies



76. The bulk of the -£6.2m variance is from ASC (-£5.2m), largely due to slippage in the innovative FF&C strategy as outlined above in the directorate's revenue budget commentary.
77. Under achievements in CSF (-£1.8m) and E&I (-£0.5m) remain as reported for December. CSF has experienced delays in achieving the efficiencies planned in services for children with disabilities together with increasing demand for care packages and pressures on the transport budget. E&I had an underachievement of -£0.4m on the bus service contract savings. This is offset through Business Services overachievement by bring forward (+£1.3m) 2014/15 efficiencies. The appendix to this annex provides further details of the directorates progress in achieving the 2013/14 efficiencies.

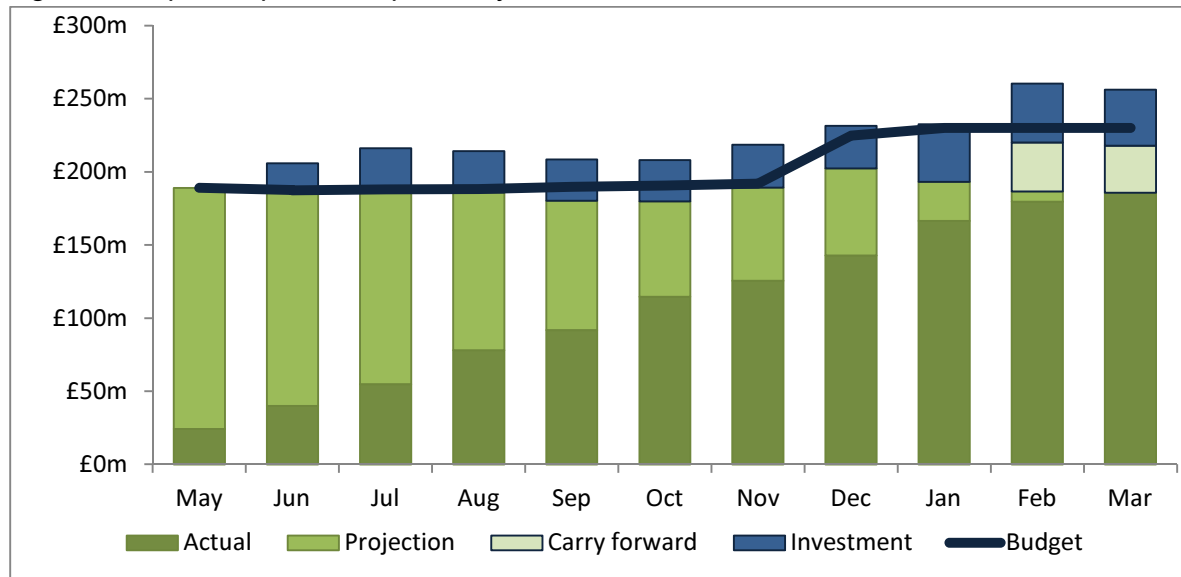
Capital

78. By planning significant capital investment as part of MTFP 2013-18, the Council demonstrated its firm long term commitment to supporting Surrey's economy.
79. Table 15 shows outturn expenditure for the service capital programme and long term investments of £224.1m against a budget of £230.1m. The material variances are summarised below.
- the school basic need programme (-£12.2m);
 - acquiring land for waste schemes (-£6.3m);
 - contract and adverse weather impeded site access to corporate projects (-£11.7m);
 - from archaeological finds at Guildford Fire Station (-£2.9m);
 - 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 (-£4.4m);
 - obtaining planning permission to improve a travellers' site (-£1.4m);
 - Superfast broadband project (-£1.7m); and
 - long term investments (£37.7m)
80. There are other smaller variances in the capital programme within Adult Social Care (-£0.4m) and Children Schools and Families (-£0.7m).

Table 15: 2013/14 Capital expenditure position

	Revised full year budget £m	Actual £m	Full year variance £m	Flash carry forward approved £000s	Movement in carry forward £000s	Revised carry forwards £000s	Full year variance £000s
Adult Social Care	2.0	1.6	-0.4	0.1		0.1	-0.3
Children, Schools & Families	11.0	10.3	-0.7	0.5		0.5	-0.2
Customer & Communities	4.8	2.2	-2.6	2.5	0.1	2.6	0.0
Environment & Infrastructure	71.3	65.8	-5.5	6.0	-0.5	5.5	0.0
School Basic Need	54.3	42.1	-12.2	9.3	-8.9	0.4	-11.8
Business Services	75.3	54.0	-21.3	19.2	2.6	21.8	+0.5
Chief Executive Office	11.4	9.7	-1.7	1.8	-0.1	1.7	0.0
Total service programme	230.1	185.7	-44.4	39.4	-6.8	32.6	-11.8
Central investment assets	0.0	38.4	+38.4				+38.4
Total Overall	230.1	224.1	-6.0	39.4	-6.8	32.6	+26.6

Figure 4: Capital expenditure profile by month 2013/14



- 7
81. At its meeting of 22 April 2014, Cabinet approved a provisional amount of £39.4m to carry forward. Due to the final capital position changing for some of the carry forward amounts, Cabinet is asked to approve an amendment to the amount carried forward by -£6.8m. The main reasons for this include:
- the budget for schools basic need, where the 2014-2019 MTFP had included the amount of £8.9m re-profiled from 2013/14;
 - reductions for cycling schemes, Local Sustainable Transport Fund and Superfast Broadband totalling £0.9m; and
 - additional carry forward requests for Unicorn project (£1.224m), recurring property maintenance (£1.026m), property projects (£0.334m), completion of Walton Bridge (£0.323m), fire vehicles and equipment (£0.066m), member allocations (£0.002m)
82. The carry forwards relate to project duration rather than spending savings. Therefore the overall capital programme will spend the same and funding is unaltered.
83. 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 28 February 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); and reprofiling highway maintenance (£11.1m) and external funding from sources such as schools' parent teacher associations of £4.1m.
84. In March, the Council updated the capital budget for: further funding of £0.1m from local schemes, £2.1m external funding from sources such as schools' parent teacher associations and £1.1m for IMT replacement reserve and £1.9m for assorted highway schemes and Basingstoke canal. The revised capital budget for 2013/14 is £230.8m.
85. Table App4 in the appendix to this annex summarises the capital budget changes.

Appendix to Annex

The contents of the Appendix include these below items. Page numbers have not been supplied due to the document page numbers would be different to the Cabinet papers publication page numbers

Corporate performance scorecard – finance

Efficiencies & service reductions

Updated revenue budget

Updated capital budget

Earmarked reserves

Debt

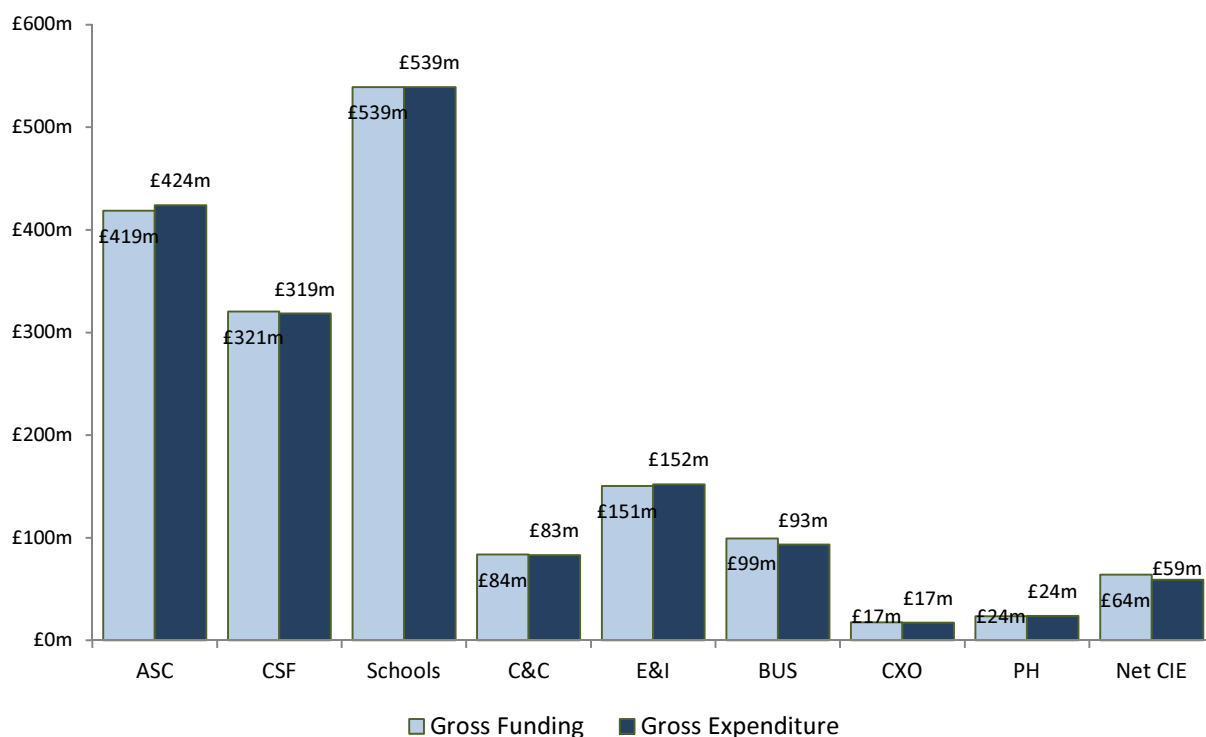
Corporate performance scorecard – finance

App 1. Figure App1 shows the gross funding and expenditure for the Council at outturn (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 outturn position. Net CIE includes Central Income & Expenditure, local taxation and the Revolving Infrastructure & Investment Fund.

7

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

Figure App1: 2013/14 Year end outturn revenue position



Efficiencies & service reductions

App 3. The graphs below track progress against directorates' MTFP 2013-18 ragged expenditure efficiencies & service reductions.

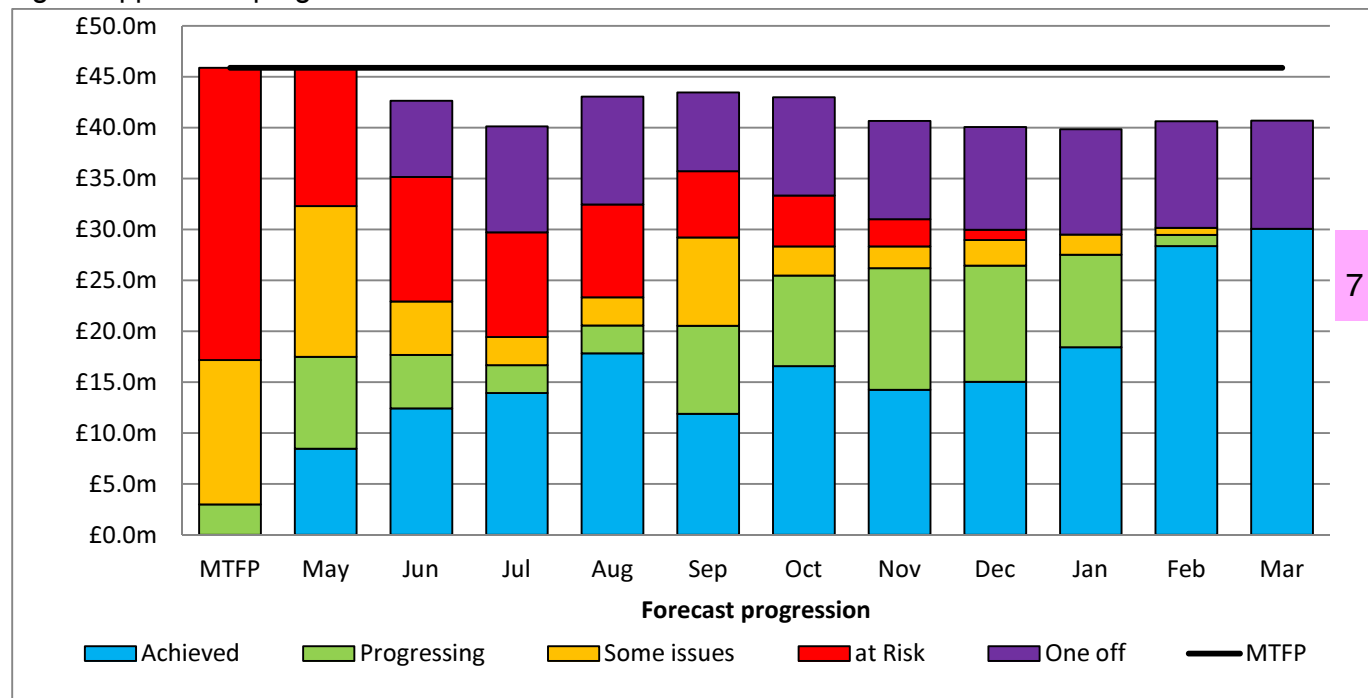
App 4. All the graphs use the same legend:

- Red – At risk,
- Amber – Some issues,
- Green – Progressing and
- Blue – Achieved.

App 5. Each graph is based on the appropriate scale and so they are not directly comparable one against another.

Adult Social Care

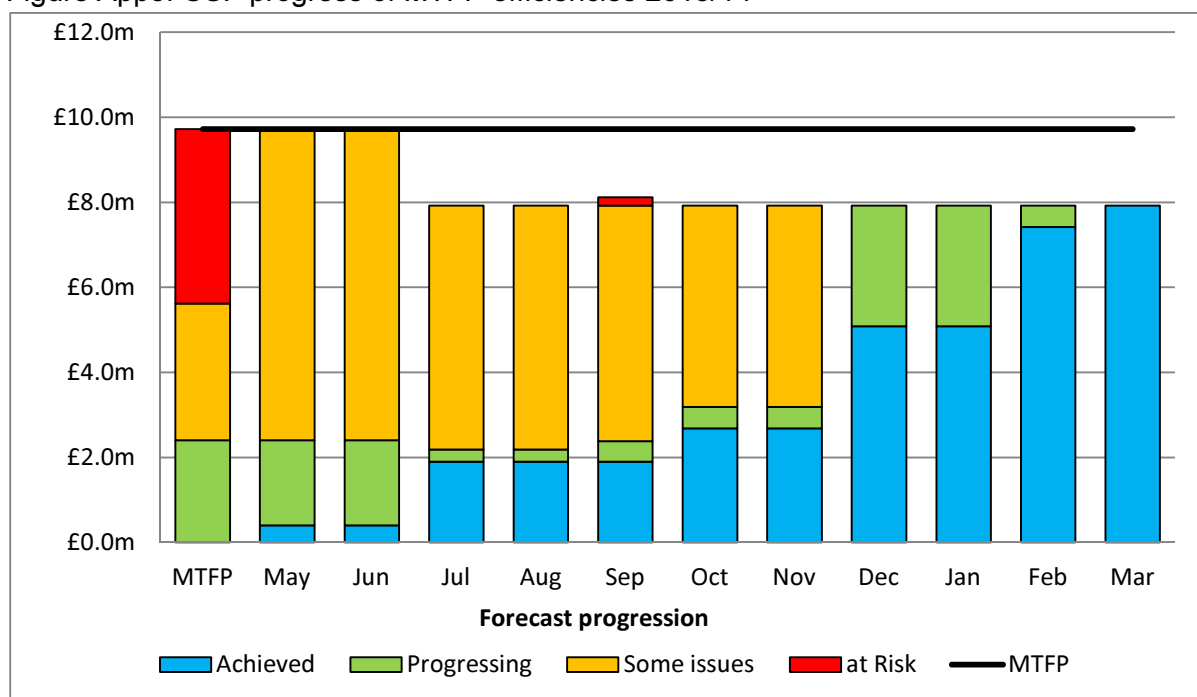
Figure App2: ASC progress of MTFP efficiencies 2013/14



App 6. Adult Social Care's MTFP savings target for 2013/14 was £45.9m. £2.9m of additional demand pressures arose during the year meaning ASC needed £48.8m of savings to balance the budget. The Directorate performed well in achieving total savings of £43.6m in 2013/14, 89% of the revised target, but this included £10.6m of unplanned one-off savings which also have to be found in the 2014/15 budget. 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 was 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 no savings were achieved in 2013/14. Therefore this will impact on 2014/15's budget. The under-achievement on the FFC programme combined with less significant shortfalls against other some savings plans was partially offset by £10.6m of unplanned one-off savings. The main one-off savings measures were 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 the 2013/14 budget in light of the very challenging savings target. The Winter Pressures money was carried forward to offset anticipated increased demand over the 2013/14 winter period.

Children, Schools & Families

Figure App3: CSF progress of MTFP efficiencies 2013/14



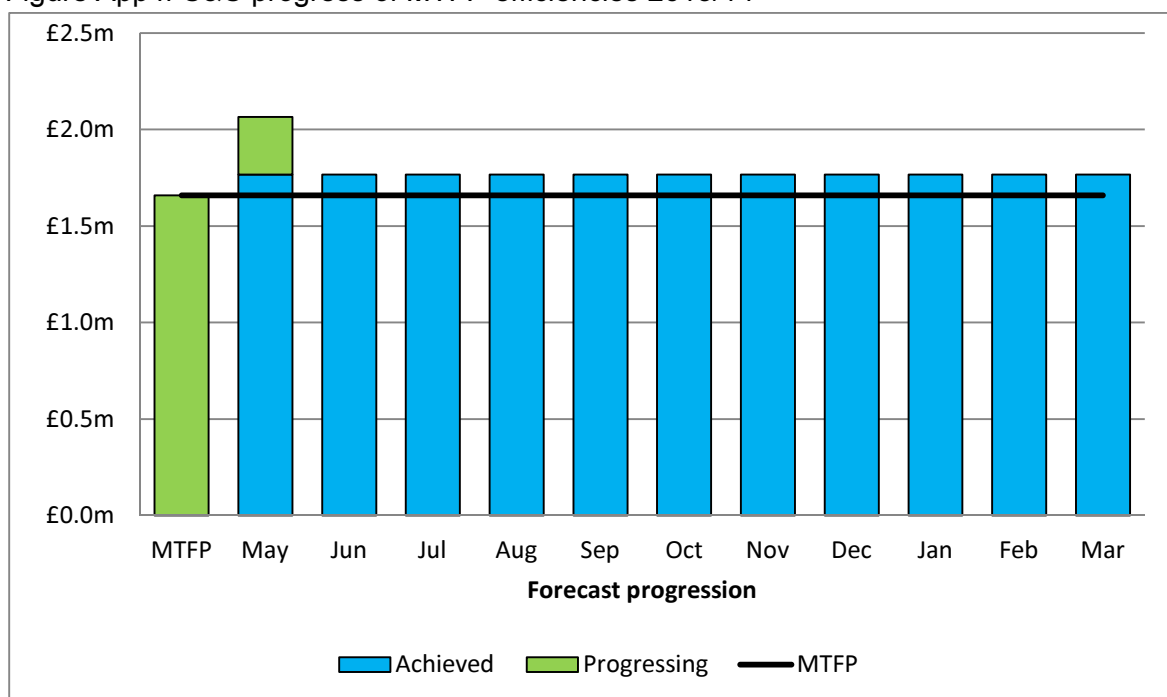
App 7. Two of the planned efficiencies were not achieved in 2013/14. Delays occurred in achieving the efficiencies planned in services for children with disabilities which together with the increasing demand for more complex care packages described above, meant the planned saving of £1.5m was not possible. Also, given the pressure on the transport budget the planned efficiency of £0.3m was not achieved.

App 8. The £1.8m unachieved efficiency savings in 2013/14 have been reallocated in 2014/15 and are expected to be achieved along with the 2014/15 efficiency savings.

App 9. The Directorate recognises the increasing financial pressures from 2015/16 in particular and through the Public Value Programme (PVP) will transform to deliver within a reducing funding base.

Customer & Communities

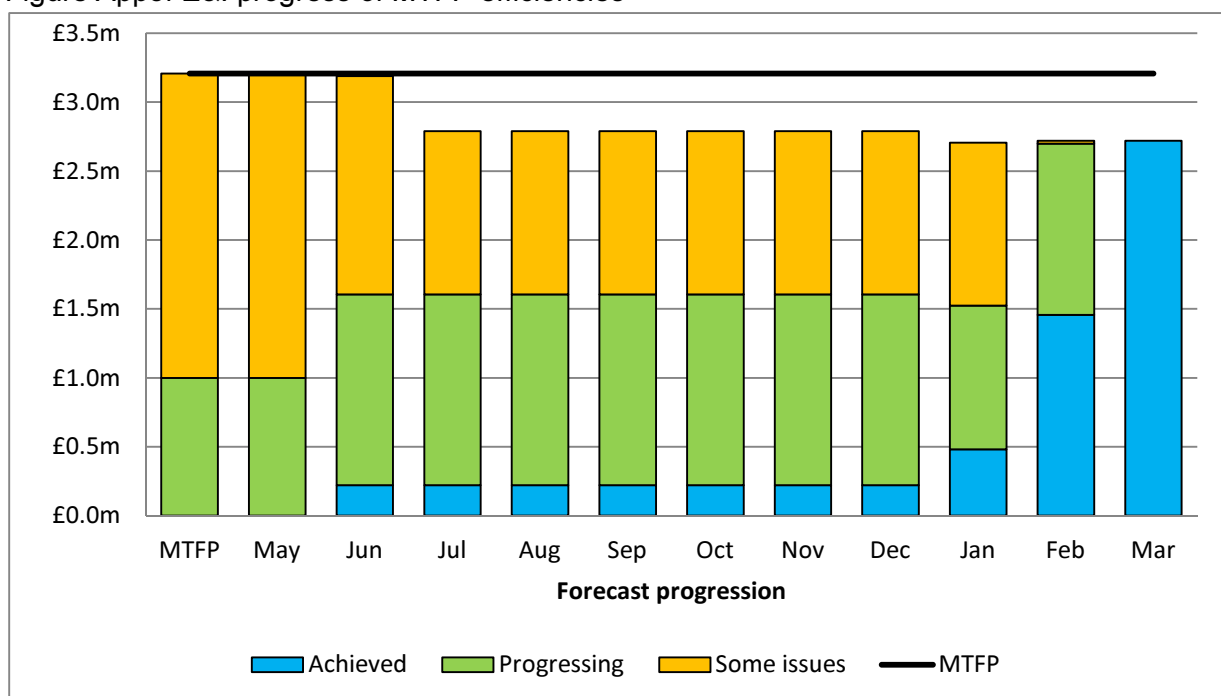
Figure App4: C&C progress of MTFP efficiencies 2013/14



App 10. 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.

Environment & Infrastructure

Figure App5: E&I progress of MTFP efficiencies

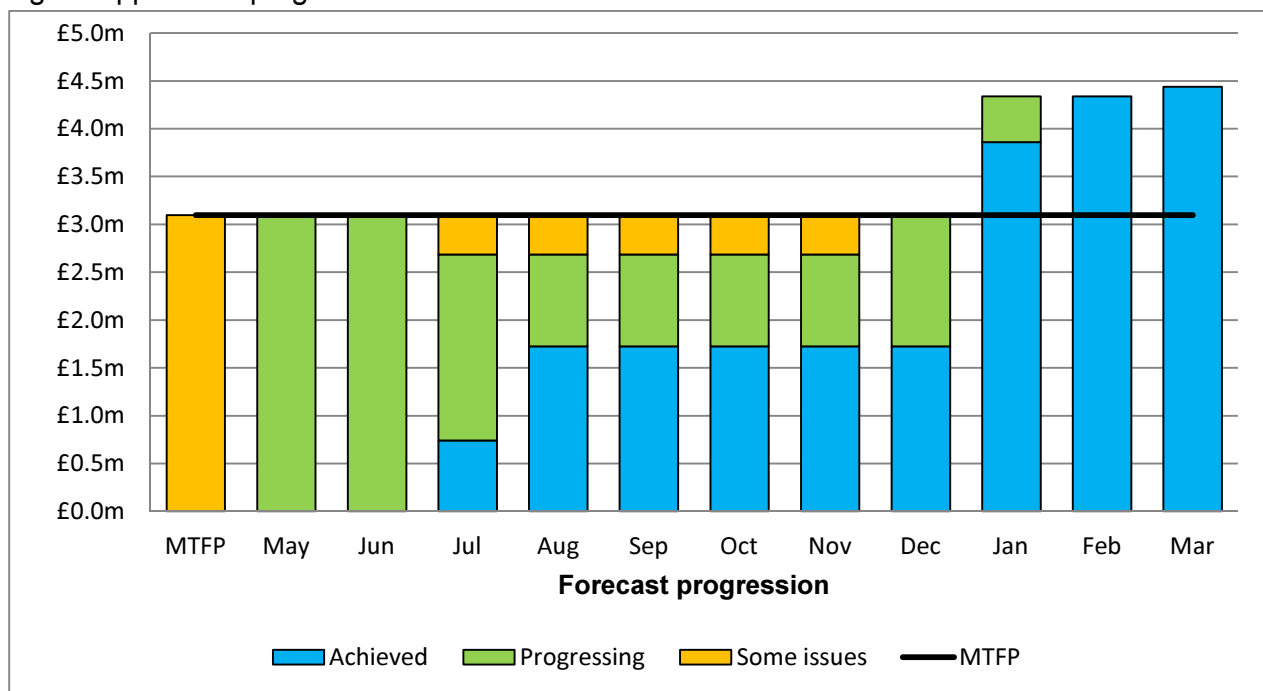


App 11. The final position for E&I is a shortfall of £0.5m, as expected earlier in the financial year, primarily bus service contract savings (£0.4m) which have been superseded by the wider Transport Review.

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Business Services

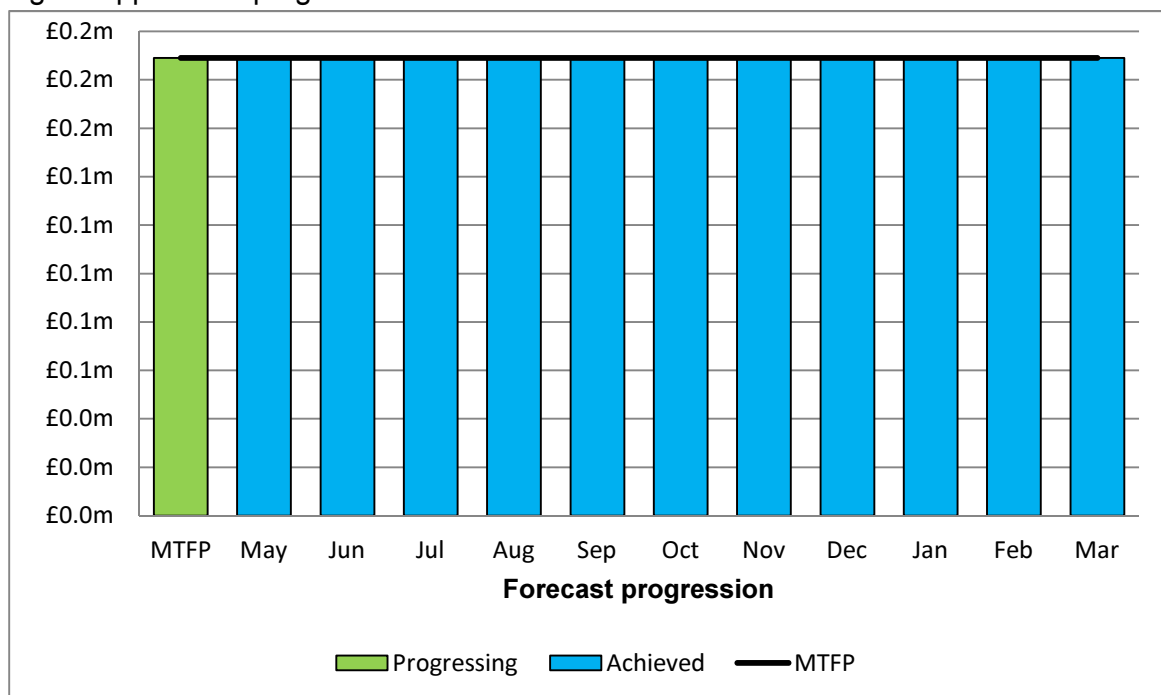
Figure App6: BUS progress of MTFP efficiencies 2013/14



App 12. The budget for the directorate includes efficiency savings and increased income targets of £3.1m. These have been delivered and +£1.3m of 2014/15 efficiencies early.

Chief Executive's Office

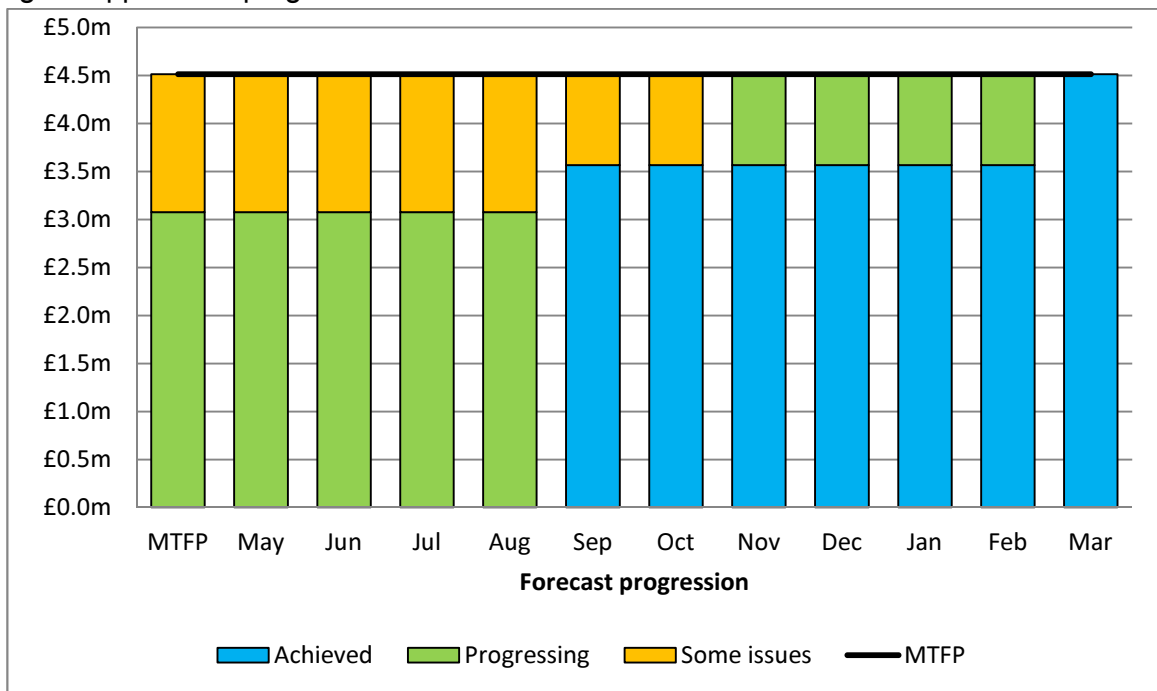
Figure App7: CEO progress of MTFP efficiencies 2013/14



App 13. The planned 2013/14 efficiencies have been achieved. The Directorate is currently holding vacancies within Policy & Performance in preparation for achieving efficiency savings for 2014/15.

Central Income & Expenditure

Figure App8: CEO progress of MTFP efficiencies 2013/14



7

App 14. The efficiencies identified in MTFP 2013-18 from changes to the Council’s treasury management strategy and redundancy have been achieved.

Updated revenue budget

App 15. 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 approved between May and February increased the expenditure budget at the end of February to £1,687.7m. In March, there was a transfer from reserves of £4m in respect of the approved increase in the budget equalisation reserve, a budget adjustment of -£1.5m for earmarked school grants, a transfer of funding of £1.1m of DSG for academies, a transfer back to the Department for Education for academy status conversions (£0.4m), and a number of virements reprofiled the income & expenditure budgets, increasing the overall expenditure budget by £5.5m. Table App 1 summarises these changes.

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

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m	Total £m	Number of Virements £m
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
Jan & Feb changes	2.1	-2.1				34
Previous changes	-1,658.4	1,687.7	-17.4	-11.9	0.0	310
March changes						
Transfer from reserves	-4.0	4.0				1
DSG funding for Summer	-1.1	1.1				1
Term 2013 school action plus academies						
Schools earmarked grants adjustment	1.5	-1.5				1
Academy conversion Mar 14 – budget and grant reduction	0.4	-0.4			0.0	1
Transfer of income and expenditure	-2.3	2.3			0.0	34
March changes	-5.5	5.5	0.0	0.0	0.0	38
Updated budget - Mar 2014	-1,663.9	1,693.2	-17.4	-11.9	0.0	348

App 16. When the Council agreed MTFP 2013-2018 in February 2013, some government departments had not determined the final amount for some grants. Services therefore estimated their likely grant. The general principle Cabinet agreed was 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 17. 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 18. Virements above £250,000 require the approval of the relevant Cabinet Member. There were six virements above £250,000 in March:

- a transfer from reserves of £3,959,273 in respect of the approved increase in the budget equalisation reserve;
- a budget adjustment of -£1,491,534 in respect of earmarked school grants;
- a transfer of £1,088,424 in respect of a transfer of funds from the DSG for academies School Action Plus;
- a grant reduction of £440,432 in respect of academy conversions;
- a budget adjustment of £345,201 in respect of an Education Services grant reduction against the Babcock 4S contract; and
- a transfer to ASC from CIE of £295,063 for work with Districts & Boroughs.

App 19. 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 – March 2014

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-69.0	406.3	337.3
Children, Schools & Families	-139.4	320.2	180.7
Schools	-513.5	513.5	0.1
Customers and Communities	-24.2	84.1	60.0
Environment & Infrastructure	-18.6	149.1	130.6
Business Services	-14.9	98.0	83.1
Chief Executive's Office	-27.8	44.2	16.4
Central Income & Expenditure	-856.6	45.7	-809.3
Service total	1,663.9	1,662.8	-1.1
Risk Contingency		13.0	13.0
Total	-1,663.9	1,675.8	11.9

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

App 20. 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 outturn budget position as at end of March 2014

	Full Year Budget £m	Outturn Forecast £m	Forecast Variance £m
Income:			
Local taxation	-599.3	-600.6	-1.3
Government grants	-910.1	-901.0	9.1
Other income	-154.5	-203.7	-49.2
Income	-1,663.9	-1,705.3	-41.4
Staffing	311.9	306.6	-5.3
Service provision	850.4	864.5	14.1
Non schools sub-total	1,162.3	1,171.1	8.8
Schools expenditure	513.5	539.1	25.6
Total expenditure	1,675.8	1,710.2	34.4
Movement in balances	11.9	5.0	-6.9

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

Updated capital budget

App 21. 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 22. New virements and reprofiling approved between May 2013 and February 2014 added £42.6m to the capital budget. There are changes to the capital budget totalling £5.1m, increasing the capital budget to £230.1m. There were 3 changes over £0.25m: - £2.1m external funding from sources such as schools' parent teacher associations, £1.1m transfer from reserves for information technology and -£1.9m for developer contributions for transport local schemes and Basingstoke canal. 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	6.6	11.0
Customer & Communities	2.0	3.1	-0.3	4.8
Environment & Infrastructure	50.1	4.3	16.9	71.3
Business Services	50.4	0.6	24.2	75.2
Schools Basic Need	69.2	-14.9	0.0	54.3
Chief Executive's Office	11.5	0.0	0.0	11.5
Total service overall	187.3	-4.9	47.7	230.1

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

Earmarked reserves

App 23. Table App5 shows outturn position for earmarked reserves and general balances at 1 April 2014 after applying the reserves used to support the 2014/15 budget.

Table App5: Earmarked reserves

	Balance at 31/3/2013 £m	Transfers in £m	Transfers out £m	Balance at 31/3/2014 £m	Support for 2014/15 budget £m	Carry forwards £m	Balance at 1/4/2014 £m
Revolving Infrastructure	0.0	20.2		20.2			20.2
Investment & Renewal Reserve	13.3	0.6	-0.9	13.0			13.0
Eco Park	8.0	6.6		14.6			14.6
Budget Equalisation Reserve	25.0	28.5	-18.9	34.6	-29.7	-5.5	0.9
Street Lighting	5.8	0.4		6.2			6.2
Severe Weather	5.0		-5.0	0.0			0.0
Economic Downturn	4.4	2.1	-0.5	6.0	-4.3		1.7
Child Protection	3.6	0.4	-0.9	3.1			3.1
Interest Rate	3.2	1.5		4.7	-3.7		1.0
Insurance	7.4	1.4		8.8			8.8
Vehicle Replacement Reserve	5.1	0.4	-0.1	5.4			5.4
Waste	0.3			0.3	-0.3		0.0
Investment	4.9		-4.9	0.0			0.0
Equipment Replacement Reserve	3.1	2.4	-2.2	3.3	-1.8		1.5
Local Assistance Scheme	0.0	0.5		0.5			0.5
General Capital	7.6			7.6			7.6
Fin Invest	11.1		-9.5	1.6	-1.0		0.6
Earmarked Reserves	107.8	65.0	-42.9	129.9	-40.8	-5.5	83.6
General balances	31.8	1.4	-11.9	21.3			21.3

App 24. In February, the Council set its budget for 2014-19; at this time £25.9m of reserves were identified to support the 2014/15 budget. In addition, in March, Cabinet approved a further £14m of support after the requirement to re-profile the ASC savings. At the time, the amounts identified were in relation to the reduction of the Council's potential loss on its investment in two Icelandic banks and the settlement of the Council's Mutual Municipal Insurance liability. In addition, balances from the Economic Downturn Reserve and the Budget Equalisation Reserve were identified as available. Since this decision, a number of uncertainties have arisen and it is considered prudent to maintain the previous levels of the insurance reserve. These uncertainties arise in relation to an increased number of insurance claims due to the recent flooding in the county, alongside a recent rise in insurance premium costs and a decision to increase the excesses payable by the Council. As a result, the release of £3.3m from the Insurance Reserve planned in March will be replaced by a draw-down from the Budget Equalisation Reserve.

App 25. The level of earmarked reserves have been increased over the past five years to provide funds for what the Council knew would be a difficult financial climate, especially with the reduction in government funding. The use of the £39.8m reserves to support the 2014/15 budget smoothes these pressures across years and brings the total level of reserves down towards the historic level. The level of general balances at the year end is marginally above the range approved when setting the 2014/19 MTFP of £16m - £20m.

Debt

App 26. At the end of 2013/14 the Accounts Payable team had raised invoices totalling £196.6m.

App 27. Table App6 shows the age profile of the council's care, and non-care related debt.

Table App6: Further information on debts

Account Group	<1	2-12	1-2	+2	Total	Overdue debt
	month	months	years	years		
	£m	£m	£m	£m	£m	£m
Care debt – unsecured	3.9	2.1	1.6	2.8	10.4	6.5
Care debt - secured	0.2	1.8	1.7	2.8	6.5	
Total Care	4.1	3.9	3.3	5.6	16.9	6.5
General debt	20.3	2.6	0.2	0.1	23.2	2.9
Property	0.2	0.1	0.0	0.1	0.4	0.2
Total Non-care Debt	20.5	2.7	0.2	0.2	23.6	3.1
Total Debt	24.6	6.6	3.5	5.8	40.5	9.6

App 28. The amount still outstanding of these invoices was £40.5m of gross debt at 31 March 2014, an increase of £7.8m from the same point in 2013. The gross debt was adjusted to take into account those balances not immediately due (i.e. less than 30 days old), or collectable (i.e. secured on property). This produced the figures for net debt, which are shown in Table App7.

Table App7 –Overdue debt summary as at 31 March 2014

	2013/14 Q4	2012/13 Q4	2011/12 Q4	2010/11 Q4
	£m	£m	£m	£m
Care Related Debt	6.5	7.6	6.1	6.8
Non Care related debt	3.1	3.8	3.0	3.9
Total	9.6	11.4	9.1	10.7

App 29. The increase in care debt outstanding was a concern and is being addressed by a Rapid Improvement Event. Systems, restructure and overall economic factors may have played a part in this, and more specifically during the last quarter of the year the SWIFT reconciliation process identified new income for the council that was previously uncharged. From a debt recovery perspective clients were reluctant to pay high value retrospective bills resulting in an increase in the value of outstanding debt. The top 20 high value backdated bills for the last six months raised £1.73m worth of debt.

App 30. The Council's debt policy includes a target of 30 days to collect non-care debt. The average number of debtor days for March was 27 days.

App 31. The Chief Finance Officer has delegated authority to write off irrecoverable debts in line with financial regulations. This quarter (Q4 2013/14), 68 such debts have been written off with a total value of £117,411, of which £114,287 was care related and £3,124 was non care debt related.

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2014/15 revenue budget

Summary recommendations

Cabinet is asked to:

1. note the revised revenue 2014/15 budget incorporating the 2013/14 transfers and carry forwards. (Annex 2, paragraph 1); and
2. approve the two 2014/15 revenue virements for SEN Reform Grant distribution and Children Service's contact centre realignment (Annex 2, paragraph 2 and 4).

Revenue 2014/15 budget

1. Surrey County Council has now set its budget for the 2014/15 financial year. Cabinet approved the budget on 25th March 2014. Table A2.1 shows the directorate MTFP 2014/15 revenue budget incorporating the carry forwards from 2013/14 approved in April and May. Table A2.1 also highlights the funding from reserves that supports the revenue budget.

Table A2.1: Revenue 2014/15 budget

	Income £m	Expenditure £m	Original net budget £m	Carry forward £m	Updated net budget £m
Adult Social Care	-72.3	412.3	340.0	0.1	340.1
Children, Schools & Families	-151.5	334.0	182.5	0.7	183.2
Schools	-468.3	468.3	0.0		0.0
Customers & Communities	-24.8	82.3	57.5	0.9	58.4
Environment & Infrastructure	-17.9	146.9	129.0	1.0	130.0
Business Services	-15.3	98.0	82.7	1.8	84.5
Chief Executive's Office	-30.1	44.5	14.4	0.0	14.4
Central Income & Expenditure	-845.7	65.5	-780.2	0.9	-779.3
Service total	-1,625.9	1,651.8			
Funding from reserves:			25.9	5.5	31.4
Budget Equalisation Reserve			20.1	5.5	25.6
Waste Site Contingency			0.3		0.3
Equipment Renewal Reserve			1.8		1.8
Interest Rate Reserve			3.7		3.7
Reserves			25.9	5.5	31.4

Note: Adult Social Care's 2014/15 budget includes a £14m one-off contribution from reserves.

Virement request

2. At the time the budget for 2014/15 and the MTFP 2014-19 were agreed, the Council had only recently been notified of the allocation of additional grant funding by central

government - the Adoption Reform Grant (£0.983m) and a Special Educational Needs (SEN) Reform Grant (£1.224m). For budget setting purposes the grants were held in the central income and expenditure account. Although these grants are not specifically ring fenced, their purpose is to support the implementation of government reforms and legislative change in relation to adoption and SEN. Since being notified of the additional grant monies the service has worked on business plans to establish how they can be used most effectively.

3. The request is to transfer the expenditure and grant income budgets to Children Schools & Families from Central Income & Expenditure.
4. Children's Services have redesigned the referral service including creation of a Multi Agency Safeguarding Hub with the aim of increasing partnership working with the police and other agencies. This is one of the changes arising in response to the most recent OFSTED inspection. It has included moving staff located in the contact centre within the Customer & Communities directorate to the public facing central referral and area teams. Therefore approval is sought to vire the £0.517m budget for those staff from Customer & Communities to Children, Schools & Families.

Transparency information in the 2013/14 Annual report

The information below is as part of the Council's commitment to openness and transparency and is published part of the annual report.

The Council has been looking at the corporate external reporting provisions of the integrated report. This year the annual report will encompass some of the items raised within the integrated report. Therefore the 2013/14 annual report will contain elements like Chief Financial Officer Report, abridged audited financial statements, consultancy expenses, energy report, pay banding and gender analysis, high level performance indicators and risk, as well as the efficiencies and member information. This will be presented at the Audit & Governance Committee on 31 July 2014. The formal report will be published shortly after.

Council travel expenses 2013/14 – 2010/11

Travel expenses are incurred through staff and members' journeys on council business. Included within travel expenses are the costs for some employees, who due to extensive travel (over 1,500 miles per year), have a lump sum travel allowance as well as mileage expenses. The current system does not distinguish between travel expenses for training or service delivery. Toward the end of 2011/12, the council choose to relinquish a lease to a key office building and use other office space across the county. The increase in travel expenses is due to the increased travel of staff across the county to satellite offices.

Table A3.1: Travel expenses by directorate

	2013/14	2012/13	2011/12	2010/11
Adult Social Care	£1.5m	£1.5m	£1.3m	£1.4m
Children, Schools & Families	£2.3m	£2.2m	£2.2m	£1.9m
Schools	£0.0m	£0.0m	£0.0m	£0.0m
Customer & Communities	£0.3m	£0.3m	£0.3m	£0.3m
Environment & Infrastructure	£0.3m	£0.3m	£0.2m	£0.2m
Business Services	£0.2m	£0.2m	£0.2m	£0.2m
Chief Executive Office	£0.1m	£0.1m	£0.1m	£0.1m
	£4.7m	£4.6m	£4.3m	£4.1m
Surrey CC gross expenditure	£1,710.2m	£1,695.7m	£1,670.3m	£1,702.9m
Travel expenses as a proportion of gross expenditure	0.3%	0.3%	0.3%	0.2%

Salary transparency

Every year the Council publishes information on the external website information on salary policy and transparency. This can be found at:

Your council > Council Tax & Finance > Localism and transparency.

The People, Performance and Development Committee (PPDC) acts as the Council's Remuneration Committee under delegated powers, in accordance with the Council's constitution. All Surrey Pay and terms and conditions are determined by the PPDC, including chief officers' remuneration and specific appointments to posts with salaries of £100,000 or more.

The Council is committed to being at the forefront of openness and transparency to demonstrate to its residents and local taxpayers that it delivers value for money. As part of the national and local government transparency agenda, it already publishes information on its external website

detailing Surrey Pay ranges, expenditure over £500 and contracts with a value of £50,000 or more.

To continue that progress and in line with the Code of Recommended Practice for Local Authorities on Data Transparency 2011, the Council has published details of salaries paid to senior staff on-line, with effect from 30 March 2012. This information is updated on a regular basis and covers all positions with annual salaries of £58,200 and above.

This is a summary of the bandings from the information on the website. This is different to the statutory accounts bandings. The information below is a point in time (1 March 2014) of the number of officers on what band where as the statutory accounts are banding the annual salary paid for the year 2013/14 including schools and leavers. This information is also on a headcount basis i.e.: what an individual is paid rather than a full time equivalent. The staffing figures are presented in Annex 1. The council had 7,357 full time equivalent posts at the end of March 2014 (7,361 - March 2013).

Table A3.2: Senior officers' pay by salary band

Salary (£)	1 March 2013 Number	1 March 2014		
		Number	Male	Female
58,200-59,999	13	15	73%	27%
60,000-64,999	62	56	38%	63%
65,000-69,999	36	45	78%	22%
70,000-74,999	6	8	63%	38%
75,000-79,999	39	41	61%	39%
80,000-84,999	6	9	67%	33%
85,000-89,999	9	9	56%	44%
90,000-94,999	6	7	43%	57%
95,000-99,999	4	4	75%	25%
100,000-104,999	5	4	25%	75%
105,000-109,999	3	2	50%	50%
110,000-114,999	1	1	100%	0%
115,000-119,999	1	2	0%	100%
120,000-124,999	0	1	100%	0%
125,000-129,999	1	1	0%	100%
130,000-134,999	1	1	0%	100%
135,000- 139,999	1	0		
140,000-144,999	2	2	100%	0%
210,000-214,999	1	1	100%	0%
Total	197	209	58%	42%

Note: 80% costs of one director is recharged to Mole Valley District Council.

Members' allowances and travel expenses (2013/14 and 2012/13)

Members receive an allowance rather than a salary for services carried out by them on behalf of the Council. Members spend significant time on council business outside of formal committee meeting. This includes constituency business, parish council and resident groups, meetings with other public agencies and partners and charity and community groups.

Under statute, if a member has not attended a meeting for a period of six consecutive months, unless the failure to attend was due to a reason approved by the authority during those six months, the member ceases to hold office. On the external website, current year attendance can be accessed by the following menu selections:

Your council > Councillors and committees > Surrey County Councillors > Member attendance summary.

Table A3.4 summarises members' allowances and expenses. Table A3.5 shows members' allowances and expenses for current county councillor members as at 31 March 2014.

Table A3.4: Summary Member allowances and travel & subsistence expenses

	2013/14	2012/13	2013/14	2012/13
	Allowances	Allowances	Travel & subsistence expenses	Travel & subsistence expenses
Member allowances	£	£	£	£
Current members	1,325,267	1,021,863	87,654	75,520
Stood down members	31,251	308,815	1,679	10,112
Independent persons / Standards Committee		833	463	0
Employer NI & pension contributions	226,317	233,353		
Total expenditure	1,582,834	1,564,864	89,795	85,632

Table A3.5: Members' allowances and travel & subsistence expenses

Member	District	Elected	2013/14	2012/13	2013/14	2012/13
			Allowances £	Allowances £	Travel & subsistence expenses £	Travel & subsistence expenses £
Mrs Mary Angell	Runnymede	2005	28,291	28,291	1,604	2,752
Mr William Barker	Guildford	1997	14,791	14,791	1,161	835
Mrs Nikki Barton	Waverley	2013	10,618		383	
Mr Ian Beardsmore	Spelthorne	2001	11,791	11,791	130	198
Mr John Beckett	Epsom & Ewell	2013	10,618		90	
Mr Mike Bennison	Elmbridge	2005	15,202	17,791	340	552
Mrs Elizabeth Bowes	Woking	2009	18,202	20,541	289	221
Mrs Natalie Bramhall	Reigate & Banstead	2013	10,618		445	
Mr Mark Brett Warburton	Guildford	2009	18,202	20,791	1,023	563
Mr Ben Carasco	Woking	2009	14,380	11,791	88	0
Mr William Chapman	Surrey Heath	2009	20,420	11,791	1,930	842
Mrs Helyn Clack	Mole Valley	2001	28,291	28,291	3,456	4,500
Mrs Carol Coleman	Spelthorne	2005	11,791	11,791	708	476
Mr Stephen Cooksey	Mole Valley	2005	11,791	11,791	673	929
Mr Stephen Cosser	Waverley	2009	18,189	21,791	2,170	1,895
Mrs Clare Curran	Mole Valley	2009	24,162	27,076	1,265	942
Mr Graham Ellwood	Guildford	2009	11,791	11,791	0	14
Mr Jonathan Essex	Reigate & Banstead	2013	10,618		567	
Dr. Robert Evans	Spelthorne	2013	10,618		622	
Mr Timothy Evans	Spelthorne	2013	10,618		95	
Mr Melville Few	Runnymede	2009	27,400	22,017	2,819	1,671
Mr William Forster Warner	Woking	2009	11,791	11,791	243	303
Mrs Patricia Frost	Waverley	2005	17,791	17,791	1,137	2,043
Mr Denis Fuller	Surrey Heath	2009	14,791	14,199	1,922	1,255
Mr John Furey	Runnymede	2009	28,291	28,291	2,257	107
Mr Robert Gardner	Reigate & Banstead	2013	10,618		623	
Mr Michael Goodman	Surrey Heath	2013	12,960		1,408	
Mr David Goodwin	Guildford	2005	11,664	11,791	209	284
Mr Michael Gosling	Reigate & Banstead	2005	28,791	28,791	3,196	3,515
Dr. Zulema Grant Duff	Reigate & Banstead	2009	21,654	20,791	1,204	960
Mr Ken Gulati	Reigate & Banstead	2013	10,618		184	
Mr Timothy Hall	Mole Valley	2005	14,380	14,541	0	0
Mrs Kay Hammond	Reigate & Banstead	1997	19,097	28,291	2,823	4,091
Mr David Harmer	Waverley	2005	20,831	14,888	3,384	2,151
Mr Nick Harrison	Reigate & Banstead	2005	20,791	20,791	527	763
Miss Marisa Heath	Runnymede	2006	15,154	21,791	1,368	1,131
Mr Peter Hickman	Elmbridge	2005	11,791	11,791	240	246
Mrs Margaret Hicks	Elmbridge	1989	19,557	11,791	1,562	1,051
Mr David Hodge	Tandridge	2005	42,291	42,291	2,880	3,502
Mr Saj Hussain	Woking	2013	10,618		0	
Mr David Ivison	Surrey Heath	2005	18,291	18,291	2,139	2,355

Annex 3

Member	District	Elected	2013/14	2012/13	2013/14	2012/13
			Allowances £	Allowances £	Travel & subsistence expenses £	Travel & subsistence expenses £
Mr Daniel Jenkins	Spelthorne	2013	10,365		0	
Mr George Johnson	Guildford	2013	11,058		1,400	
Mrs Linda Kemeny	Woking	2011	28,291	25,638	1,898	2,271
Mr Colin Kemp	Woking	2013	10,618		383	
Mr Eber Kington	Epsom & Ewell	2009	19,557	12,404	340	191
Rachael I Lake	Elmbridge	2013	10,618		332	
Mrs Stella Lallement	Epsom & Ewell	2013	10,618		0	
Mrs Yvonna Lay	Runnymede	2005	12,210	14,199	0	1,645
Ms Denise Le Gal	Waverley	2009	28,291	28,291	4,558	4,078
Mrs Mary Lewis	Elmbridge	2013	10,618		644	
Mr Christian Mahne	Elmbridge	2013	10,618		112	
Mr Ernest Mallett	Elmbridge	2005	13,344	13,491	304	0
Mrs Sally Marks	Tandridge	2001	17,476	22,017	2,435	1,773
Mr Peter Martin	Waverley	2005	34,291	34,291	4,887	4,578
Mrs Janet Mason	Epsom & Ewell	2001	11,791	11,791	0	0
Mrs Marsha Moseley	Guildford	2006	11,791	11,791	0	0
Mrs Tina Mountain	Epsom & Ewell	2013	10,618		0	
Mr David Munro	Waverley	1997	25,420	16,791	4,747	4,050
Mr Christopher Norman	Runnymede	2009	20,791	20,791	1,015	1,114
Mr John Orrick	Tandridge	2009	11,791	11,791	725	696
Mr Adrian Page	Surrey Heath	2013	10,618		401	
Mr Chris Pitt	Surrey Heath	2005	11,791	11,791	0	0
Mrs Dorothy Ross-Tomlin	Reigate & Banstead	2001	17,968	13,760	860	988
Mrs Denise Saliagopoulos	Spelthorne	2001	20,420	11,909	93	0
Mr Tony Samuels	Elmbridge	2010	28,291	28,291	2,342	2,863
Mrs Pauline Searle	Guildford	2005	11,791	11,791	60	23
Mr Stuart Selleck	Elmbridge	2013	10,618		0	
Mr Nicholas Skellett	Tandridge	1993	21,791	21,791	1,791	2,580
Mr Michael Sydney	Tandridge	2009	17,791	17,791	2,208	2,217
Mr Keith Taylor	Guildford	2009	20,831	14,791	1,361	1,128
Ms Barbara Thomson	Reigate & Banstead	2013	10,618		591	
Mr Christopher Townsend	Mole Valley	2009	11,791	11,791	474	657
Mr Richard Walsh	Spelthorne	2009	21,484	16,506	700	758
Mrs Hazel Watson	Mole Valley	1993	13,414	14,001	1,164	787
Mrs Fiona White	Guildford	2005	11,791	11,791	1,890	1,806
Mr Richard Wilson	Woking	2013	10,618		859	
Mrs Helena Windsor	Tandridge	2013	10,618		0	
Mr Keith Witham	Guildford	2012	20,420	10,745	832	574
Mr Alan Young	Waverley	2011	11,728	11,791	513	596
Mrs Victoria Young	Waverley	2013	10,523		572	
Stood down members			31,251	308,815	1,679	10,112
Total			1,356,518	1,330,678	89,333	85,632



Overview & Scrutiny Committee
4 June 2014

Reward Strategy Review 2014 -2018

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Purpose of the report:

The purpose of this report is to provide a rationale for the review of the current reward strategy in order to implement changes by April 2016.

In addition, the report provides an overview of the current position.

Introduction:

1.0 The People, Performance and Development Committee (PPDC), has recommended that HR carries out a review of how the County Council pays, rewards and recognises its staff so that we can make sure that our pay system fits the future direction of the council.

1.1 We are commencing a series of conversations throughout May and June with senior leaders as well as members to take a good look at pay and reward in Surrey and ask ourselves the question:

"Using the "One Team in Action" vision as the guiding direction, "How can pay, reward and recognition support the building of this more networked organisation?"

1.2 We are running these as informal workshops and we will progress on to have conversations with the wider workforce later in the summer and autumn. The collective views of all the workshops will help inform future decisions at PPDC around any changes to the pay system.

1.3 Members of Council Overview & Scrutiny Committee will have received a pack of data and information to give context and background to the current pay system to enable everyone to participate in the conversation from a more informed standpoint. The workshop with COSC members is on 2 July 2014.

- 1.4 The main aim of our Reward Strategy is to attract and retain the best people to maintain high quality services leading to high resident satisfaction.
- 1.5 In the last four years, there have been significant improvements in organisational culture and productivity in the council. The 2012 Employee Survey showed an increase in staff pride and there has been a 55% increase in resident perception of SCC employees “understanding their needs”. The independent Peer Review of 2013 found:
- *‘The cultural changes that have been brought about have clearly motivated people and generated an atmosphere of enthusiasm, coupled with significant goodwill’*
 - *‘Most of the staff that we met indicated they now feel much more empowered and able to ‘get on and deliver’ and people spoke of having regained a sense of pride about working for the council’*
- 1.6 Productivity improvements over this period have resulted in an improvement in days lost through sickness absence – down from a high of 13.10 days lost per FTE in 2008 to 6.37 days lost (as reported February 2014).
- 1.7 At the same time the last four to five years have been a period of pay restraint in Surrey County Council in line with what is happening in the wider economy. This has seen the council make necessary efficiencies in its pay budget costs such as suspending increments and implementing affordable pay increases below the level of inflation as well as suspending contribution based pay for senior managers.
- 1.8 The council’s strategic priorities recognise the significant pressures on Surrey due to population and demographic changes. When added to its significant budgetary pressures, the organisation has to shift and change to be ahead of these challenges. This will in turn impact on the council’s workforce. The Strategic Workforce Plan and the People Strategy set out the nature of the future workforce and the desired culture we are working towards.
- 1.9 Following the implementation of a two year pay settlement on 1 April 2014 the council has a two year “window” to review its current pay & reward strategy to ensure that it is/continues to be fit for purpose for a high performing council.

Key Principles of the Current Reward Strategy

- 2.0 The council’s approach to Surrey Pay settlements in recent years has been to uphold Surrey’s Reward Strategy. This is to ensure that we fairly and reasonably reward the council’s staff who have helped turn this organisation’s performance around, and continue to do so, whilst at the same time continuing to make efficiencies and modernise pay and reward.
- 2.1 Key principles of the current Reward Strategy include:

- addressing recruitment and retention issues as evidenced by benchmarking data
- legality and our reputation
- fairness and proportionality
- affordability
- transparency
- consistency
- promoting our values and encouraging good performance
- single status and clean pay
- supporting those on lower incomes at a time of considerable financial challenge
- support different models of service delivery
- allowing flexibility and choice wherever possible.

- 2.2 The strategy has been successful in the last four years in maintaining front line services by achieving relatively low levels of redundancy and turnover, as well as achieving significant savings.
- 2.3 Over the past four years the pay strategy has been to suspend annual increments and to split the pay award between a standard award and a smaller progression amount. One result of this strategy has been that there has been virtually no movement for staff up their grades. This has had some impact on retention in key skill areas.
- 2.4 A marked differential has developed between those staff on the top of their grade (approximately 30%) and those who have headroom many of whom are towards the bottom of the grade (approximately 70%). The gap between these groups has opened up, resulting in “bunching” at both the top and the bottom of the grade.
- 2.5 The County Council is performing strongly. We are working as “one team” with our partners to ensure Surrey residents receive high quality and value for money services. We are making positive differences to people’s lives every day. A large part of this success has been the growth in good leaders with exemplary leadership skills and behaviours. This has a direct impact on the morale and well-being of staff who, in turn, become happier at work and can give an excellent service to residents. A very important part of reward is the non-pay aspect of recognition. Our engagement with our own staff shows that having your work and contribution recognised and acknowledged contributes to a sense of pride and well-being for staff.
- 2.6 The council's culture has improved significantly over this period. Our staff surveys and our own employee engagement shows the importance of non-pay factors in helping staff thrive and be happy at work. The council has invested in a coaching programme during this period as well as the STARS workforce development programme. The staff survey shows that the council scores higher than the Mori top ten companies as far as "I am treated with fairness and respect" is concerned

as well as "I have a say in how I do my work", there has been a 55% increase in resident perception of SCC employees attempting to understand their needs and a 5% improvement in how employees view workload, supervision and change.

- 2.7 The council has introduced volunteering days and the rate of employee volunteering is going up year on year. A strong culture of saying thank you has emerged, recognising employee contribution in informal ways. Obviously, the "pound in the pocket" is a primary focus for everyone, but we must continue to take into account the pivotal importance of having a supportive, encouraging, learning culture where our people can thrive and be happy in order to give residents the exemplary standard of customer care they deserve.

Reward Strategy Savings & Efficiencies Achievements 2010/11–2011/12
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- 3.0 Our Reward Strategy in recent years has been aimed at a good balance of restraint plus continued investment in leadership and staff development. It is estimated that through a combination of pay restraint and cost avoidance measures taken since 2010 the council will have achieved savings that will approach **£23 million** by March 2014.

Surrey Pay Restraint Measures 2010 – 2013

3.1 Pay Settlements

In total the measures taken to protect front line services from cuts and to avoid redundancies are projected to have avoided some £11.5m from the pay bill (excluding schools) between April 2010 and March 2014.

Table 1

Impact Of Surrey Pay Measures 2010 – 2014	Savings (net) £m
Pay Freeze	£4.1
Suspension of normal pay progression arrangements	£6.4
No pay progression for senior managers	£1.0
Overall Net Savings	£11.5 million

3.2 Pay Progression

Historically the funding of pay progression awards has been “self-financing” as a result of staff turnover and recruitment at the bottom of grades. In a “normal” year personal pay progression awards have typically been worth 3% of salaries. However since 2010 these “normal” arrangements have been suspended in favour of paying flat rate sums to those with headroom.

The total cost avoided (net savings achieved) over the period from 2010 – 2014 amount to £6.4 million, as detailed in Table 1a below.

Table 1a

Pay Progression Restraint : Approximate Costs Avoided				
Actual				Projected
2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	2010 - 2014
£1.3 million	£1.7 million	£1.7 million	£1.7 million	£6.4 million

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3.3 Agency Workers Manpower Contact

The introduction of a “Master Vendor” contract with Manpower in April 2009 has been successful in driving down the costs of engaging workers.

Table 2

Impact of Agency Worker “Master Vendor” Contract 2009 - 2013	Expenditure £m	Savings £m
2009/10	£ 16.3	
2010/11	£ 11.8	£4.5
2011/12	£ 12.5	£3.8
2012/13	£ 13.1*	£3.2
Overall Net Savings		£11.5
* Estimated		

3.4 The Manpower contract is in its fourth year and contract charges have reduced in line with the contract by 1.4% for workers. In addition Manpower was successful

in negotiating a further 2% reduction with their suppliers following work with the Surrey Project Resolve team for 2012/13. The increase in expenditure for 2012/13 resulted from an increase in the number of shifts filled by agency workers during 2011/12.

3.5 Redundancies & Redeployments

The introduction of reduced redundancy terms, with effect from April 2010, together with a more rigorous approach to redeployment has resulted in significant savings.

3.6 Other Savings

Measures have also been taken to reduce the cost of recognition payments, acting-up payments and standby payments.

Other measures have included:

- (i) A reduction in the length of pay protection in all cases to a maximum of one year with effect from April 2012;
- (ii) A freeze on the business mileage re-imbusement arrangements and the annual car user lump sum payments.
- (iii) A reduction in the number of annual leave days available to sell from 5 days to 3 days has avoided approximately £250,000 expenditure since 2010.

Future Direction Reviewing the Reward Strategy

4.0 Good practice for any large scale employer would recommend that a regular review of a pay strategy is carried out to ensure it is fit for purpose and keeping step with the economic environment and the changing workplace expectations.

The review of the Reward and Recognition Strategy will look at, a range of factors including;

- What are the pressures and risks which are shaping the direction of travel for services?
- What sort of employer do we want to be as regards pay and reward– high, medium, low quartile reward?
- Where are we now in the wide range of markets for talent and skills we operate in?
- What are the biggest pay and reward barriers and enablers to the service's success?

- What are the principles which should govern what we reward people for – their contribution?
- How people engage with customers and colleagues (values and behaviours)?
- What do the best organisations do in reward and recognition? Learning from good exemplars
- Strategic context – keeping abreast of potential changes at government level and in the economy which would impact on any new proposals

4.1 The review will be split into three main phases, with implementation April 2016.

Phase 1: Preparation and Planning - Now until October 2014

- Understanding organisational needs and drivers
- Overview of current reward package
- Summary of current issues
- Current reward effectiveness
- Benchmarking against external market
- Review of other companies
- Identifying key reward principles
- Engagement activities

Phase 2: Development and Design – October 2014 until October 2015

Phase 3: Implementation and Communication October 2015 – April 2016

Phase 1: Preparation and Planning

- 5.0 As part of phase 1 and in order to help determine the direction for the council's reward strategy it is essential to review the current position and to fully understand the existing arrangements for pay and rewards. The data pack & key facts document, circulated to Members outside of the meeting sets out relevant information and data which has been collated to help identify current issues.
- 5.1 The SWOT analysis (strengths, weaknesses, opportunities and threats) shown in Annex 1, helps to highlight key issues within the current reward package.
- 5.2 The reward strategies of other organisations; key principles that underpin the reward strategies and how they are implemented will be researched as part of phase 1. The reward strategies of ten companies will also be reviewed and a comparison provided, together with examples of pay flexibilities and other strategic reward approaches.

5.3 In addition we will be engaging widely with services and elected members to better understand the issues. Feedback from all these groups will help inform the new strategy.

Next steps:

May 2014

- The reward strategy project team to continue to collect relevant information and data, May & June
- Research other companies
- Discussion at Continual Improvement Board, 19 May
- Discussion/engagement with CPT
- Briefing session with Leader and Deputy Leader

June 2014

- Reward team to continue to collate feedback from external research
- COSC, 4 June
- Wider engagement with the workforce can commence

July 2014

- As part of the engagement exercise a workshop for elected members will take place, 2 July
- PPDC, 21 July
- Engagement with the workforce concludes.

Recommendations:

The Committee is asked to note the report and decide whether it wishes to make any recommendations

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Background papers: Reward Strategy Data Pack