

Cabinet

**Date & time**

Tuesday, 23 July
2013 at 2.00 pm

Place

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

Contact

James Stanton
Room 122, County Hall
Tel 020 8541 9068

james.stanton@surreycc.gov.uk

Chief Executive

David McNulty

Cabinet Members: Mr David Hodge (Chairman), Mr Peter Martin (Vice-Chairman), Mrs Mary Angell, Mrs Helyn Clack, Mr Mel Few, Mr John Furey, Mr Michael Gosling, Mrs Linda Kemeny, Ms Denise Le Gal and Mr Tony Samuels

Cabinet Associates: Mr Steve Cosser, Mrs Clare Curran, Mrs Kay Hammond and Miss Marisa Heath

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 9938, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 9698, fax 020 8541 9009, or email james.stanton@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact James Stanton on 020 8541 9068.

***Note:** This meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The images and sound recording may be used for training purposes within the Council.*

Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.

If you have any queries regarding this, please contact the representative of Legal and Democratic Services at the meeting

1 APOLOGIES FOR ABSENCE

2 MINUTES OF PREVIOUS MEETING: 25 JUNE 2013

The minutes will be available in the meeting room half an hour before the start 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.

4 PROCEDURAL MATTERS

4a Members' Questions

The deadline for Member's questions is 12pm four working days before the meeting (17 July 2013). A copy of any questions received will be circulated following the deadline and published on the Council's website www.surreycc.gov.uk/committeepapers

4b Public Questions

The deadline for public questions is seven days before the meeting (16 July 2013). A copy of any questions received will be circulated following the deadline and published on the Council's website www.surreycc.gov.uk/committeepapers

4c Petitions

The deadline for petitions was 14 days before the meeting. No petitions were received.

4d Representations received on reports to be considered in private

To consider any representations received in relation why part of the meeting relating to a report circulated in Part 2 of the agenda should be open to the public.

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

5a Adult Social Care Select Committee - Social Capital

(Pages 1
- 2)

5b Communities Select Committee - Magna Carta Anniversary

(To
Follow)

6 MEDIUM TERM FINANCIAL PLAN 2013-18, QUARTER ONE 2013/14 REVIEW

(Pages 3
- 26)

To consider and approve refreshed assumptions and strategic direction of the Medium Term Financial Plan (MTFP) 2013-18, following review during the first quarter of 2013/14; and the Government's Spending Round 2013, published on 26 June 2013.

[The decisions on this item can be called in by the Council Overview and Scrutiny Committee]

- 7 INVESTMENT STRATEGY** (Pages 27 - 40)
- To consider a framework for investing in innovative solutions and opportunities that enable the council to maintain its financial resilience and increase income whilst providing effective services.
- [The decisions on this item can be called in by the Council Overview and Scrutiny Committee]*
- 8 THE COUNCIL'S APPROACH TO INNOVATION: UPDATE REPORT** (Pages 41 - 48)
- On 27 November 2012 the Cabinet approved the development of a strategic framework to achieve a strong "One Team" approach to innovation ("ideas into action to improve lives in Surrey"). This recognises that over the coming years the Council will need to continue to strengthen its capacity and capability to innovate in order to continue improving outcomes and value for money for Surrey's residents.
- A subsequent update report to the Cabinet on 26 March 2013 set out progress on establishing the overall strategic innovation framework, encompassing the leadership, culture, skills and tools required to support innovation over the long term. This report focuses specifically on the impact of an "innovation hub" approach (called "Shift"), designed to accelerate and systematise innovation capacity and capability within the Council. The report sets out the key lessons from the first six months of this initiative and proposes the continued implementation and development of this approach over the medium term.
- [The decisions on this item can be called in by Council Overview and Scrutiny Committee]*
- 9 PUBLIC SERVICE TRANSFORMATION** (Pages 49 - 54)
- To receive an update on Surrey's approach to public service transformation and agree next steps. Public service transformation will significantly improve services and outcomes for Surrey residents and generate financial savings.
- [The decisions on this item can be called in by Council Overview and Scrutiny Committee]*
- 10 ANNUAL GOVERNANCE STATEMENT 2012/13** (Pages 55 - 64)
- Surrey County Council has a statutory duty under the Accounts and Audit (England) Regulations 2011 to publish an Annual Governance Statement (AGS). The AGS provides a comprehensive assessment of governance arrangements and the internal control environment. Once signed by the Leader of the Council and the Chief Executive, the AGS is incorporated into the Statement of Accounts and the Annual Report.
- [The decisions on this item can be called in by Council Overview and Scrutiny Committee]*
- 11 CHILDREN, SCHOOLS AND FAMILIES DIRECTORATE ANNUAL REPORT** (Pages 65 - 80)
- The Children, Schools and Families Directorate annual report summarises

the key achievements and progress made in the directorate. The report demonstrates how the directorate is working towards the vision that “Every child and young person will be safe, healthy, creative, and have the personal confidence, skills and opportunities to contribute and achieve more than they thought possible”.

The report is themed under the four areas of priority for 2012/13, which are set out in the directorate strategy: prevention, protection, participation and potential. It is intended for Members, staff, government officials and the general public.

[The decisions on this item can be called in by the Children and Education Select Committee]

12 MAGNA CARTA ANNIVERSARY

(Pages
81 - 96)

In June 2015, the world will celebrate the 800th Anniversary of the sealing of the Magna Carta at Runnymede. The aim of this report is to outline the plans for a Partnership Masterplan (comprising a legacy and programme of events), to describe the wider benefits that will accrue to the area, and to seek funding. This, together with funding from our partners will then comprise match funding for a major bid to the Heritage Lottery Fund. Surrey plans will co-ordinated with plans at a national level, that are being developed with the Magna Carta 800th Committee, the Houses of Parliament and other Charter Towns.

[The decisions on this item can be called in by the Communities Select Committee]

13 PROPOSED HOLDING OF A SHARE AND DIRECTORSHIP BY SURREY COUNTY COUNCIL IN SURREY HILLS ENTERPRISES

(Pages
97 - 106)

Surrey Hills Enterprises (SHE) was established with the support of the Surrey Hills Area of Outstanding Natural Beauty Board (AONB Board) to promote the Trademark for the Surrey Hills to businesses in the area, promote those businesses and to support projects to deliver the Surrey Hills AONB Management Plan.

Surrey County Council has agreed that SHE may sub-licence the Surrey Hills Trademark to generate an income for reinvestment in the community. A condition of the exercise of this license is that the AONB Board will have a share in SHE and a directorship on its board. The AONB Board is a Joint Committee and as such is unable to hold the directorship or own a share in its own right. It is proposed that the County Council will hold these interests on its behalf.

[The decisions on this item may be called in the Environment and Transport Select Committee]

14 REVISION OF PROCUREMENT STANDING ORDERS

(Pages
107 -
142)

To consider revisions to Procurement Standing Orders to take account of recent changes in the law and ensure that they reflect best practice and Council priorities. The Procurement Standing Orders set out how the Council governs spending by Officers on goods, works and services.

[This item will be referred to the next Council meeting for agreement]

- 15 AMENDMENT TO WASTE CONTRACT TO DELIVER THE WASTE STRATEGY** (Pages 143 - 168)
- To receive legal, risk, value for money and affordability assessments, and decide whether to reconfirm decision to amend the Waste Contract with SITA Surrey to deliver the Waste Strategy.
- [The decisions on this item can be called in by the Environment and Transport Select Committee]*
- 16 BUDGET MONITORING REPORT FOR JUNE 2013 AND QUARTER 1 2013/2014** (Pages 169 - 172)
- To consider the council's financial position at the end of the first quarter of the 2013/14 financial year, with particular focus on the year end revenue and capital budgets forecasts and the achievement of efficiency targets.
- Please note that Annexes 1 and 2 to this report will be circulated separately prior to the Cabinet meeting.**
- [The decisions on this item can be called in by the Council Overview and Scrutiny Committee]*
- 17 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING** (Pages 173 - 180)
- To note any delegated decisions taken by the Leader, Deputy Leader and Cabinet Members since the last meeting of the Cabinet.
- 18 CONTRACT AWARD - SUBSTANCE MISUSE AND HOUSING SUPPORT SERVICE FOR ADULTS AND SUBSTANCE MISUSE SERVICE FOR CHILDREN AND YOUNG PEOPLE** (Pages 181 - 230)
- The current contracts for provision of a Substance Misuse and Housing Support Service and the Substance Misuse Service for Children and Young People expire on 30 September 2013 and 31 October 2013 respectively. It is therefore necessary to award new contracts, following a procurement exercise, to the recommended Providers on the basis described in the Part 2 Annex (**agenda item 20**) to deliver substance misuse services starting on 1 October and 1 November 2013 respectively.
- The services will be provided in accordance with guidance from Public Health England in order to improve the delivery of substance misuse services in order to develop and sustain recovery among services users. The Adults Service will also provide housing support across Surrey's eleven Districts and Boroughs.
- [The decisions on this item can be called in by Adults Social Care Select Committee, Children and Education Select Committee and the Council Overview and Scrutiny Committee]*
- 19 EXCLUSION OF THE PUBLIC**
- That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule

PART TWO - IN PRIVATE

- 20 CONTRACT AWARD - SUBSTANCE MISUSE AND HOUSING SUPPORT SERVICE FOR ADULTS AND SUBSTANCE MISUSE SERVICE FOR CHILDREN AND YOUNG PEOPLE** (Pages 231 - 234)

This report contains the financial information relating to item 19.

Exempt: Not for publication under paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

[The decisions on this item can be called in by the Council Overview and Scrutiny Committee]

- 21 AMENDMENT TO WASTE CONTRACT TO DELIVER THE WASTE STRATEGY (EXEMPT INFORMATION)** (Pages 235 - 256)

This report contains financial information relating to item 15.

Exempt: Not for publication under paragraphs 3 and 5

Information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

[The decisions on this item can be called in by the Environment and Transport Select Committee]

- 22 PROPERTY TRANSACTION: ACQUISITION OF AN OFFICE PROPERTY IN EPSOM** (Pages 257 - 306)

To consider the acquisition of an office property in Epsom.

Exempt: Not for publication under paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

[The decisions on this item can be called in by the Council Overview and Scrutiny Committee]

- 23 PUBLICITY FOR PART 2 ITEMS**

To consider whether the item considered under Part 2 of the agenda should be made available to the Press and public.

David McNulty
Chief Executive
Monday, 15 July 2013

QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

The Cabinet will consider questions submitted by Members of the Council, members of the public who are electors of the Surrey County Council area and petitions containing 100 or more signatures relating to a matter within its terms of reference, in line with the procedures set out in Surrey County Council's Constitution.

Please note:

1. Members of the public can submit one written question to the meeting. Questions should relate to general policy and not to detail. Questions are asked and answered in public and so cannot relate to "confidential" or "exempt" matters (for example, personal or financial details of an individual – for further advice please contact the committee manager listed on the front page of this agenda).
2. The number of public questions which can be asked at a meeting may not exceed six. Questions which are received after the first six will be held over to the following meeting or dealt with in writing at the Chairman's discretion.
3. Questions will be taken in the order in which they are received.
4. Questions will be asked and answered without discussion. The Chairman or Cabinet Members may decline to answer a question, provide a written reply or nominate another Member to answer the question.
5. Following the initial reply, one supplementary question may be asked by the questioner. The Chairman or Cabinet Members may decline to answer a supplementary question.

MOBILE TECHNOLOGY – ACCEPTABLE USE

Those attending for the purpose of reporting on the meeting may use mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. This is subject to no interruptions, distractions or interference being caused to any PA or Induction Loop systems. The Chairman may ask for mobile devices to be switched off in these circumstances.

It is requested that all other mobile devices (mobile phones, BlackBerries, etc) be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

Thank you for your co-operation

This page is intentionally left blank

ADULT SOCIAL CARE SELECT COMMITTEE**Item under consideration: ASC BUDGET****Date Considered: 20 June 2013**

At the meeting on 20 June, the Committee considered the Adult Social Care Select Committee Budget, together with its directorate strategy. The Service has indicated that it intends to achieve £15million in savings this financial year 2013/14 owing to the greater use of 'social capital.' Social capital is communities playing a greater role in preventing social care needs and/or helping to meet them. Schemes such as time banks, befriending and community navigators are examples of social capital, but it can also be as simple as neighbours helping neighbours.

While the Committee greatly values the importance and use of social capital and is encouraged that the Service is working to increase the use of it, Members no less had reservations about the ability to meet the amount of savings associated with it. Members commented that some social capital already comes from the voluntary, community and faith sector organisations. As a consequence, Members were concerned that attempting to get more from this already-stretched sector would prove difficult if used as a means of achieving savings.

Therefore the Select Committee recommends that:

1. The Cabinet examine and evaluate the realistic potential for savings via "social capital."

Keith Witham
Chairman, Adult Social Care Select Committee

This page is intentionally left blank

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JULY 2013

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

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

SUBJECT: MEDIUM TERM FINANCIAL PLAN 2013-18, QUARTER ONE 2013/14 REVIEW



6

SUMMARY OF ISSUE:

To consider and approve refreshed assumptions and strategic direction of the Medium Term Financial Plan (MTFP) 2013-18, following review during the first quarter of 2013/14; and the Government's Spending Round 2013, published on 26 June 2013.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet notes the potential implications of Spending Round 2013 (SR2013) on the county council's budget position.
2. Cabinet notes the proposed MTFP 2013-18 budget assumption changes in light of new information available since February 2013 (paragraphs 13 to 23)
3. Cabinet revises the MTFP 2013-18 to:
 - a) amend the capital programme to include an additional £95m in relation to school basic need and short stay schools for 2013-18 and £0.7m provisional expenditure in relation to the 800th anniversary of the Magna Carta.
 - b) reflect additional revenue budget spend from 2014-18 for:
 - revenue costs of additional capital programme items (£7.4m)
 - unachievable savings targets included in existing MTFP of £0.8m and
 - additional Surrey Fire & Rescue Service spending pressures (£2.0m)
 - the provisional contribution to celebrate the 800th anniversary of the Magna Carta (£0.3m in 2014/15 only)
 - c) add the level of additional savings that services have identified, which can realistically be delivered for 2014-18 (£56.0m in 2014-18, £19.5m in 2014/15)
 - d) agree the predicted scale of currently unallocated savings required in 2014-18 if recommendations 3a-3c above are supported (£52.6m for 2014-18)

and £25.6m for 2014/15).

e) recognise that the remaining currently unallocated savings (£52.6m in 2014-18, £25.6m in 2014/15) would need to be met through further savings and/or increased income to ensure a balanced and sustainable budget could be prepared for 2014/15 onwards.

4. Cabinet requires officers to continue to work to identify realistic options for discussion with stakeholders and members during the next phase of the budget planning process for preparing a balanced and sustainable budget for 2014/15 onwards.

REASON FOR RECOMMENDATIONS:

In setting the MTFP 2013-18, the Cabinet agreed to undertake a review in the first quarter of 2013/14 to take account of the need to revise any of the budget assumptions in the light of progress with efficiencies and spending reductions, any impact of the revised Corporate and Directorate Strategies and implications of SR2013.

DETAILS:

Introduction

1. The current MTFP (2013–18) was developed and approved in February 2013, in advance of a number of events that would have an impact on the council's finances in future years, specifically:
 - government policy announcements;
 - the Chancellor of the Exchequer's Budget in March 2013; and
 - the Spending Round in June 2013.
2. In addition, the council has been monitoring its budget and achievement of efficiencies & service reductions for the first quarter of 2013/14. Progress is detailed in the separate budget monitoring report on this agenda (Item 16).
3. The final MTFP (2013-18) approved by Cabinet in March included an element of unallocated savings, totalling £81m, that would be revised at the quarter 1 review in 2013/14. This early review of the MTFP (2013-18) aims to update and refresh the revenue and capital budgets for the period covering 2014 to 2018 in the light of new information ahead of moving into the next 5 year budget planning cycle.

Government policy announcements

4. In introducing the Business Rates Retention Scheme (BRRS) from April 2013, the government 'top-sliced' an amount of local government funding to be used to fund the BRRS safety net, but committed to returning unused funds to local authorities. In common with most other local authorities, and in line with intelligence from central government, the council made an assumption about the council's share of the amount that would be returned (£2.4m in 2013/14 and £3m in 2014/15). The latest advice is that due to the high number of successful appeals that billing authorities have assumed in their estimates of

business rates income this rebate is now very unlikely to be paid, if billing authority assumptions are realised.

Funding implications of Chancellor of the Exchequer announcements

5. In his budget on 20 March 2013, the Chancellor of the Exchequer confirmed the end of "contracting out" of the second state pension and provided details of the £144 a week flat-rate single state pension that will come into effect from 1 April 2016. The new single state pension will replace the two current state pensions with the state second pension to be abolished, and employees no longer able to contract out.
6. This will result in public sector employers (and private sector employers still offering defined benefit schemes) and their employees, facing an increase in national insurance (NI) costs.
7. For employers (including Surrey County Council), that means paying the same employer national insurance as those without defined benefit pension schemes. Thus, the council will move to a single national insurance rate, which will be in line with the current employer's NI rate of 13.8%. The current employer rebate of 3.4% will no longer be obtained as a credit (and neither will the employee get the current 1.4% rebate). Public sector employers will be required to absorb the burden with no additional revenue support grant planned or announced. For the council, this is estimated to cost an additional £6m per year from 2016/17.
8. The March Budget also indicated that the Spending Round 2013 (SR2013) would extend the Comprehensive Spending Review (CSR 2010) by one year to 2015/16 and would:
 - seek additional £11.5bn savings across Government;
 - extend protection for NHS, schools and overseas aid;
 - increase capital spending by £3bn, funded from reductions in revenue;
 - announce plans to extend community budgets; and
 - give further details of the Single Local Growth Fund (Heseltine Review).
9. The Government published SR2013 on 26 June 2013 with the stated principles of 'growth, reform and fairness'. The main points for local government are summarised below.
 - a. The announcements principally covered 2015/16 – although the figures published within SR2013 have indicated an increase in the local government departmental expenditure limit (DEL) for 2014/15 of £1.7bn. The Government has indicated that before the summer recess it will publish the changes that comprise this net sum, including the local government share of the £1.2bn reduction announced in Budget 2013. Only then will it be clear whether and/or how these changes may affect Revenue Support Grant (RSG).
 - b. Government budgets, including the local government control total, show average real terms reductions of -2.1% for 2015/16.

- c. Government funding to local government reduces by 10% in real terms in 2015/16. This is equivalent to a reduction of -8% in cash terms.
- d. The cumulative cut for all Government departments over five years from 2010/11 averages -10.3%, cuts average -18.5% across unprotected areas, some budgets will see cuts of more than a third, including local government
- e. Further council tax freeze grants for 2014/15 and 2015/16, funded at 1% for each year. The council's MTFP council tax strategy assumes a 2.5% increase in the level of council tax in each year from 2014 to 2018. The impact of accepting the council tax freeze grant in each of the two years that is equivalent to 1%, would be an on-going reduction in funding of £8.3m in both 2014/15 and 2015/16 in respect of the 2014/15 freeze, rising to £13.8m per year after that. Similarly, a freeze in 2015/16 would mean on-going reductions in funding of £8.9m, rising to £14.6m from 2016/17. By 2016/17, therefore, the on-going combined impact would be a lower council tax funding base by £28m for every year thereafter.
- f. The Government intends to set the council tax referendum threshold at 2% for 2014/15 and 2015/16. The currently agreed MTFP assumes annual 2.5% council tax rises from 2014/15. If the council decided not to raise the council tax by more than the threshold limit of 2%, the loss of funding would be £2.8m per year.
- g. The Government announced continued council tax freeze grant funding of £833m in 2015/16 for councils that froze their council tax in 2011/12 and/ or in 2013/14. DCLG has advised this will mean that freeze grants previously received that are due to end in 2014/15, will continue for a further year. For the council, this would mean an additional one-off funding of £13.8m in 2015/16, in respect of the 2011/12 accepted freeze grant. Decisions beyond 2015/16 will be made as part of the next Comprehensive Spending Review period (2016-20).
- h. The Government announced £3.8bn pooled budget for NHS and local authorities to support integrated working. This is primarily a reallocation of some current and expected funding already in the system or announced, the main sources being core Clinical Commissioning Groups' funding. It is unclear what will happen beyond 2015/16.
- i. The Government announced real terms protection of the schools budget. This is expected to protect funding going directly to schools relating to provision for pupils in school years from reception to year 11. The school related budgets that are held centrally by the Local Education Authority are not expected to be subject to the same protection, so are vulnerable to reductions.
- j. The Government will reduce central education support by decreasing the Education Services Grant by around £200m in 2015/16. The Department for Education will consult in the autumn on the detail of how the reductions will be implemented through realising efficiencies and enabling local authorities to focus on their core role on schools. This new grant was introduced in 2013/14 to replace the funding formerly included within formula grant for central education support. The £200m equates to a 20% reduction. The council's MTFP assumes grant of £17m, so should

this reduction rate be applied, the council could lose £3m. This reduction is in addition to any changes that may result from schools converting to academies.

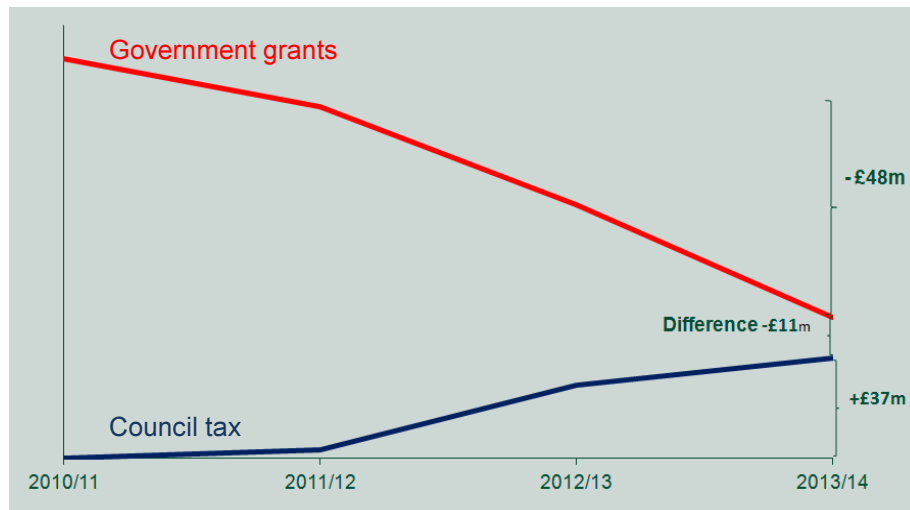
- k. The Government will set the Single Local Growth Fund at £2bn per year. The creation of this fund was announced in Budget 2013 and results from the recommendations of the Heseltine Review. Funding will be allocated to Local Enterprise Partnerships on the basis of growth deals negotiated with the Government. Of the total available £1.4bn will be for capital purposes. The Government has also introduced a requirement for local authorities to contribute £400m (estimated 33%) of the national funding available for the New Homes Bonus (NHB) to the Single Growth Fund and will consult on the mechanism for doing so. This is likely to reduce the council's NHB funding (£6m assumed in the MTFP for 2015/16).
- l. The Government announced £665m funding to support collaboration and efficiency in service reform. £330m will support transformation of local services, including a £200m extension of the Troubled Families programme and a £100m collaboration and efficiency fund to enable the re-engineering of service delivery and the realisation of efficiencies. The £200m for Troubled Families was published in advance of the SR2013 announcement. It will commence in 2015/16, the first of five years and will be paid on a 'by results' basis. The Troubled Families programme is part of the 'whole place community budgets' policy, which was the subject of phase 2 of the Local Government Resource Review, launched in 2011. Data from pilot 'whole place' project business cases suggests the potential for significant savings across several service areas. In pump priming these projects it is likely that later spending plans (in the next CSR period) will seek to realise such savings.
- m. In relation to Fire & Rescue Authorities, the Government announced:
- relative protection for Fire & Rescue Authorities, as a -7.5% reduction is applied to their budgets overall, rather than the -10% applied to the Department for Communities and Local Government overall. It is not clear how or whether the Government will ensure that county fire services are assigned similar protection when determining county funding allocations;
 - a £45m capital fund for the Fire & Rescue Services to ensure that fire stations are appropriately located for efficient and effective service delivery. Also a £30m collaboration fund to encourage the fire service and other emergency services work together. This is to be funded from the local government settlement. This is in response to the Knight Review which identified opportunities for further efficiency reform within the fire service, such as sharing joint emergency centres, back offices and response systems. This could assist the Surrey agenda for local collaboration.
- n. £13.5bn of local authority capital funding over six years, from 2015/16, comprising £4.9bn for major projects (of which £819m is for 2015/16); £5.9bn for maintenance (of which £976m is for 2015/16 and £2.7bn for integrated transport block (of which £458m is for 2015/16).

10. The announcements above covered the whole of local government, that is district, borough, metropolitan, unitary and county councils meaning it is not possible to analyse the precise impact of these reductions on county councils as a whole, nor Surrey County Council specifically at this stage. Although the above is helpful in informing and to some extent validating the direction of travel assumed in the current MTFP planning assumptions, there is insufficient information available at this stage to propose amending the current budget planning assumptions as a result of SR2013. The future level of Government funding for this council, therefore remains uncertain.
11. It is expected that the Government will announce precise details about future funding in the Provisional Local Government Financial Settlement, which is likely in December 2013 (with the Final Settlement being expected around early February 2014). In view of the changes in the total departmental expenditure levels for 2014/15 there may be changes to previously announced funding levels for 2014/15. However, the main benefit to the council of SR2013 is therefore in relation to informing the MTFP longer term planning assumptions at the strategic level rather than any more precise information.
12. Annex 1 reproduces Sir Merrick Cockell's speech to the Local Government Association conference in July 2013 on Rewiring Public Services – Financial Sustainability. This is important contextually for all members and residents to be aware of, as it outlines the long term consequences for local government in England.

MTFP (2013-18) planning assumptions

13. Although there are no proposals to amend budget planning assumptions in light of SR2013, the following planning assumption changes are proposed in view of other Government announcements since the final, detailed MTFP was agreed in March 2013:
 - safety net (reduction of £3m from 2014/15);
 - single status (reduction of £6m per year from 2016/17);
 - Revenue Support Grant (anticipated reduction of -£2m in 2014/15, rising to -£20m by 2017/18); and
 - increase in business rates income (£6m by 2017/18).
14. Between 2010 and 2014 although the council made significant strides and has further ambitious plans to deliver efficiencies, the level of service demands continue to exceed the total resourcing available, as illustrated in the chart below.

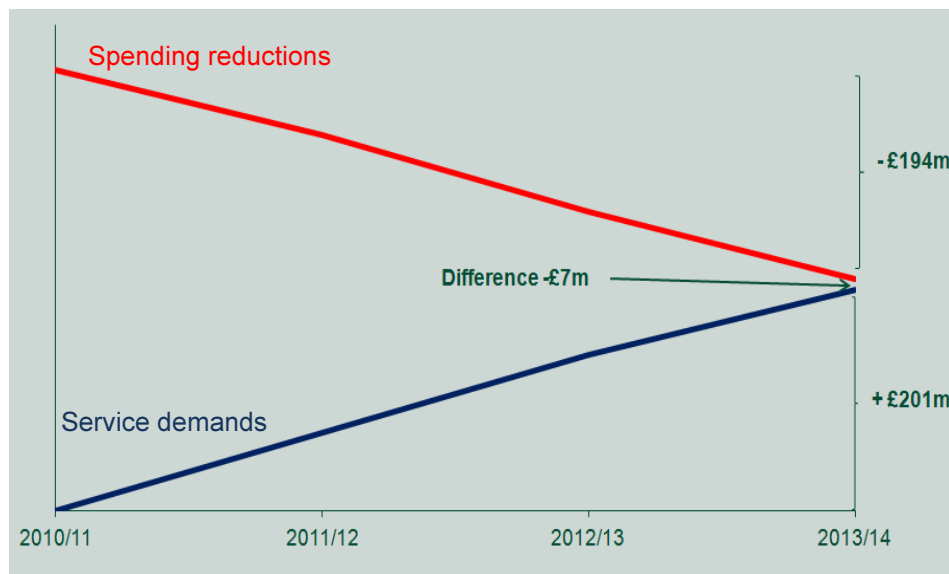
Changes in Government grants and council tax levels 2010–14



6

15. At the same time, the level of government funding has reduced at a faster rate than the increased income from council tax, as illustrated below.

Spending reductions and service demands 2010-14



16. These trends clearly demonstrate the significant financial challenges faced in recent years; indeed in the budget paper to Council in February 2013, it was highlighted that the position was expected to remain challenging and could worsen. This appears to be the case as illustrated by the examples of growing service pressures given below.
17. Significant among these service demand increases are the continuing pressures on school places as the birth rate has increased by around 20% since 2002. A further review of the number of schools places required beyond 2013/14 has been undertaken during the first quarter of 2013/14 and has concluded that:
- the council's programme of building school places needs to accommodate a further 4,000 children in the years up to 2018, at an

additional cost of £93m, bringing the total capital cost of this work to £354m (£18.4m additional, £99.2m total in 2014/15) and revenue implications of borrowing the funds to deliver this programme of £1m in 2015/16 rising to £4.6m by 2018, with a full year impact of £7.3m from 2018/19. In total, the programme will provide school places for a further 20,000 children between 2012 and 2022.

- the council needs further investment in short stay schools of £2m over the next four years (£1m in 2014/15).
18. In adults' social care, demand has grown at 8% a year on average since October 2008. By way of example, the number of over 85s in Surrey's population is expected to double over the next 20 years. The Council's strategy is to act to reduce the speed at which demand is growing and there is evidence of successfully constraining demand in older people's and mental health services. In addition, the council has managed to control inflationary uplifts in its payments to suppliers of adult social care services.
 19. Surrey has among the highest levels of road use in the UK, causing increasing levels of damage and wear, leading to bottom quartile road condition and a highways repair backlog of £400m. The council recognises addressing this backlog as a priority to maintaining the county's economy and facilitating its growth. As such, while the council is driving ever better value for money from its roads maintenance programme, it believes it must also maintain spending levels to improve transportation throughout Surrey.
 20. A review of efficiency & service reductions targets in the Chief Executive's office has led to a reduction of £0.8m in the total likely to be achieved. Support being provided to the innovation agenda and public service transformation, together with new responsibilities for Public Health mean that the anticipated saving from reconfiguration is no longer available.
 21. The Surrey Fire & Rescue Service faces increased demand pressures as a result of responding to West Sussex's withdrawal from Horley Fire Station (just over the county border) and from meeting legal requirements of providing contingency fire cover. The service also included an ambitious plan to raise income in the MTFP 2013-18, which is now unlikely to be fully realised due to the changed basis for sponsorship income. Collectively these lead to forecast additional spend pressures in 2014/15 of £1m, and up to £2m by 2017/18.
 22. The council has provisional expenditure plans in relation to the 800th anniversary of the Magna Carta of: £0.7m capital spending contribution to the Magna Carta legacy programme (with consequent additional annual revenue costs of £0.1m by 2017/18) and £0.3m revenue contribution towards the Magna Carta events programme. A separate report on the Magna Carta anniversary on this agenda (Item 12) provides details.
 23. With the introduction of retained business rates, the council now has a direct interest in encouraging economic growth and also the collection of business rates by Surrey's district and borough councils. Based on information and intelligence gathered during the first quarter of the financial year, it is possible to increase the forecast of business rates income in future years from an additional £2m in 2015/16 to £6m by 2017/18.

Further savings to MTFP covering 2014-18

- 24. As a part of the MTFP review, services have identified further savings they consider possible to achieve between 2014-18. To enable forward planning to deliver these savings, it is proposed to add these formally to the 2013-18 MTFP at this stage. The savings total £56.0m over the period 2014-18, including £19.5m in 2014/15. Annex 2 provides details.
- 25. These £56.0m savings over the period 2014-18 (£19.5m in 2014/15) are additional to the £98.2m savings (£29.4m in 2014/15) already provided for in the MTFP. These current MTFP savings are analysed by risk rating below:

Savings & reductions	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2014-18 £m
Red	5,655	9,030	15,586	4,278	34,549
Amber	16,971	13,267	9,903	10,860	51,001
Green	6,773	3,183	2,214	500	12,670
	29,399	25,480	27,703	15,638	98,220

- 26. Following approval of these additional savings, officers will continue to work to develop robust plans for delivery of these savings for further discussion with stakeholders and members during the next phase of the budget planning process.

Summary

- 27. When the changes described above are factored into the MTFP 2013-18, the total unallocated savings becomes £26m in 2014/15 (compared to £47m as at February 2013) and £53m by 2017/18 (compared to £81m), as summarised in the table below.

	2014/15 £m	2014/18 £m
MTFP unallocated savings	46.6	81.4
<u>Funding adjustments:</u>		
Safety net top-slice refund	3.0	3.0
Reduction in RSG	2.0	20.0
Business rates growth	0.0	-6.0
Total funding adjustments	5.0	17.0
<u>Spending adjustments</u>		
Impact of NI changes	0.0	6.0
Capital financing costs	0.1	7.4
Additional fire service pressures	0.3	2.0
Unachievable savings	0.8	0.8
Magna Carta celebration	0.3	0.0
Central Income and Expenditure savings	-8.0	-6.0
Total spending adjustments	-6.5	10.2
Additional service savings	-19.5	-56.0
Revised unallocated savings	25.6	52.6

28. Officers will continue to work to identify options for further savings or income generation for discussion with stakeholders and members during the next phase of the budget planning process around options for preparing a balanced and sustainable budget for 2014/15 onwards.

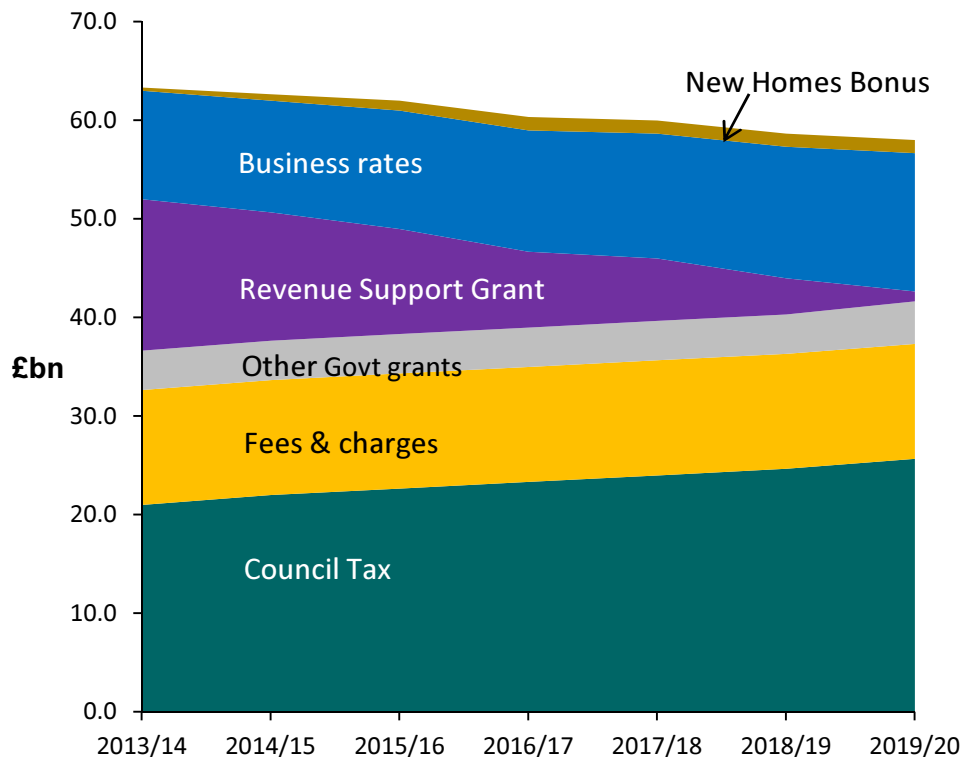
CONSULTATION:

29. Consultation on the refreshed assumptions and strategic direction of the MTFP 2013-18 has taken place with all Cabinet Members, Chair of Overview Scrutiny Committee, Strategic Directors and Council Performance Team. In addition, briefings to all Members led jointly by the Chief Executive and the Chief Finance Officer have covered the Council's MTFP (2013-18) and the changing financial environment for the Council. This engagement will continue.

RISK MANAGEMENT AND IMPLICATIONS:

30. Although significant insight and rigour has been applied in constructing the budget planning assumptions, the changes reflected above illustrate the changing and challenging fiscal environment as well as changing Government policy environment within which local government operates, and evidences how this looks to be set to continue for the foreseeable future.
31. This was illustrated recently in the form of a forecast of local government future funding shared by the DCLG and replicated below.

Central government funding forecast for all local government 2013-20



6

32. Caution is needed in interpreting this chart since it covers the whole of local government and some sectors will have different reliance of the various funding sources. However, it is clear that the overall level of funding is likely to decline and the mix between locally derived sources (e.g. council tax) and centrally (e.g. government grant) will alter significantly in the next few years. Whilst the current MTFP planning assumptions reflect this as a direction of travel, it is not possible to assess whether these reflect the potential full effect. Officers will continue to monitor government policy closely to ensure any insights are assessed as soon as possible.
33. Further, the relative unpredictability of service demands (in particular for adults, children's and waste services) adds to the uncertainty.

Financial and Value for Money Implications

34. The cost of the emerging and new pressures faced by the council and the proposed actions to mitigate these are stated throughout this report and its annex.

Section 151 Officer Commentary

35. The section 151 officer confirms that the forecast budget pressures and savings have been based on reasonable assumptions given the uncertainty inherent in estimates of future funding levels and savings plans that will need to be developed further. There are risks in quantifying accurately the likely outcome of these pressures and savings, which is why the council has held a risk contingency budget in recent years and continues to do so in the MTFP (2013-18).

36. To develop a robust, balanced and sustainable budget the council needs to explore further additional savings and sources of funding.

Legal Implications – Monitoring Officer

37. There are no direct legal implications arising from this report. The MTFP is an essential tool, enabling the Cabinet to plan towards its future obligations to set a balanced budget and to meet its statutory duties.

Equalities and Diversity

38. There are no direct equalities and diversity implications arising from this report. The MTFP is an essential tool, enabling the Cabinet to plan strategically towards its future obligations to set a balanced budget and to meet its statutory duties.

WHAT HAPPENS NEXT:

39. Officers will continue to work to identify options for discussion with stakeholders and members during the next phase of the budget planning process around options for preparing a balanced and sustainable budget.
40. Detailed plans for the engagement with stakeholders during the next budget planning cycle will continue to be developed.
41. Officers will take actions necessary to develop detailed plans to deliver the additional agreed savings in 2014/15.

Contact Officer:

Sheila Little,
Chief Finance Officer and Deputy Director of Business Services, 020 8541 7012
Nick Carroll,
Finance Manager, Funding and Planning, 020 8541 7918

Consulted:

Cabinet Members and Cabinet Associate Members
Chair of Overview Scrutiny Committee
Chief Executive
Chief Finance Officer
Strategic Directors and Council Performance Team

Annexes:

- Annex 1 Rewiring Public Services – Financial Sustainability
Sir Merrick Cockell's speech to LGA conference July 2013
Annex 2 Directorates' additional cumulative savings 2014-18

Sources/background papers:

- Budget – March 2013
- Spending Round 2013
- Investing in Britain's Future

Rewiring Public Services – Financial Sustainability

Sir Merrick Cockell's speech to Local Government Association conference, July 2013

Government taking big decisions may be tough but delivering them is tougher and dealing with the implications of such change day after day, year after year well, that is toughest of all.

We have endured the steepest reductions over the current spending review with 33% cuts in real terms. Now, with a single year further 10% cut announced in the spending round we were confirmed, yet again as the hardest hit part of the public sector.

We will have to deal with the impact on our residents. For many there will be a reduction, and in some cases, loss of important and valued local services such as culture, leisure facilities, school support, road maintenance and growth.

We know from our own modelling work the current financial position of many councils is unsustainable in the medium to long term.

Our analysis suggests that for 86 councils – from different regions, tiers and political control – estimated income will account for less than 85% of projected spend in 2015/16.

Put simply, these councils will be short by at least 15p for every £1 they are currently committed to spend.

These are stark figures and show the scale of what we are facing.

Vital services are being damaged because councils do not have a seat at the table to negotiate a fair deal for their communities. By contrast, where we have been directly involved in spending round negotiations, the results have been positive.

The extra £2bn of funding for health and social care integration that the LGA, on your behalf, worked so hard to negotiate will hopefully begin to tear down the old fashioned silos in Whitehall that have stood in the way of real progress.

This is a major breakthrough – it could be a game-changer but we need to go further... and we need to go faster.

We are now in a position where unless we undertake a radical reform of public services, local communities will be failed.

That's not just our view; it's the view of the Public Accounts Committee, the CLG Select Committee, the National Audit Office and many independent commentators.

In May the Public Accounts Committee concluded that government did not properly understand the overall impact on local services that result from funding reductions. It said that the government's modelling was inadequate and must be improved in time for the next spending round. Well, we've had the spending round and it has not.

We even find ourselves in the ludicrous position of having to manage cuts in areas where inspection regimes are being tightened and demands on us being increased.

A perfect example of this is the proposed 20% cut to the Education Services Grant whilst Ofsted proclaim that councils must do more to promote school improvement. This shows that not only is Whitehall not joined up but individual Whitehall departments are not even joined up with their own agencies.

But what I am not going to do is stand here today, wringing my hands and blame others for the position we in local government find ourselves in. I'm not going to plead for more money from central government or even ask them to fix our problems. It might make us all feel better but it would be an easy, pointless option.

What I am going to say is that there is another, better way to operate but it needs central government to listen to us, carefully. They need to listen to us as a trusted partner, not the office junior who in addition to making the tea is sometimes allowed to 'have a go' at something more challenging – like the filing.

We are the ones with the track-record who time and again have proved that we have the skills, the ideas, the ambition and the vision to turn around public services in this country.

Most importantly, we have the legitimacy.

I have said many times over the last year that local is trusted over national and that remains the case.

Resident satisfaction with councils is high and people trust us more to take decisions over local services – local services that they value and care about and are at risk.

It is our duty to stand up for our communities.

We do not need permission from central government to do this and nor are we their local franchise or a branch office of Whitehall. We are uniquely local government.

We urgently need to address how councils can better lead economic growth, social care, health and children's services – with all local services putting citizens and not institutions at the heart of all that we do.

But the current model we have, indeed for public services overall, set in the context of an over centralised national state, will not see us through for very much longer. In many ways it is already bust.

That is why today we are launching 'Rewiring Public Services'- it is an ambitious programme which provides much-needed solutions to how we can deliver public services within an ever-tightening fiscal environment.

Our proposals to re-wire local public services around people are wide-ranging, ambitious and exciting and have been developed as a cross-party response to the issues facing local government.

We will show how public services can be transformed through local leadership by rebuilding democratic participation, fixing public services and revitalising the economy. Our approach contains important challenges to local government, to our communities, to our partners, but most of all to central government.

Our aim is to influence debate now and the party manifestos being written for the next General Election in two years' time.

We have set out 10 big ideas – 10 demands - to transform the way that local government is structured, funded, how that money is distributed and how central government will need to respond.

We believe these will enhance the quality of life for everyone in England and re-connect people to local democracy – giving them a reason again to participate in civic life and in their communities.

Over the last few months, we have travelled up and down the country to hear your views - nearly 700 of you took part. The ambition shown by leaders, leading councillors, chief executives and others from across England has been impressive and ensured that we have brought local and regional perspectives to the challenge we set ourselves.

In every area, something that has consistently been raised is the ‘fairness issue for England’. Colleagues are clear that we must now address this ‘English question’ in the context of wider devolution within the United Kingdom.

People in Scotland, Wales and Northern Ireland already have a much greater say over everything from education and health to transport. Yet local government in England is still battling for the same freedoms to tackle national and local priorities. In simple terms, we and the people we serve want some of what they are already getting and, with the Scottish referendum next year likely to get even more of.

It is within this context that we set out our ideas for change.

So, first on our list of big ideas is to scrap the outdated Barnett formula and replace it with a new needs-based funding model.

In 2011/2012 England received £8,500 per person for public services. By contrast Scotland received £10,000. And last week it was announced that Scotland’s day-to-day revenue spending would fall by 1.9% in real terms in 2015 and capital budgets would rise by £400m, to a total of £3.3bn. Contrast that with our settlement...

Every year I meet my opposite numbers in Scotland, Wales and Northern Ireland and they listen to us in wide-eyed disbelief at the budget cuts we are enduring and they are not.

We need to ask; if we are taking dramatically bigger cuts spending review after spending review and the other nations are getting freed from over-centralised control, what are we in England getting out of devolution? Well the answer is, not enough. I know that none of us want to hold the other nations back but we need equity and fairness throughout the United Kingdom.

Once England is able to determine its own financial fate, we propose a model based on need, with decisions about the financial distribution taken out of the hands of national politicians and replaced with an agreement across English local government.

Our proposition would change ministers’ powers so such decisions are taken within the sector, with our unique local insight, rather than be vulnerable to ‘tinkering’ at every change of government or indeed reshuffle of ministers.

We, local government should negotiate our settlement with the Treasury – as equals, not as supplicants.

The current outdated way of working has to change.

One of the biggest complaints we have, and rightly so, is that government funding announcements are always too late.

Indeed, last year's settlement announcement came after most of us had finalised our budgets and taken them through full Council.

We can no longer go on planning our finances over the short-term with announcements coming out seemingly at Ministerial whim.

We need certainty. We are running complex, multi-million pound businesses and we need to be able to plan our spending and investment decisions properly.

When you don't know next year's budget, but you know you have to balance it then you have to be cautious, plan for the worst and hold additional reserves. Yet government still does not understand why we do this instead suggesting that reserves are a 'pot of gold' freely available to offset the cuts.

Rule 1 of budgeting is you can only spend reserves once. And rule 2 is, "When it is gone, it's gone!"

So, we want to see a Multi-year funding settlement tied to the life of a government.

This will give local government certainty about funding and will mean we won't have to stagger from year to year having to engage in our annual guessing game about how much and when? It will lead to much better decision taking and long-term planning where financial certainty will allow service reforms that may not bring savings for several years.

Last week's announcement did give some two-year settlements and this is progress, but again, like so much, government needs to move off the too-hard shoulder and onto the super highway.

We cannot wait any longer for them to get up to speed.

Once we have fixed the structural reform of local government funding for England, we need to ensure people are given a meaningful voice on local tax and spending issues.

We believe that the starting point is a Local Treasury in every place.

This would have at its disposal all the various pots of money, across all local public services and be able to take local spending decisions based on local priorities and need. And it would have the power to decide whether specific taxes were appropriate for local circumstances.

This would truly place all of the financial power and decision-making at the local level and help to re-engage citizens.

They would be able to see that by using their vote, they have a direct influence over local spending.

The next thing we want to tackle is bureaucracy and red tape.

We must do this both in Whitehall and at the local level.

Each department has its own complicated structures of Ministers and officials, making it just about impossible for local government to work across all government departments that have a stake in local services. Each has a separate departmental budget, signed off by the Permanent Secretary that starts in Whitehall and reaches right into our neighbourhoods.

So here's an idea... If we can merge departments, merge budgets across councils... let's merge the Departments for Communities and Local Government, Energy and Climate Change, Culture, Media and Sport, DEFRA, Department of Transport, and relevant parts of the Home Office and BIS.

We could even rename it the 'England office', drawing together all of the areas of central government which impact at a local level and better joining up government at a national level.

Now that really would be civil service reform in action.

Not only would it reduce bureaucracy but also deliver efficiencies and savings for both tiers of government AND ensure there is a strong national voice supporting the local view in England.

We also need to cut red tape for local services by bringing decision-making together in one place.

What people want more than anything else is for services to be built around them and their families – not based around buildings, institutions and cosy bureaucracies.

This requires political, executive and managerial partnerships not just across local or indeed central government but across whole places – at a human level that people connect with and trust .

This is at the very heart of re-wiring local public services.

There are many examples of where different approaches are delivering effective joined-up local leadership.

We have already secured Prime Ministerial endorsement and in turn, government commitment to Community Budgets and an extension of the City Deals programme.

This will not only deliver big savings, both to local government and to central government, but will also improve outcomes for local people.

The Treasury and Number 10 are firmly behind a transformation of public services – we now need the rest of Whitehall to follow and implement this radical reform.

So with a new funding formula, a new Office for England and more joined up local services, what about the role of Ministers in local decision-making?

Our eighth demand is that local say is strengthened by reducing ministers' powers to intervene in local decisions, devolving more power down to the local level.

For local government to truly lead its communities we need to be freed from micro-managing ministerial interference. Too often, we end up picking up the pieces of a new idea which has come from nowhere, with little detailed consideration of the impact.

Nor can it be right that if we have a measles outbreak in our local area and we need to provide important public health information and we've used up our annual quota of council newspapers we have to 'Ask Eric' if it's OK to talk to our residents.

We have our own local democratic mandate and so it should be for us to decide how and when we can talk to our residents.

Once we have the structure and the powers and the responsibilities we need to be left to get on with it, fully and openly held to account by residents.

We have shown over the last few years that local government is the one sector that can be trusted to deliver.

It is on this basis that we argue that we still need to go further in reducing and simplifying the inspection regime for local government.

The government has gone a good way to addressing the endless inspections, form-filling and returns that once existed and they deserve credit for that.

But we need to go further.

We need an end to flawed 'tick-box' inspections and replace them with genuine consumer champions, focussing on the service people receive from schools, policing, hospitals and care homes, based on local knowledge - Information that can be developed in real time, by the people who use the services.

A kind of Trip Advisor for public services, if you like. In Kensington and Chelsea we've had resident reviewers for some time – looking in depth at particular services. And frankly, they do know best.

Take safeguarding. Our children are among the safest in the Western World and yet the whole inspection regime misses the point because it focuses too much on processes not outcomes as experienced by children.

It focuses on paper-chasing, not the well-being of children and the families and communities that they grow up in.

It focuses on blame and not on what can be learnt from success.

And it all costs a huge amount of money.

The Troubled Families Programme as a contrast invests in preventing failure not inspecting it.

It integrates public services rather than reinforcing silos.

It considers that housing, jobs and skills all contribute to the safety and well-being of children and their families.

It sees young people as a vibrant part of our future, not part of a current problem.

Another area that needs to be considerably strengthened is our ability to contribute to the housing, skills and jobs agenda.

One way to do this is to create a thriving market in municipal, bonds. Something England once had and many other countries still have. Wouldn't it be great

if individuals or pension funds could invest in local bonds, get a decent return and see visible improvements in local transport or more affordable homes? And isn't it bizarre that investors can buy Danish local government bonds but they can't buy English ones?

In addition, the Housing Borrowing Cap needs to be removed so that Councils are on the same footing as any other social housing provider.

We need to free local government borrowing from Treasury restrictions and give us more financial freedom to help support our local people and our local businesses.

Finally, we need to enshrine all of this in legislation so that we have some protection from future changes of government.

Giving the local government settlement formal constitutional protection will help to protect local democracy.

It's no good putting in place a new framework for local government only to see it dismantled by the next national government – of whatever political colour...or colours.

There are of course wide ranging political and constitutional impacts in all of this but my message to central government is clear - be as brave, ambitious and innovative as we are. We cannot continue to duck these big issues and hope that everything will be alright tomorrow.

If it is not working today, it certainly won't work tomorrow.

Simply reducing council budgets still further without making any structural changes to the current model of government will only mean that people will find that the services they thought they were paying for are no longer there – and in extreme cases, they may find their council is no longer there.

This is the start of my final year as chairman of the LGA. I won't be short of things to do over the next 12 months but it is a good time to reflect a little over the last two years.

As I travel up and down and across the country I have met literally thousands of councillors and council staff and although each place has had its own unique character, its own local issues and its own solutions, one thing has remained constant – a desire for people in local government to make a difference.

That's why rewiring public services will work.

We have a passion to make a difference to people's lives.

When I took up the chairmanship of the LGA I also wanted to ensure I made a difference to our own organisation, leaving it in better shape than when I arrived. I believe that working with my colleagues across all political parties and with the talented staff at the LGA we are now in a stronger position, with more focus and ambition than when I arrived.

By working together we have achieved much - even over the last year.

Supported by the sector, the LGA has secured extra funding for councils or limited proposed reductions across areas such as public health, troubled families, schools and education, early years' provision, housing benefit and council tax support.

We have also continued to work on your behalf to recover money from the failed Icelandic banks, further increasing the amount repaid to councils.

In total, this added up to nearly £2bn of money that councils would otherwise not have had – money that has gone to our communities.

And that is on top of the extra £2bn announced last week for the integration of health and social care that we negotiated.

I think that's a pretty good return on your investment in us through your membership of the LGA.

We have been able to achieve all of this because we have been able to speak with one single voice on behalf of local government.

But, if we expect government to listen and act, we must also look at ourselves and be prepared to face the realities of what we see. In my time as LGA Chairman, I have not shied away from telling the coalition government what local government thinks. That hasn't always been easy. I've never been shrill or alarmist. I hope I've always been fair and straightforward. And I'm going to be that with local government today.

We need to re-balance the place councils occupy in the local mix of services and rethink what the role of a councillor actually means.

People are not interested in processes and how we do things.

They are not interested in structures and what parts of which organisation delivers which parts of a service.

They are not concerned about the number of buildings, who does facilities management or whose name is on the trucks. These are not the things that get you elected, or indeed re-elected.

What matters are outcomes – what difference are we making to their lives and the lives of their family. So you need to be challenging each and every service to see if there are cheaper ways of getting the same outcomes – whoever provides them.

We are the elected voice of our local people – often representing those without a voice.

We are the ones they trust to speak up for them, whether the public services are provided by councils, schools, hospitals or the police. If an academy or free school fails to provide the quality of education that those you represent expect or deserve, then who else but you has the legitimate right to demand improvements?

This gives us tremendous power if we choose to use it. This power comes from our community leadership through an electoral mandate, not from the size of our council or the number of people we employ.

That leadership role may mean we need to challenge ourselves, as well as others on a number of fronts.

Let me give you a really thorny example:

Joint commissioning of services by Health and Wellbeing Boards in a community budgets approach will incentivise both councils and CCGs to integrate, invest in prevention and keep older people from being readmitted to expensive hospital beds.

The results are good. People stay in their own home rather than in hospital. This is what they want. It is good for their health; they have longer and happier lives. There are also big savings to be made to reinvest in care and prevention but only if we tackle the issue of unneeded hospital beds head on.

How are you going to square integrated budgets, continuing statutory health scrutiny and the instinctive political response to defend your local hospital from any change that might question its viability?

These may require brave decisions, different ones from those you made in the past but someone has to provide that local leadership.

This is crucial if we are to better join-up local public services.

It may all feel uncomfortable but without change at all levels of government – and that includes local government - we will not be able to deliver a model that is future-proof.

This model is innovative, deliverable and sustainable. It will tackle long-term structural issues far beyond a shopping list of obvious one-off savings.

We now need government to play its part and help us to deliver better joined up public services, economic vitality for our nation and a new democratic deal for our residents. I urge central government to come to the table with us to be part of the solution – not part of the problem we are all trying so hard to tackle.

We have the opportunity to transform public services into something which will revitalise our communities, re-engage people with the democratic process and transform lives. That gives us great responsibility and will require courage from us all to be the community leaders this country needs for its future well-being.

The re-wiring of public services needs to happen.

It needs to happen now.

And it needs to happen at pace.

So, Rewiring Public Services sets out a pragmatic way forward which makes the most of this country's richness of community and place. It is based on fundamentally democratic principles and has the backing of all four LGA group leaders. It is founded on an idea of healthy grown up relationships: Grown up relationships between all parts of the United Kingdom, between central and local government, between those who use our services and those who provide them, between public, private and voluntary sectors.

It is not a shield to protect local government's interests. We may need to make some of the biggest changes and sacrifices. In fact it is a sword which will empower us to step forward and gain ground for our communities and for the country as a whole.

This is your model of a future vision for local public services, created by local government.

It has the potential to leave a lasting legacy for our communities.

It is a prize we should proudly claim for the people who daily put their trust in us.

Thank you.

Directorates' additional cumulative savings

	Updated	
	2014/15 £m	2014-18 £m
Adult Social Care	10.00	35.00
Children, Schools & Families	3.10	4.60
Customers & Communities	2.59	6.21
Environment & Infrastructure	0.80	2.80
Business Services	1.22	2.84
Chief Executive's Office	0.30	0.50
Cross council (Chief Executive's Office)	1.50	4.00
Total	19.51	55.95

This page is intentionally left blank

SURREY COUNTY COUNCIL**CABINET****DATE: 23 JULY 2013****REPORT OF MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES****MR TONY SAMUELS, CABINET MEMBER FOR ASSETS AND REGENERATION PROGRAMMES****LEAD OFFICER: JULIE FISHER STRATEGIC DIRECTOR FOR BUSINESS SERVICES****SUBJECT: INVESTMENT STRATEGY****SUMMARY OF ISSUE:**

Following the Medium Term Financial Plan (MTFP(2013-18) Budget report in February 2013, Full County Council agreed the need;

- to take steps to ensure that the Council maintains its financial resilience and protects its long term financial position
- to explore and develop alternative sources of funding that reduce its reliance on Government grants and council tax increases in the future
- for provision in the MTFP (2013-18) to meet the costs of initiatives that will deliver savings and enhance income in the longer term.

Cabinet also reaffirmed in March 2013 the importance of innovation in the delivery of services in the interests of Surrey residents and businesses and agreed to develop the Council's approach to trading as one example of how the Council would take opportunities to improve services and value for residents.

Following further work to examine the scope for such initiatives, this paper sets out:

- the Investment Strategy to enhance income to the council in the longer term.
- the proposed governance framework, including establishment of an Investment Advisory Board to advise Cabinet on implementation of the investment strategy.
- the proposal to establish, subject to a full business case, a Property Investment Company.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet approve the Investment Strategy including the proposed process that will determine which investment opportunities come forward for decision by Cabinet
2. Cabinet approve the governance arrangements and establishes an Investment Advisory Board comprising 4 Cabinet Members supported by appropriate officers (including the Monitoring Officer and the Chief Finance

Officer) who will consider individual investment opportunities and provide advice to Cabinet on investment decisions.

3. Cabinet approve the commencement of the procurement process for the appointment of an Investment Advisor or Advisors to provide advice to the Council, with contract award being approved in line with the standard process.
4. Cabinet approves the development by the Strategic Director for Business Services of a full business case for the establishment of a Property Investment Company to be wholly owned by the County Council, for consideration at a future Cabinet meeting.

REASON FOR RECOMMENDATIONS:

The proposed Investment Strategy set out in this paper will provide a framework for investing in innovative solutions and opportunities that enable the council to maintain its financial resilience and increase income whilst providing effective services.

Decisions made to implement the strategy will be in accordance with the governance arrangements described.

DETAILS

INVESTMENT STRATEGY

1. The Council's MTFP (2013-18) sets out the challenges facing the council in terms of financial resilience and its long term financial position. In addition to considering the scope for improving the efficiency of service delivery and for making substantial savings in existing budgets, the Council is examining new approaches to generate additional income that can be used to support its functions and the delivery of services. The Budget report to Council in February 2013 identified the need to enhance income and in March the Cabinet also approved arrangements for the development of trading vehicles. The paper considered in March identified that trading would improve the delivery of services but could also generate income for the council to help deliver longer term financial resilience.
2. The development of a portfolio of investments - covering investment in property and assets and in new models for service delivery – supports the Council's stated intentions of enhancing financial resilience in the longer term and will be delivered through:
 - the adoption of an Investment Strategy; and
 - the establishment of appropriate governance arrangements, including the creation of an Investment Advisory Board within the Council to provide advice to Cabinet on the implementation of the Investment Strategy.

In addition these arrangements would also allow for investment in schemes that will support economic growth in Surrey provided that these schemes are consistent with the Investment Strategy outlined in this report.

3. The proposed strategic approach to investment is based upon the following;
- prioritising use of the Council's cash reserves and balances to support income generating investment through a Revolving Investment and Infrastructure Fund (the Investment Fund) to meet the initial revenue costs of funding initiatives that will deliver savings and enhance income in the longer term (some of which may be used to replenish the Investment Fund)
 - using the Investment Fund to support investments in order to generate additional income for the council that can be used to provide additional financial support for the delivery of functions and services
 - investing in a diversified and balanced portfolio to manage risk and secure an annual overall rate of return to the Council
 - investing in schemes that have the potential to support economic growth in the county
 - retaining assets where appropriate and undertaking effective property and asset management, and if necessary associated investment, to enhance income generation.

Governance

4. Decisions on taking forward each investment opportunities will be taken by Cabinet. However, the development of the Investment Strategy is likely to mean more decisions coming forward for consideration and an Investment Advisory Board will be established to provide advice to Cabinet. This will ensure appropriate rigour in advance of Cabinet decision: by ensuring only credible options are progressed to Cabinet, and providing the forum for strategically managing the overall portfolio of investments consistent with the aims of the Investment Strategy, The Investment Advisory Board which will comprise 4 members of Cabinet:

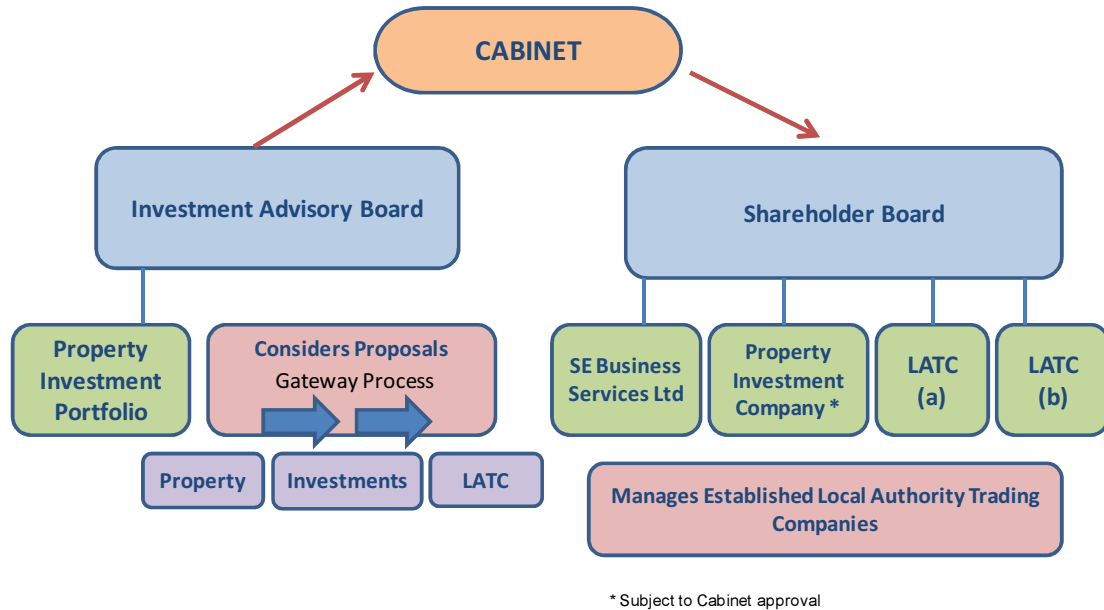
- Leader of the Council
- Deputy Leader
- Cabinet member for Business Services
- Cabinet member for Assets and Regeneration Programmes

Officer support will be provided by:

- Chief Executive
- Strategic Director for Business Services
- Chief Property Officer
- Monitoring Officer (Head of Legal Services)
- Chief Finance Officer.

5. The Investment Advisory Board would consider all proposals that contribute to the delivery of the investment strategy and meet the investment criteria. In some cases these could be investments which form part of wider proposals which have a primary focus on improving services but which may, for example, involve property or assets or trading as part of the delivery mechanisms.

6. Officers will provide advice on each proposal coming forward to the Board for consideration. This advice will include how each investment proposal could be taken forward, including a consideration of the risks, how it is structured in terms of appropriate delivery mechanisms, and financed.
7. The Council's interest in any trading companies which are established would be managed by the Shareholder Board which Cabinet agreed to establish in March 2013. The role of the Investment Advisory Board would be to advise on any investment opportunities which are involved in the development of proposals for new trading ventures before those proposals are considered by Cabinet.



8. This structure will allow the council to respond in a timely manner to market opportunities whilst ensuring that decisions are made in accordance with a process against which independent professional advice will be provided. It is recommended that this arrangement should be reviewed periodically, and at least annually, to ensure that it is providing an efficient and effective governance framework consistent with the objectives of the Investment.

Investment Advisors

9. The Investment Advisory Board will additionally be supported by appropriate professional advisors, including, Property investment advisors, legal and financial specialists, including taxation advice. Officers will commence the procurement process to put in place appropriate arrangements. The cost of these advisors will be set against the income delivered as a result of the Investment Strategy.

Assessment Process and Investment Criteria

10. The objective for the Investment Strategy is to help ensure that the Council has a sustainable financial position over the medium to long term. The Investment Advisory Board will consider and provide advice to Cabinet on all opportunities that require an initial investment, including property, assets and service delivery vehicles. Each investment opportunity will be assessed through a two stage (or gateway) process.

11. Gateway One comprises a number of criteria to determine whether there is an opportunity to consider and take forward. Gateway One establishes whether the opportunity can be recommended to Cabinet for in-principle agreement or full agreement, or that the opportunity does not meet the decision criteria and therefore proceeds no further. Gateway Two involves the development of a much more detailed business case to be considered by the Investment Advisory Board, and for approval by Cabinet as appropriate.

Gateway One

12. Gateway One will address the criteria listed below. Some of the criteria relate to the characteristics of the specific opportunity; others are concerned with the effect of that opportunity on the overall portfolio. The strategy envisages that the balance between different types of investment as in (d) below will be achieved over a period of 3 to 5 years. An opportunity needs to meet each of the criteria:

(a) The acquisition or investment is within the powers of the Council and can be undertaken with appropriate regard to tests of reasonableness, fiduciary duty and value for money.

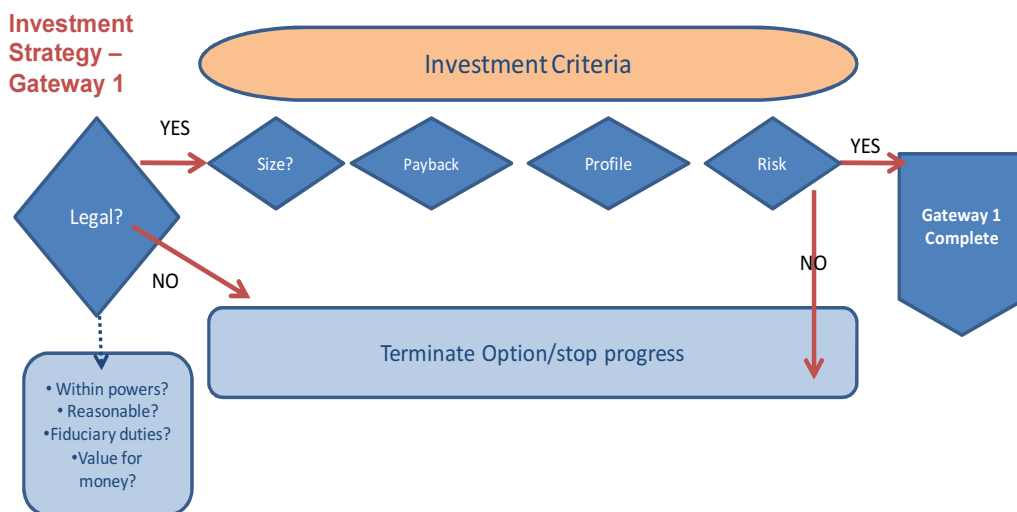
If this is the case, then the following criteria will be evaluated:

(b) The amount of investment required is greater than the threshold for investment which has been set for the Investment Strategy (initially more than £10 million except for Trading opportunities where this threshold will not apply)

(c) The period over which a return will be made is consistent with the overall balance that the Investment Strategy has set for a medium and longer term return (less or more than 5 years respectively).

(d) The opportunity will fit within the ceilings which have been set for the Investment Strategy in terms of the balance between property investment and other forms of investment.

(e) The return on the investment is consistent with the rate of return that has been set for the level of risk involved (within tolerances) which will be considered as part of the development of the full business case.



Gateway Two

13. Property investments will additionally be assessed by a Gateway Two process. This will identify whether the investment is appropriate to achieve the recommended balance between types of property, geographic mix and risk profile.

Please see Annex 1 for more detailed process diagrams for Gateways One and Two.

14. The conclusion of the Gateway One and Two process will be to determine whether the opportunity is worth further consideration, if that is the case, the Investment Advisory Board would recommend the opportunity proceeds to Cabinet (i.e. a full business case is available) for decision.
15. Where further work is required to develop a full business case, the opportunity will proceed to Cabinet to sanction any additional spend necessary to complete the due diligence and full business case, ahead of a final decision to proceed going back to Cabinet if the opportunity continues to be supported by the Investment Advisory Board.

Property Investment Company

16. To comply with legislation, as explained below, to operate property investment on a commercial basis, the Council would need to establish a property investment company. Section 1 of the Localism Act 2011 ('the power of general competence) enables local authorities to do anything that a private individual is empowered to do, subject to certain statutory limitations. The power includes the ability to do such things for a commercial purpose but any such commercial activity must be undertaken through a company within the meaning of section 1 of the Companies Act 2006. Local authorities also have powers to trade under section 95 of the Local Government Act 2003. It is likely that aspects of the investment scheme will overlap the S95 power to trade and so the Council would be bound by the conditions set out in the Local Government (Best Value Authorities) (Power to Trade) Order 2009 which requires that before exercising such powers the authority should prepare and approve a business case.
17. The Business Case for the creation of a Property Investment Company will be developed for consideration at a future Cabinet meeting and will cover the following aspects:
 - The objectives of the business
 - The investment and other resources required to achieve those objectives
 - Any risks the business might face and how significant those risks are and
 - The expected financial results of the business, together with any relevant outcomes the business is expected to achieve.
18. The precise funding mechanism for the Company will be considered as part of the development of the full business case. However, such a mechanism could include a loan or series of loans by the Council to the Company to allow it to invest in accordance with the strategy, decision making and investment

criteria described above. Under such circumstances, borrowing costs would be met by the Company. Loans would be made available to the Company on a basis which is compliant with the Market Economy Investor Principle so that the terms of funding are similar to those which would be achievable by a private funder given the structure and risks associated with the portfolio. This is important both in the context of Competition law and State Aid rules and further specialist advice will be sought as the part of the development of the business case.

- 19. For property investments the detailed Gateway Two process would require specific criteria for a property Investment Strategy to be established to be applied by the Company. Within each criteria 'ceilings' (i.e. upper limits) are proposed in order to ensure a balanced portfolio is established and the agreed risk profile maintained:
 - (a) The opportunity will fit within the ceilings that have been set for the balance between investment in existing property and assets and in higher risk development schemes (80% and 20% respectively of the overall value of the investments within the property portfolio). Development related investment opportunities have higher risks but also provide a greater rate of return. If situated within Surrey, wider benefits can be achieved such as additional housing development, new business premises or town centre developments which will generate additional economic growth. Where there is a choice of investment opportunities with a comparable financial return, the Company will give priority to securing such additional benefits for Surrey.
 - (b) The opportunity will fit within the ceilings which have been set for the Property Investment Strategy in terms of the balance between retail, industrial, office and other property. These have been set at 52.5%, 22.5%, 12.5% and 12.5% respectively of the overall value of the investments, once fully invested, with a tolerance of +/- 5%. This mix will be reviewed on a minimum of an annual basis by the Investment Advisory Board.
 - (c) The opportunity will fit within the ceilings that have been set for the balance between investments in London and the South East and the rest of the UK.
 - (d) The return on the investment is consistent with the rate of return that has been set for the level of risk involved.

- 20. Once investments have been made, ensuring that target rate of return is achieved for the property investment portfolio will require specialist advice on:
 - (a) investment management to optimise value with annual Business Plans for each investment which examine the scope to add value, the risks involved and the time scale for delivering the investment opportunity and which, taken together, allow for portfolio management. Performance analysis will take place on an annual basis including benchmarking against similar funds and will be supported by independent valuations.
 - (b) asset and property management to maintain and improve the financial performance of an investment property including ensuring statutory and

regulatory compliance, tenant compliance, landlord responsibilities, securing receipt of rents, dealing with voids and insurance matters.

RISK MANAGEMENT AND IMPLICATIONS:

21. The adoption of the Investment Strategy and its implementation will have an impact on the council's finances and financial standing, and the council will be managing risk differently to now. Decisions made under this strategy and by Cabinet will need to take into account the unique fiduciary duty that the council holds towards residents. Due consideration will be required to ensure that the confidence and faith placed by the public in the council's ability to manage and protect their financial interests is secured and that investments made are judged to be reasonable.
22. The Investment Strategy will test the statutory and legal boundaries set by the Localism Act 2011 and particular attention is drawn to the QC advice covered in the Monitoring Officer's report. Furthermore, the council may be subject to increased scrutiny because it is innovative, and it will be essential that the Investment Strategy and the governance arrangements are deemed to be reasonable and robust by external auditors.
23. The implementation of the Investment Strategy means the council will be managing different financial risks. Investments will be subject to inherent economic and market risks, and therefore a balanced portfolio of investment is recommended. However a balanced portfolio will take some time to create and will be dependent upon appropriate opportunities coming to the market.
24. The governance process recommended is designed to mitigate these risks. All investment opportunities will be based upon a robust business case, developed using appropriate technical advisors and which take into account due and proper consideration of the balance between risk and reward and an assessment of the underlying security of the investment to ensure compliance with the fiduciary duty the council holds.
25. Specific mitigation measures in relation to property investment additionally include:
- Annual valuation plus reporting by an investment advisor to inform the acquisition and disposal strategy to achieve a balanced portfolio at any given time
 - A target rate of return which allows for the financing costs of delivering the Investment Strategy to be met and the generation of an annual surplus and which will be subject to annual assessment
 - Each investment acquisition will be subject to a detailed business case that clearly sets out the risks and associated mitigation measures and addresses market, legal, financial, property and reputational issues.
 - Property assets will be of good quality with income derived from good covenanted tenants in good or growth locations to include mixed schemes avoiding, at least in the short term, asset management requirements.
 - An overall investment scheme provision that there will be an agreed cap on the percentage of income that is derived from a single organisation or

tenant and a cap on the single asset value as a percentage of Gross Asset Value.

- Professional advice on asset management will be sought as part of the appointment of investment advisors given the significance of asset management to the generation of returns.

Financial and Value for Money Implications

26. The objective of the Investment Strategy is to use the council's resources to invest in income generating assets and trading opportunity proposals to partially offset the impact of the reduction in government grants over the longer term and to protect service provision while minimising the burden on the local council tax payer.
27. The Council may fund investments through using its reserves, capital receipts and prudential borrowing, where the council has the powers to do so. Any borrowing required would need to be made in accordance with the conditions of the Prudential Code, which includes the council approving any changes required to the prudential indicators. The code requires borrowing to be affordable, sustainable and provide value for money. The return on any investment would therefore need to be in excess of the capital financing costs of the borrowing, which consist of the interest payable and the statutory minimum revenue provision (MRP) that sets aside funds for the repayment of the borrowing.
28. The Investment Strategy is being brought forward under the extended powers created by the Localism Act 2011. The Monitoring Officer's report below outlines the council's ability to proceed under these powers and highlights legal advice received which urges a degree of caution. Furthermore, it is the opinion of the external legal advice obtained, that borrowing to invest for return is still considered unlawful for local authorities and that the intention of the Localism Act is not to change this restriction. The underlying principals of investment by local government are governed by the priority of security, liquidity and yield-in that order of priority. The DCLG acknowledges that the Localism Act could potentially increase the risks taken by local authorities, but states that in their opinion there is a complex system of checks and balances in place to prevent inappropriate risk taking that would lead to concerns about the use of public funds. These checks include the Prudential Code and the requirement to exercise sound fiduciary duty.
29. All investments will require a robust business case to ensure that the investment is affordable, sustainable and provides value for money. Some investments will generate a return in the medium to long term but make a loss in the earlier years. The council has provided a Revolving Investment & Infrastructure Fund of £20m that will be used to fund the initial capital financing costs in the short-term until investments generate a net return. Returns made on investments will repay this fund, which in turn will enable further future investments to be made.
30. Assets created through these investments, and the associated liabilities, including those that are made by the proposed Property Investment Company, will be consolidated in the Council's balance sheet and treated in accordance with the Code of Practice on Local Authority Accounting in the

United Kingdom, which is supported by International Financial Reporting Standards.

CONSULTATION:

31. Due to the strategic significance of the proposals, there has been wide consultation within the Council and external QC advice has been sought in advance of considering the proposals, as set out at the end of this report.

Section 151 Officer Commentary

32. The adoption of the Investment Strategy and its implementation will have a significant impact on the council's finances and financial standing. Whilst the Investment Strategy has the potential to generate substantial income for the council in the future, there are significant risks in this. In implementing the strategy, Cabinet will need to ensure that decisions made recognise the unique fiduciary duty that is owed towards residents.
33. The governance arrangements outlined, including the requirement for each investment to have a robust business case approved by the Investment Advisory Board, provide the necessary control of these risks. In approving a business case, the Board will satisfy itself that the investment is within the council's legal powers, it has properly considered the advice from its advisors (both internal and external) and its structure provides the best value for money taking into account all financial considerations, including taxation. Full due and proper consideration will need to be given to the balance achieved between risk and reward and the underlying security of the investments proposed to ensure compliance with the fiduciary duty to ensure that the financial standing of the council is protected.

Legal Implications – Monitoring Officer

34. The proposal to create an Investment Strategy is made possible by the “general power of competence” introduced by Section 1 of the Localism Act 2011. Local authorities now have a general power that enables them to do anything that a private individual is entitled to do, subject to certain statutory limitations. The power is designed to give local authorities considerable breadth of operation and specifically gives to Councils “power to do anything that individuals generally may do”..... “even though they are in nature, extent or otherwise” “unlike anything the authority may do apart from [the power]”. It also confers power to do that thing “in any way whatever, including” “to do it for a commercial purpose” and “to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area”.
35. Whilst the power, at first sight, is extremely widely drawn there are boundaries, three of which are of potential relevance to the investment scheme:
- The general power does not enable an authority to do “anything which the authority is unable to do by virtue of a pre-commencement limitation”. This is defined as a “prohibition, restriction or other limitation expressly imposed by a statutory provision” contained in the Localism Act, or in any existing previous Act.

- Secondly, if the exercise of a “pre-commencement power” is “subject to restrictions, those restrictions apply also to exercise of the general power so far as it is overlapped by the pre-commencement power”. A “pre-commencement power” means, among other things, a power conferred by an existing Act or statutory instrument.
 - Lastly, a Council may “do things for a commercial purpose only if they are things which the authority may, in exercise of the general power, do otherwise than for a commercial purpose”.
36. Cabinet will also wish to note that any things done for a commercial purpose must be done “through a company”, principally being a company within the meaning of s.1(1) Companies Act 2006. Usually where a separate legal entity is established, there will be corporation/income tax and VAT considerations, which do not apply to the Council’s core activities. Tax implications would need to be considered in the context of the business case, probably with specialist advice from external advisors.
37. Each individual investment proposal would need to be thoroughly examined before proceeding. However, testing the principle of the proposed investment scheme against the general power, an individual has power to buy, let, develop, and manage property for investment purposes and commercial gain and to set up or purchase a company for these purposes. The Council also has power to buy and manage property for non commercial purposes and so should be able to use the general power, to buy and manage property for commercial purposes.
38. Nevertheless, the advice received to date urges a degree of caution: To quote from the QC consulted by the Head of Legal and Democratic Services
- “The Council’s proposed schemes are, undoubtedly, novel” “I am not aware of any [local Authorities] that are proposing schemes similar to these. Although the general power of competence under s.1 LA 2011 is widely drawn, there is almost no Guidance on its use and no case authority on its meaning. The Council needs to be fully aware of these uncertainties in deciding whether, and how, to proceed”*
39. General principles of decision making apply continue to apply to schemes enabled by the Localism Act, and so must be made in good faith, taking into account all relevant considerations, ignoring irrelevant matters, not irrational, balancing the risks against the potential rewards alongside the other relevant duties. In considering a new form of investment strategy Cabinet particularly needs to bear in mind its fiduciary duty to Surrey taxpayers and has to demonstrate that its decisions are those which a prudent and reasonable local authority would enter into, adopting an evidenced-based approach and prudent use of the Council’s financial and other resources. The preparation of a thoroughly researched business case is key to that properly evidenced decision process.

Equalities and Diversity

40. There are no direct equalities and diversity implications in creating and managing the Investment Strategy although the Investment Advisory Board will take into account ethical issues when making recommendations to acquire investment opportunities.

WHAT HAPPENS NEXT:

- The Investment Advisory Board will be created and appointments confirmed.
- Officers will proceed with the procurement of appropriate technical and investment advisors in accordance with Procurement Standing Orders.
- Officers will prepare a full business case and associated Articles of Association for the creation of a Property Investment Company for consideration at a future Cabinet meeting.

Contact Officer:

Julie Fisher – Strategic Director for Business Services 0208 541 7216

Consulted:

Cabinet – through informal workshops
Chair of Overview Scrutiny Committee
Ranjit Bhowe QC
Corporate Leadership Team
Chief Executive
Chief Finance Officer
Monitoring Officer
Chief Property Officer

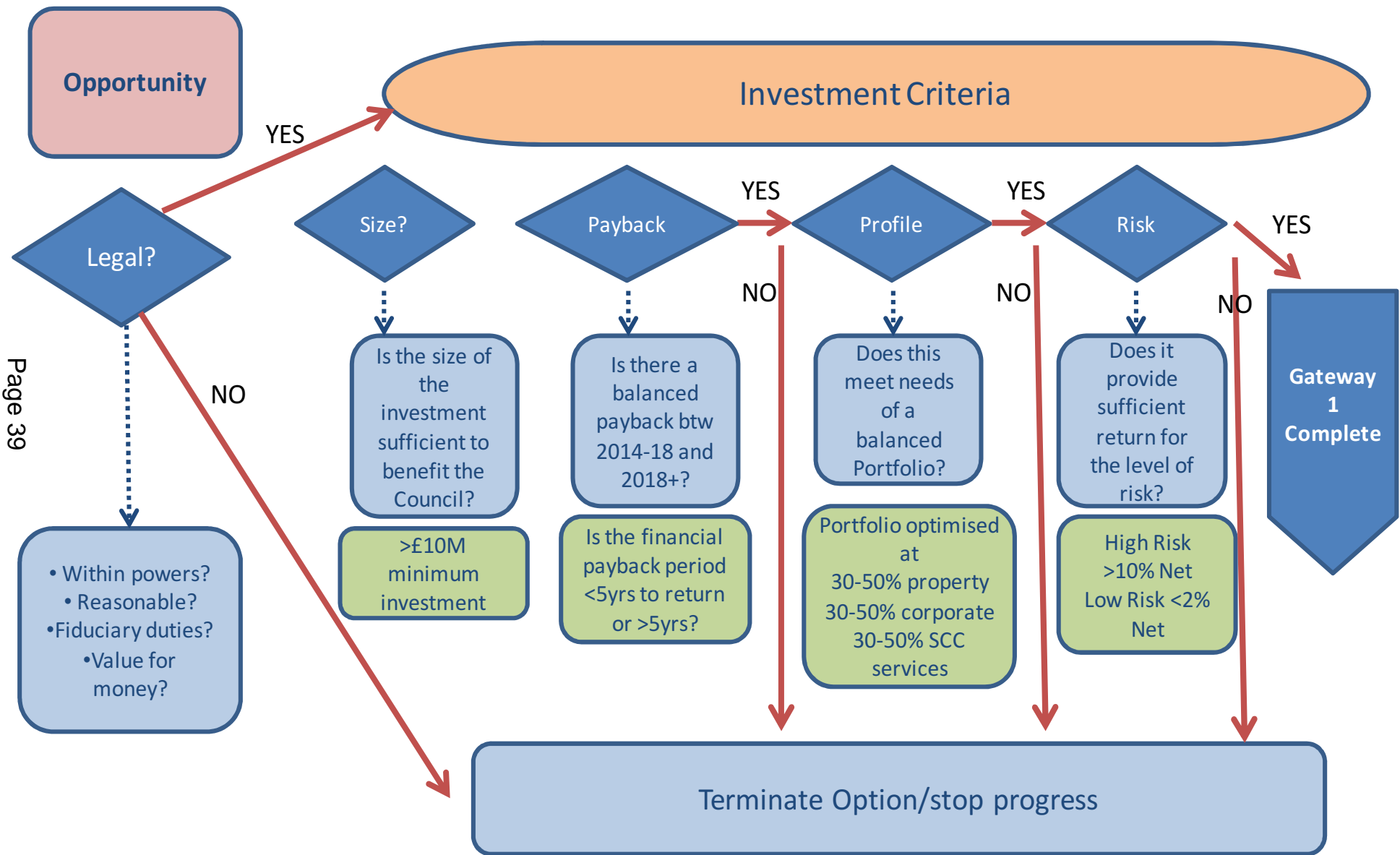
Annexes:

Annex 1: Process diagrams

Background papers:

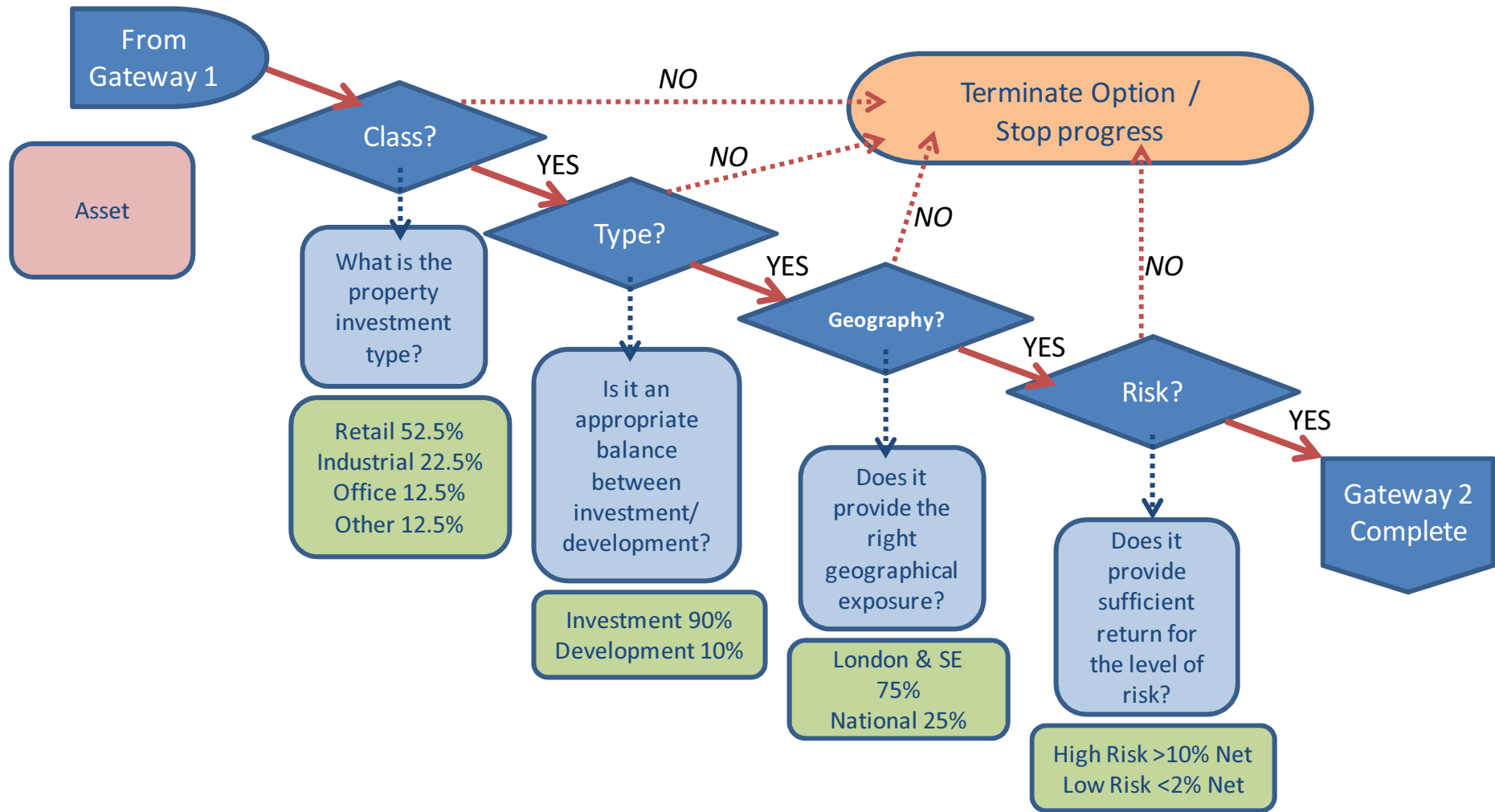
None

Investment Strategy – Gateway One



Investment Strategy – Gateway Two

Property



SURREY COUNTY COUNCIL**CABINET****DATE: 23 JULY 2013**

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL
MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES

LEAD OFFICER: JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS SERVICES

SUBJECT: THE COUNCIL'S APPROACH TO INNOVATION: UPDATE REPORT

SUMMARY OF ISSUE:

On 27 November 2012 the Cabinet approved the development of a strategic framework to achieve a strong "One Team" approach to innovation ("ideas into action to improve lives in Surrey"). This recognises that over the coming years the Council will need to continue to strengthen its capacity and capability to innovate in order to continue improving outcomes and value for money for Surrey's residents.

A subsequent update report to the Cabinet on 26 March 2013 set out progress on establishing the overall strategic innovation framework, encompassing the leadership, culture, skills and tools required to support innovation over the long term. This report focuses specifically on the impact of an "innovation hub" approach (called "Shift"), designed to accelerate and systematise innovation capacity and capability within the Council. The report sets out the key lessons from the first six months of this initiative and proposes the continued implementation and development of this approach over the medium term.

RECOMMENDATIONS:

It is recommended that:

1. The Cabinet acknowledges the good progress made so far to strengthen the Council's innovation capacity and capability, including the achievements and learning from the first six months of the Council's approach - called "Shift" - to accelerate and systematise innovation.
2. The Cabinet agrees to continue developing and implementing the "Shift" approach to innovation over the medium term planning period.
3. Following Investment Panel review on 24 June 2013 the Cabinet approves the use up to of £0.3m from the Invest to Save Fund in 2013/14 and up to a maximum of £0.6m per year until 2016/17 to fund the "Shift" programme.
4. The Cabinet asks the Strategic Director for Business Services, in consultation with the Leader and Cabinet Member for Business Services, to continue to develop and implement the "Shift" approach using Invest to Save Funding as required to support this, reviewing progress and plans six monthly.

REASON FOR RECOMMENDATIONS:

To further refine and strengthen the Council's approach to innovation over the medium term so it can exploit new opportunities, navigate significant challenges and achieve improved outcomes and value for money for Surrey's residents.

DETAILS:

Background

1. On 27 November 2012 the Cabinet agreed the development of a strategic framework to achieve a strong "One Team" approach to innovation. It was recognised that over the coming years the Council will need to continue to strengthen its capacity and capability to innovate in order to continue improving outcomes and value for money for Surrey's residents.
2. The Council's refreshed Corporate Strategy 2013-18 (reported to Cabinet 25 June 2013 and scheduled for Council 16 July 2013) confirms the importance of effective innovation given the challenge ahead.

"The challenge facing us is stark. We cannot afford to continue delivering the services needed in the way we deliver them today. There are ever growing demands for our existing services. There are new responsibilities that we have to meet. At the same time our resources in real terms will continue to reduce. We must find sustainable answers so we can continue to support those residents who need us most and play our part in working with others to secure strong economic growth in Surrey" – Confident in our Future, Corporate Strategy 2013-18

3. The strategic innovation framework reflects the fact that finding answers to this challenge will require a sustained effort over the long term, encompassing the leadership, culture, skills and tools to support innovation. The Council will need to build on the foundations that are in place, learn from experience and adapt its approaches over time.
4. To accelerate this longer term development of innovation capability and capacity an "innovation hub" approach - called "Shift" - has been set up and run over the last six months.

Shift – an innovation hub for Surrey

5. The most innovative organisations design specific structures and processes to support and manage different types of innovation. A common feature is the use of innovation and design hubs – small units with flexible resources and multi-disciplinary skills embedded within the organisation to support colleagues who are testing, developing and implementing new ideas.
6. In February 2013 the Council started to develop its own innovation hub called "Shift". Three key objectives were set for the first six months of "Shift". The following sections update on progress on each of these.
 - Set up an innovation space for the Council and bring together a small team with skills in design, change and digital technology;
 - Engage with people across the Council and develop a collaborative network who can work on problems together; and

- Develop and start testing a systematic innovation process and set of tools on a small number of projects

Summary of activity

- (i) *Set up an innovation space for the Council and bring together a small team with skills in design, change and digital technology*
7. Building on the Smarter Working programme, which is identifying and developing smart use of technology and physical spaces across the county, a space in County Hall was refurbished and adapted to provide the kind of flexible working conditions demonstrated to be effective by leading innovative organisations.
 8. A small flexible core team was established, bringing together skills in service design, research, digital technology and change management. This comprised officers from the Policy and Performance Service (Chief Executive's Office) and external specialists in service design and digital technology from FutureGov Ltd, the Council's approved strategic partner for digital innovation.
- (ii) *Engage with people across the Council and develop a collaborative network who can work on problems together*
9. The core team have connected with wider groups of colleagues across the Council in order to bring together the people and skills needed to address key problems. This had included working particularly closely with colleagues in Business Services (e.g. the LEAN team) to co-ordinate support to other teams and services.
 10. Over 70 workshops have been held in the Shift space, involving people from all Directorates, partner organisations, central government and service users. There have been over 850 visits to the space. The Shift website (www.shiftsurrey.org) has received more than 1,000 visits.
 11. The workshops have covered a range of different service specific issues and some cross cutting challenges such as income generation, securing external funding, digital technology, and collaboration with partners to transform services (see the separate report at this Cabinet meeting on Public Service Transformation). Four specific workshops were also held to encourage skills sharing and collaboration among individuals from across different services.
- (iii) *Develop and start testing a systematic innovation process and set of tools on a small number of projects*
12. The process of innovation is complex and varied but the "[5Ds](#)" model (discover, develop, design, decide, deliver) for structured innovation has helped ensure a common understanding of the Council's approach. The tools and techniques that can be applied at each of the different stages of innovation have been developed and a campaign launched on the S::Net so staff and Members can share their experiences of using the tools and making improvements.
 13. The approach and tools have been tested and developed through a small number of specific projects with colleagues across the Council.

- *Simpl: setting up a process for capturing and sharing ideas across the organisation. A [web-based challenge](#) was set up (“how can we make Surrey an even better place to live?”) prompting 55 ideas from staff and partners. A “Shift Surrey Challenge” event was then held on 8 July where over 50 people came together to design and prototype eight of the best ideas over one day.*
- *Surrey election dashboard: applying latest design and digital development techniques to create a web page that advises the public on the election process and communicates the final results. The [Surrey Elections dashboard](#) was designed and built in only seven weeks using agile project management method. The site received over 20,000 unique visitors over the election period.*
- *Patchwork: using digital technology to help practitioners from across different agencies connect up around the individuals and families they support. The Patchwork web based tool is being used to support the implementation of the Surrey Family Support Programme. A countywide rollout is underway, focussing initially on six areas (Reigate and Banstead, Woking, Waverley, Guildford, Spelthorne, Elmbridge).*
- *Children in Care: supporting the Corporate Parenting Board on key workstreams for improving outcomes for children in care. Facilitated two workshops with practitioners and user representatives to pinpoint the key problems and draw out ideas to solve these.*
- *School admissions: working with parents and schools to improve the admissions process. Initial research conducted at local schools and community venues.*
- *Adult care assessments: designing and prototyping a solution that improves care assessments. One of the conclusions from a Rapid Improvement Event on the care assessment process was that there is value in exploring the potential for a co-designed and developed technology solution for the front end of the care assessment process. Some initial research has been completed on this.*

Feedback

14. The “Shift” space and approach has received positive feedback from the staff partners and peers involved so far.

“The workshop was a great success and [the Shift] team were superb in getting the best out of the group. I was more than pleased with the afternoon - lots of inspiration and ways to improve further for our young people!” – Service manager following workshop

“Amazing space” – Visitor to workshop

“A really inspiring and refreshing approach, that we could see and really sense has liberated staff to approach and consider change in a very innovative and creative way” – Paul Naylor, Deputy Chief Executive, Ashford Borough Council

“Love this!” – Jo Miller, CEO Doncaster Council, on Twitter in response to Surrey Election Dashboard

“Great to see the Shift Surrey space in County Hall. Key is how far its influence spreads within the council” – Phil Swann, Programme Director Shared Intelligence on Twitter

“The council has established innovation as a major organisational priority and has built strong foundations for becoming an innovative organisation. It is also beginning to establish a critical mass of the different elements that it needs to achieve its ambitions around innovation” – LGA Peer Challenge Team, final report

Key lessons

15. The process of setting up and implementing the “Shift” approach has generated a number of key lessons. At a headline level the experience so far **confirms there is much potential for the Council to apply a structured approach to innovation with user-centred design at the heart** in order to meet the challenges it faces.
16. This is underpinned by a number of more specific conclusions drawn from across the projects and workshops completed.
 - There are lots of good ideas - and innovative things already happening - across the county - it is important these shared and not hidden or lost.
 - A critical stage in any project is the clear definition of the problem – it is important this is consistently done from a resident / user perspective.
 - Networking across teams and services helps to spark ideas and get things done – the hierarchical and departmental structure typical to public services is very effective for particular tasks and operations, but supporting people to move across into more fluid and flexible working groups can help generate ideas and solutions for complex cross-cutting problems.
 - Adding specialist design skills into the mix of disciplines more typically found in the Council (e.g. service professionalisms, technical operations, policy, project management) can help with the challenge of re-thinking services.

An approach for the medium term

17. Based on its impact so far, feedback received, and the key lessons it is proposed the Council continues developing and implementing the “Shift” approach to innovation over the medium term planning period. It will continue to act as a catalyst and accelerator for the innovations required to successfully deliver the goals in the Council’s Corporate Strategy 2013-18, including the significant savings that need to be realised (see the separate report at this Cabinet meeting on The Medium Term Financial Plan).
18. In order to achieve its aims “Shift” itself will need to adapt and evolve over time. To ensure this it is proposed that “Shift” operates through a series of six monthly review and planning cycles.
19. For each six month period a set of specific projects and deliverables will be agreed with the Strategic Director for Business Services in consultation with the Leader and Cabinet Member for Business Services. The resources required for the agreed six month work programme will also be confirmed at

this stage. This will include agreeing time contributions from officers (existing establishment) and the use of invest to save funding for additional specialist support.

Next steps

20. The Strategic Director for Business Services, in consultation with the Leader and Cabinet Member for Business Services, will work with Members, colleagues and stakeholders to continue developing and implementing the “Shift” approach to innovation. The progress and learning from this work will continue to be reported back to Cabinet and Council via the Chief Executive’s six monthly progress reports.
21. As the “Shift” approach continues to develop further workshops will be arranged for Members, staff and stakeholders to ensure full engagement and involvement. Regular and proactive communication and engagement activities will take place with residents and other stakeholders on a project by project basis.
22. As and when new innovative proposals are formulated these will be presented to Select Committees, Cabinet and Council as appropriate.

CONSULTATION:

23. The proposals were developed following discussion and engagement with the following groups:
 - Cabinet
 - Corporate Board
 - Groups of staff and from across the council and partner organisations involved in workshops and sessions run in the first six months of “Shift”
 - Peers from Local Government and other sectors

RISK MANAGEMENT AND IMPLICATIONS:

24. There are no direct risk management implications arising from this report.
25. The Council needs to strengthen its innovation capacity and capability in order to mitigate the risks posed by the financial challenges it faces and ensure services are sustained and improved. Any risks associated with specific new innovations will be assessed in each case when the proposals are brought forward.
26. More generally an increased focus on innovation will require the Council to develop more sophisticated understanding of the opportunities and risks associated with new approaches.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

27. The “Shift” programme will ensure the Members and officers across the Council are supported with the tools and multi-disciplinary skills required to foster innovations that can improve outcomes and value for money for residents.
28. The Investment Panel (24 June 2013) has reviewed and supported a proposal that provision is made from the Invest to Save Fund to support the

implementation of the “Shift” approach to innovation over the medium term period. The provision is set at up to £0.6m per annum (from Q3 2013/14 to Q4 2016/17), a maximum total of £2.1m over the period.

29. Planned use of this funding will be agreed at six monthly review points by the Strategic Director for Business Services, in consultation with the Leader and Cabinet Member for Business Services. At these six monthly reviews the impact of the work will also be evaluated to ensure it is delivering good value.
30. The Invest to Save Fund was created in the 2012/13 Budget, and replaced an annual budget with a one-off contribution to create the fund. The savings from the “Shift” programme will contribute towards services achieving MTFP efficiency targets.
31. Any further financial implications associated with specific new service innovations will be assessed in each case when the proposals are brought forward.

SECTION 151 OFFICER COMMENTARY

32. It is important that the Council has the right resource (in terms of skills and capacity) in place to deliver this ambitious innovations programme. The Chief Finance Officer confirms the Investment Panel has reviewed the business case for this continuation of the “Shift” programme and also that the full financial implications of each innovation business case will be assessed on a case by case basis and approved through appropriate governance processes in due course. The Chief Finance Officer further confirms that the Invest to Save Fund is an appropriate method of funding for this programme.

LEGAL IMPLICATIONS – MONITORING OFFICER

33. There are no direct legal implications/legislative requirements arising from this report.

EQUALITIES AND DIVERSITY

34. Equality Impact Assessments will be completed for specific future proposals as appropriate. At this stage no Equality Impact Assessment was completed as there are no immediate or direct impacts on services for residents or on council staff.

WHAT HAPPENS NEXT:

35. Pending approval of the recommendations in this report the following will happen.
 - The Strategic Director for Business Services, in consultation with the Leader and the Cabinet Member for Business Services, will continue to work with Members, colleagues and stakeholders to develop and implement the “Shift” approach to innovation.
 - The progress and learning from “Shift” will continue to be reported back to Cabinet and Council via the Chief Executive’s six monthly progress reports.
 - Further workshops will be arranged for Members, staff and stakeholders to ensure full engagement and involvement. Regular and proactive

communication and engagement activities will take place with residents and other stakeholders on a project by project basis.

- As and when new innovative proposals are formulated these will be presented to Select Committees, Cabinet and Council as appropriate.
-

Lead Officer:

Julie Fisher, Strategic Director for Business Services

Consulted:

Cabinet

Corporate Board

Groups of staff and from across the council and partner organisations involved in workshops and sessions run in the first six months of "Shift"

Peers from Local Government and other sectors

Sources/background papers:

- Confident in our Future, Corporate Strategy 2013-18, report to Cabinet 25 June 2013 and report to Council 16 July 2013
 - Strengthening the Council's Approach to Innovation: Our Innovation Journey, report to Cabinet 26 March, 2013
 - Strengthening the Council's Approach to Innovation: Models of Delivery, report to Cabinet 26 March, 2013
 - One County One Team: Strengthening the Council's Approach to Innovation, report to Cabinet 27 November 2012
-

SURREY COUNTY COUNCIL**CABINET****DATE: 23 JULY 2013****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: DAVID MCNULTY, CHIEF EXECUTIVE****SUBJECT: PUBLIC SERVICE TRANSFORMATION****SUMMARY OF ISSUE:**

Updating the Cabinet on Surrey's approach to public service transformation and seeking agreement of proposed next steps.

RECOMMENDATIONS:

It is recommended that:

1. The Cabinet welcomes the Secretary of State for Communities and Local Government's endorsement and recognition of Surrey's approach to public service transformation and confirms its support for the forward programme of work.
2. Specifically, the Cabinet asks officers to develop outline business cases for consideration at the October 2013 Cabinet meeting.

REASON FOR RECOMMENDATIONS:

Public service transformation will significantly improve services and outcomes for Surrey residents and generate financial savings. By working as "one team" with partners, public service transformation will focus resources away from expensive, high cost responses towards prevention and earlier intervention.

The Council is working closely with partners to develop its plans for public service transformation in Surrey. This report sets out the background and proposed next steps.

DETAILS:**Background**

1. The Chancellor's Budget Statement in March 2013 referenced the Government's four whole place community budget pilots and announced that further support would be provided for areas interested in developing the community budget approach through the creation of a new Public Service Transformation Network. The Network will aim to disseminate the learning from the whole place community budget pilots and encourage application of the principles to a larger number of areas.

2. Following the announcement, local authorities were invited by the Department for Communities and Local Government (DCLG) to put forward an expression of interest to become one of the areas to work intensively with the Network on public service transformation.
3. The Leader of the County Council submitted an expression of interest on behalf of all key public sector partners in Surrey on 12 April 2013. This set out the Council's and partners' ambition to develop a community budget approach in Surrey and become involved in the Public Service Transformation Network.
4. At the LGA Conference on 3 July 2013 the Secretary of State for Communities and Local Government announced that Surrey has been successful and is one of nine areas who will receive support. The other areas are: Bath and North East Somerset; Bournemouth, Poole and Dorset; Hampshire; Lewisham, Lambeth and Southwark; Sheffield; Swindon; the West London Alliance (Barnet, Brent, Ealing, Harrow, Hillingdon and Hounslow); and Wirral.
5. The types of support that the Network is likely to offer include access to learning, tools and expertise from the existing four pilots, facilitating discussions with government departments, and some resource to support the development of the proposals. There is an expectation that the county council and its partners will also contribute resources, and share learning with other areas as part of the Network as the programme develops.

Proposals

6. The six strands of focus for Surrey's Public Service Transformation programme are set out briefly below.
7. **Emergency Services Collaboration.** This strand will aim to transform the way the emergency services in Surrey work together, with the joint aims of improving performance and responding to the changing pattern of demand, and reducing costs by removing overlaps between the services. It will focus on six key areas: the potential for a single control and dispatch function across the emergency services; developing a combined Civil Contingencies Unit; combined operational response for certain incident types and in specific areas; joint operational support and back office functions; a joint prevention programme; and shared governance.
8. **The Surrey Family Support Programme.** The Surrey Family Support Programme has already established a new model of collaborative working which improves the effectiveness and efficiency of partnership working and early interventions with families, and is Surrey's response to the Government's 'Troubled Families' initiative. This proposal will aim to build on the work already underway by scaling up the current model for 1,050 troubled families to include up to 7,000 families with multiple and complex needs. Examples of family cohorts which would be included are: families living with domestic violence; offenders and ex-prisoners; families with mental ill-health and or drugs and alcohol misuse; and families who frequently visit A&E.
9. **Dementia Friendly Communities.** This strand will aim to improve outcomes for people with dementia and reduce reliance on acute care, by providing a greater level of support for individuals, both within and by their communities.

Building on the work already undertaken through the Ageing Well programme in Spelthorne, this programme will work with the North West Surrey Dementia Local Implementation Group to invest in developing community capacity to support people with dementia and their carers.

10. **Better Use of Public Sector Assets.** This strand will aim to give additional impetus to existing work on rationalisation of the public estate in Surrey to reduce its overall size and cost, improve the efficiency of use, generate capital receipts, and facilitate co-location of services and front and back offices across the county to support regeneration. This will involve working closely with the Government Property Unit, which was launched in Guildford on 25 June.
11. **Increasing Youth Participation.** This strand will aim to build on the success of the Council and its partners in reducing the number of young people who are not in education, employment or training (NEETs) in the county. Two proposals will aim to increase participation rates among young people aged 16-19. The first would consider the opportunities to develop the 14-19 educational offer to young people, to provide new vocational pathways which would support participation in ways that respond better to the needs of a wider range of young people, rather than focusing on a more specifically academic route. The second is focused on local integration of the information, advice and guidance offer variously provided by schools, the county council and the National Careers Service.
12. **Transforming Justice.** This strand is at an early stage of development. Discussions with key partners are underway with the objective of making more significant progress in the autumn. The focus will be on more integrated working and case coordination to reduce offending and reoffending, reducing costs to the police and criminal justice system.

Development of the Programme

13. All the strands offer important development opportunities for Surrey which will improve services and outcomes for residents as well as optimising use of resources. Partners have endorsed the proposals and have been involved in developing them further since the original expression of interest in April 2013.
14. Programme arrangements are being developed by officers to support this work. The next stage will involve the development of outline business cases for each of Surrey's public service transformation strands with partners. These will demonstrate the potential improved outcomes and an early indication of the financial benefits that could be realised along with the level of resources required to deliver them. The business cases will be considered by Cabinet in October 2013, with the intention that subject to Cabinet agreement, savings can be taken into account in the Council's Medium Term Financial Plan from 2014-15 onwards. The timescale for bringing final business cases and implementation plans to Cabinet is likely to be February 2014.
15. The Chancellor's Spending Round announcement on 26 June 2013 set out a variety of measures intended to support places across the country to transform local services at scale and pace. The business cases will aim to take advantage of these additional sources of funding and policy reforms where possible. These include:

- a £45m capital fund for the fire and rescue service alongside a £30m resource fund from the local government settlement to encourage greater collaboration between the fire service and other emergency services
 - a £50m innovation fund for police forces to work jointly with each other and with local authorities on new and more efficient ways to prevent crime and ensure people feel safe
 - a £100m collaboration and efficiency fund to help local authorities to cover the upfront costs of working with each other and encourage better ways of working
 - £200m additional funding for the Government's Troubled Families programme, to extend the support available to a further 400,000 families
 - £3.8 billion of funding for a pooled budget for health and social care services to work more closely together in local areas, aimed at delivering better services to older and disabled people, keeping them out of hospital and avoiding long hospital stays
 - £200 million for local authorities from the NHS in 2014-15 for investment in new systems and ways of working.
16. Work will begin with the Network over the course of the summer to develop a Joint Statement of Intent, setting out key objectives, milestones and responsibilities across partners including what support the Network will provide. The support will be bespoke to Surrey and, in the early stages, will be aimed at developing the proposals alongside partners.

CONSULTATION:

17. The proposals have been developed through a range of discussions and events during May and June, involving Members and officers from across the Council and partners. Partner involvement has included Surrey District and Borough Councils, Surrey Police, Surrey and Sussex Probation Trust, South East Coast Ambulance Service and Surrey Clinical Commissioning Groups.

RISK MANAGEMENT AND IMPLICATIONS:

18. There are no direct risk management implications arising from this report.
19. Risks associated with the programme will be identified and managed as part of overall programme management.

Financial and Value for Money Implications

20. Public service transformation is intended to reduce overall public expenditure in an area by refocusing resources from expensive, high cost responses towards prevention and earlier intervention. The case for transformation is clear with significant potential improvements in the effectiveness of local services, increasing value for money and improving outcomes for residents.
21. More detailed work including financial analysis and modelling will be required to determine where the potential efficiency gains will accrue across partners. Investment and risk-sharing agreements will be developed as part of the

development of detailed business cases and implementation plans to be brought to the Cabinet in February 2014.

Section 151 Officer Commentary

22. There are no direct financial implications in this paper since the detailed financial analysis will take place in development of the business cases in advance of October 2014. Once identified all costs and savings will be evaluated and reflected in the forward budget planning process with effect from 2014/15 onwards.

Legal Implications – Monitoring Officer

23. At this early stage, there are no legal implications arising directly from this report. As the individual work streams are implemented, there may be legal implications which will need to be addressed in more detail at the time.

Equalities and Diversity

24. There are no direct equalities implications arising from this report so it does not require a specific Equality Impact Assessment. Where appropriate, Equality Impact Assessments will be completed as part of the development of the specific proposals.
25. Public service transformation will improve outcomes for residents, including the most vulnerable such as children, and adults with dementia. The detailed implications will be assessed as part of the development of business cases.

Corporate Parenting/Looked After Children implications

26. A number of the proposals could have a potentially positive impact on looked after children including the Family Support Programme, Increasing Youth Participation and Transforming Justice.

Safeguarding responsibilities for vulnerable children and adults implications

27. None of the proposals are likely to have significant implications for safeguarding responsibilities, but safeguarding implications will be considered as part of the development of business cases.

Public Health implications

28. A number of the proposals could have a potentially positive impact on public health including the Family Support Programme, Increasing Youth Participation, Creating Dementia-Friendly Communities and Transforming Justice.

WHAT HAPPENS NEXT:

29. Programme arrangements will be further developed to support this work in discussion with Public Service Transformation Network officials.

30. The development of business cases for each strand with partners. These will indicate the potential scale of the financial benefits that could be realised along with the level of resources required to deliver them.
 31. The outline business cases will be considered by Cabinet in October 2013, with the intention that savings can be taken into account in the Council's MTFP from 2014-15.
-

Contact Officer:

Mary Burguieres, Policy and Strategic Partnership Lead Manager, 020 8541 9613

Consulted:

Leader and Deputy Leader
Council Leadership Team
Surrey Leaders
Surrey Chief Executives
Chief Finance Officer
Relevant Heads of Service
Senior managers and staff within Directorates
Police and Crime Commissioner/Chief Constable/Surrey Police
Surrey and Sussex Probation Trust
South East Coast Ambulance Service
Surrey Clinical Commissioning Groups

Annexes:

None

Sources/background papers:

None

SURREY COUNTY COUNCIL**CABINET****DATE: 23 JULY 2013****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES****LEAD OFFICER: JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS SERVICES****SUBJECT: ANNUAL GOVERNANCE STATEMENT 2012/13****SUMMARY OF ISSUE:**

Surrey County Council has a statutory duty under the Accounts and Audit (England) Regulations 2011 to publish an Annual Governance Statement (AGS). The AGS provides a comprehensive assessment of governance arrangements and the internal control environment. Once signed by the Leader of the Council and the Chief Executive, the AGS is incorporated into the Statement of Accounts and the Annual Report.

RECOMMENDATIONS:

It is recommended that:

1. the 2012/13 Annual Governance Statement (attached as Annex 1) be approved and signed by the Leader and the Chief Executive for inclusion in the Statement of Accounts and Annual Report; and
2. the Audit and Governance Committee continue to monitor the governance environment and report to Cabinet as appropriate.

REASON FOR RECOMMENDATIONS:

There is a statutory duty to annually review and report on governance. The identification of issues in governance and internal control and a responsive approach to addressing those issues is viewed as best practice.

DETAILS:

1. The annual review of governance is overseen by the Governance Panel (Head of Legal and Democratic Services [Chair], Chief Finance Officer, Chief Internal Auditor, senior representatives from HR and Organisational Development and Policy and Performance and the Risk and Governance Manager), which has responsibility for the development and maintenance of the governance environment and production of the AGS.
2. The annual governance review has provided a satisfactory level of assurance on the governance arrangements across all activities for the financial year ending 31 March 2013. The AGS identifies specific internal control issues that have arisen during the year, for which management action plans are

being implemented by the identified responsible officers and monitored by Select Committees and the Audit and Governance Committee.

CONSULTATION:

3. The Corporate Board was consulted on the draft AGS at their meeting on 30 May 2013 and their comments have been incorporated.
4. The Audit and Governance Committee considered the AGS at its meeting on 24 June 2013. The Leader and the Chief Executive introduced the AGS and answered questions from the Committee.
5. At the end of the discussion, the Committee made the following resolutions:
 - i. That the Committee is satisfied that the governance arrangements are represented correctly in the AGS; and
 - ii. That the Committee COMMENDS the draft AGS to the Cabinet for publication with the council's Statement of Accounts.

RISK MANAGEMENT AND IMPLICATIONS:

6. Positive action to respond to the issues in the AGS will enhance the council's ability to mitigate risk.

Financial and Value for Money Implications

7. There are no direct financial implications. Continued improvements in governance will help to deliver value for money for residents.

Section 151 Officer Commentary

8. The Section 151 Officer is a member of the council's Governance Panel and so is up to date with key risks and the governance environment and confirms that all relevant matters are considered in the Annual Governance Statement.

Legal Implications – Monitoring Officer

9. The AGS is required by the Accounts and Audit (England) Regulations 2011 and forms part of the council's Statement of Accounts.

Equalities and Diversity

10. There are no direct equalities implications but any actions taken need to be consistent with the council's policies and procedures.

WHAT HAPPENS NEXT:

11. The AGS is signed by the Leader and the Chief Executive and incorporated into the council's Statement of Accounts and Annual Report for 2012/13.
12. The Audit and Governance Committee will continue to monitor the governance environment and report any significant issues to the Cabinet as appropriate.

Contact Officer:

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

Consulted:

Governance Panel, Corporate Board, Audit and Governance Committee, Leader of the Council.

Annexes:

Annex 1 – Annual Governance Statement 2012/13.

Sources/background papers:

- Governance Panel minutes, governance review working papers, CIPFA/SOLACE Framework for Delivering Good Governance in Local Government, Code of Corporate Governance.
-

This page is intentionally left blank

Annual Governance Statement 2012/13

Context

Surrey County Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The council has adopted a Code of Corporate Governance (the code), through which good governance is evidenced. The code is based on principles from the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and is part of the council's constitution. The council is committed to fulfilling its responsibilities in accordance with the highest standards of good governance to support the 2017 vision of becoming the most effective County Council in England.

This Annual Governance Statement outlines the council's governance arrangements and achievements during 2012/13 and highlights areas to continue to strengthen governance, quality and internal control in 2013/14. It also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011 in relation to conducting an annual review of the effectiveness of the council's governance framework and the publication of an Annual Governance Statement.

The review of governance is overseen by the Governance Panel (the panel). The panel comprises the Head of Legal and Democratic Services [chair], the Chief Finance Officer, senior representatives from HR and Organisational Development and Policy and Performance, the Chief Internal Auditor and the Risk and Governance Manager. It is responsible for developing and maintaining the governance environment and producing the Annual Governance Statement.

The governance arrangements for the year 2012/13 have been reviewed in accordance with the annual review process outlined in the code. The review has provided a satisfactory level of assurance on the governance arrangements for the year.

The governance environment during 2012/13

Purpose and Outcome:

The One County One Team, Corporate Strategy provides a clear direction for staff as well as a signpost for residents, businesses and partner organisations and has the council's four values of Listen, Responsibility, Trust and Respect at its heart. It is underpinned by a suite of supporting documents such as the interactive Medium Term Financial Plan and directorate strategies. The Chief Executive reports progress on the Corporate Strategy to full Council on a six-monthly basis.

The council uses a variety of methods to improve service delivery and ensure that quality is maintained. A Quality Board has improved the coordination and effectiveness of quality management, and directorates continue to develop their quality frameworks to ensure they are effective. Finance, performance and risk information is monitored and reviewed by senior management and scrutinised by Select Committees and Cabinet. The Leadership risk register is regularly reviewed by Corporate Board, Audit and Governance Committee and Cabinet.

The council's three year Public Value Review (PVR) programme has been completed successfully. The 29 reviews undertaken have delivered a range of performance improvements and supported the implementation of new and innovative ways of delivering services. The programme has also identified total savings of £279m to be delivered by 2016. Rapid

Improvement Events (RIE) continue to be successfully used across the council to bring about changes to current work processes through the use of lean principles.

The council has developed a strategic framework for innovation and has begun to develop new ideas and approaches aimed at strengthening its capacity and capability to innovate. This will enable the council to continue improving outcomes and value for money for Surrey residents, and deal successfully with the significant challenges it faces over the next five to ten years.

The council is committed to seeking external, independent challenge and validation of the progress it has made in delivering its Corporate Strategy. For example, the council undertook a Local Government Association peer challenge between 26 February and 1 March 2013 and, in addition to looking at the council's corporate capacity and leadership asked the peer challenge team to test its capacity and capability to innovate in order to achieve the Corporate Strategy objectives. The peer challenge team acknowledged the huge strides the council has made over the last four years and has 'laid solid foundations on which to build'.

Specifically on governance, the peer challenge team stated that 'The overall governance of the authority is felt to be sound and key elements of it, including officer / member relationships and standards of conduct and behaviour, are seen to have improved significantly in recent years'. Areas which the peer challenge felt were 'likely to benefit from further attention and possible revision' were Select Committees ('seen as variable in their effectiveness') and Local Committees (the peer challenge team felt it would be timely to consider, with relevant partners, 'the role of Local Committees in a new era in order to ensure they are sufficiently well placed to succeed').

Other examples of external validation include the recognition the council has received through external awards. The council was shortlisted in the Council of the Year, Health and Social Care and Corporate Governance categories in the high profile Local Government Chronicle awards. The council also won the Council of the Year award in the Improvement and Efficiency South East Awards 2013.

Leadership & Behaviour

The roles, responsibilities and delegated functions for officers and Members are set out in the Constitution of the Council.

The Cabinet comprises the Leader, Deputy Leader and eight Cabinet Members, with each Member holding the brief for a particular portfolio of services. Decisions can be taken by individual members of the Cabinet or collectively by the full Cabinet.

The functions of the Monitoring Officer (Head of Legal and Democratic Services) and Chief Finance Officer/Section 151 Officer (Chief Finance Officer and Deputy Director for Business Services) are specified by statute and between them they are responsible for ensuring lawfulness, fairness and financial prudence in decision-making.

The Chief Finance Officer meets her financial responsibilities and ensures fully effective financial management arrangements are in place by attending key meetings where significant financial issues are discussed, including Corporate Board, all Cabinet meetings and Audit and Governance Committee. She also has regular meetings with the Chief Executive, Monitoring Officer, Chief Internal Auditor and External Auditor, and has direct access to the Leader and the Chief Executive at all times.

The Staff and Member Codes of Conduct set out the high standards of conduct expected by the council and training is provided through induction. The codes of conduct are supplemented by the Member/Officer Protocol, which provides principles and guidance for good working relations, and the Strategy Against Fraud and Corruption.

Following the abolition of the Standards Board regime, the council has put in place its own local arrangements for dealing with allegations of breaches of the Member Code of Conduct.

The Leader and the Chief Executive continue to show their commitment to engage with and support staff by touring the county to meet staff at various locations to hear their views and share their stories. The Chief Executive also provides regular updates and messages to staff through emails and the intranet via his monthly blog.

Transparency and Stewardship

The council produces an Annual Report that is well received by stakeholders. It demonstrates the delivery of priorities over the year through highlighting key data on performance, notable achievements and includes the AGS and unaudited summary accounts. The council also produces the four primary financial statements each quarter (Movement in Reserves, Income & Expenditure, Balance Sheet and Cash Flow) to provide management with robust information for measuring performance.

The council has seven select committees who continue to provide challenge to the Cabinet and have strengthened their policy development and review role. The Council Overview and Scrutiny Committee, comprising the select committee chairmen and representatives of the opposition parties, takes a council-wide view and leads on collaborative scrutiny issues.

Every Council, Cabinet and Planning and Regulatory Committee meeting is webcast to enable people to watch meetings online.

The Audit and Governance Committee comprises six councillors (Chairman is a Residents' Association/Independent Councillor) who have been specifically chosen to enable robust challenge and assurance from a position of knowledge and experience. The committee is focused on providing independent assurance on the council's control environment, the adequacy of the risk and governance arrangements and financial reporting.

The annual review of the effectiveness of the system of internal audit was undertaken by an external assessor, appointed through CIPFA. The report concluded that internal audit is well led and is given a high priority by those charged with governance.

The Investment Panel comprises the Strategic Director for Business Services, five senior managers and the Cabinet Member for Assets and Regeneration. It ensures all proposed service capital investments have robust business cases before formal approval by Cabinet or Cabinet Member as appropriate, and monitors the overall capital programme.

The gifts and hospitality register is online and provides a means for staff to easily register anything offered or accepted, making the entire process transparent.

The council's Whistle-blowing policy encourages staff to raise concerns, such as bullying or harassment or fraud, through an anonymous, confidential and independent hotline. A variety of communication channels are constantly used to publicise the policy and the supporting arrangements.

As part of the council's policy on transparency and openness, more information is being made available to residents and businesses through the publication of expenditure invoices for spend over £500 and salaries of staff who earn over £58,200 (named from £100,000).

People

The council's People Strategy aims to 'enable staff to reach their best so they can give of their best for the people of Surrey.' Time and resources continue to be invested to ensure staff and Members are fully engaged and motivated. Staff are given access to a number of tools and support through the STARS (Stretching Talent and Raising Skills) training and development programme that includes a range of e-learning and classroom based courses, online guidance

and websites. Workplace coaches are in place across the organisation to help staff with career development or find solutions to issues and problems.

The council holds the Charter for Elected Member Development and Investor in People (IiP).

Engagement and collaboration

The Surrey Residents Survey, which is jointly commissioned with Surrey Police, gathers customer satisfaction data and the results form part of the corporate scorecard. Customer feedback procedures ensure that feedback is both consistent and appropriate and that outcomes are reported through a quarterly digest.

The council continues to work with partners to develop the innovative Surrey, an information system that brings together data, information and analysis for Surrey. The increased use of online communication channels and new media such as Twitter and Facebook provides effective engagement with stakeholders.

Through close working with residents and partners, Surrey's Olympics events were successful and safe. The council continued to provide all its services and laid the foundations for a positive long term economic and social legacy in Surrey.

Notable progress has been made across all areas of the council in delivering services successfully in partnership. The SE7 Councils, consisting of seven South East councils, have worked together across a range of workstreams to identify savings including waste and property. A partnership has been established with East Sussex County Council to share procurement arrangements and payroll, pensions and accounts functions.

The benefits of working in partnership have not been confined to efficiencies and service improvements; partnership underpins the council's One Team approach. Expertise from partners has stimulated innovation, better engagement and an open learning culture.

Internal control environment

The internal control environment is a significant part of the governance framework and is designed to manage risks to a reasonable level. The overall opinion of the Chief Internal Auditor on the internal control environment for 2012/13 is "**some improvement needed**". Controls evaluated are judged to be generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met. However, there are a number of areas where there is a need to enhance the governance arrangements in place, in particular:

- **Capital Monitoring** – as the council looks to borrow to invest significantly over the next 3-4 years in property for service provision, investment and regeneration purposes, it is important that this is in line with a clearly articulated and agreed strategy and that there is appropriate governance around such capital spending decisions.
- **Project Management** – there should be an increased focus on strong project management as an important tool in delivering change across the council. This should emphasise the importance of stakeholder engagement; ensure robust business cases with a strong financial rationale; and, require proper tracking of envisaged benefits to ensure their realisation.
- **Commercial Services** – governance around the four trading activities within Commercial Services should be strengthened and include greater visibility of the business plan and proper monitoring and scrutiny of performance against that plan.
- **Direct Payments (DPs)** – social care reviews should be conducted at least annually in accordance with stated policy and DP account reconciliations should be completed in a timely manner and refer to the associated support plan that details the purpose the DP has been agreed for.

Management Action Plans are in place to address the recommendations made by Internal Audit and actions will be implemented by the identified responsible officers.

Focus for 2013/14

Sustainability is key to the council's future and the Corporate Strategy and Medium Term Financial Plan will help guide long term efforts to invest smartly to encourage economic growth, support vulnerable residents, transform ways of working and build on capabilities and strengths to work effectively.

Continued collaboration with partners is another crucial part of the council's response to future challenges. Effective collaboration not only helps to find savings, but underpins efforts to improve outcomes for residents. Ensuring robust governance arrangements from the outset will provide the foundations for effective partnership working.

Internally, the council will continue to focus on engaging with people at all levels and right across the organisation to ensure sustained culture change, on strengthening its capacity and capability to innovate, and on the achievement of benefits and efficiencies from across the organisation through, for example, a more consistent and robust approach to project management.

Signed:

Leader of the Council
July 2013

Chief Executive
July 2013

10

This page is intentionally left blank

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JULY 2013

REPORT OF: MRS MARY ANGELL, CABINET MEMBER FOR CHILDREN AND FAMILIES

LEAD OFFICER: NICK WILSON, STRATEGIC DIRECTOR, CHILDREN, SCHOOLS AND FAMILIES

SUBJECT: CHILDREN SCHOOLS AND FAMILIES DIRECTORATE ANNUAL REPORT 2012 - 13



SUMMARY OF ISSUE:

The Children Schools and Families Directorate Annual Report (Annex 1) summarises the key achievements and progress made over the last year.

Previous reports have covered a 12 month period from September to August. This report is being published to cover the period April 2012 to March 2013, realigning reporting with the financial year.

The report is themed under the four areas of priority, which are set out in the directorate's children and young people's strategy 2012-17: prevention, protection, participation and potential.

The report demonstrates how the directorate is working towards the vision that 'Every child and young person will be safe, healthy, creative, and have the personal confidence, skills and opportunities to contribute and achieve more than they thought possible'.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet note the progress that has been made in the Children Schools and Families Directorate and our achievements over the last year.
2. Cabinet approves the publication of the Children Schools and Families Directorate annual report on the Surrey County Council website and s-net.

REASON FOR RECOMMENDATIONS:

The publication of the Children Schools and Families Directorate annual report will demonstrate how the directorate is providing value for money for Surrey residents. It will show how the directorate has performed over the last year, and what has been achieved.

DETAILS:

1. The Children, Schools and Families Directorate evidences a year of continual improvement and success. We met the financial challenge set by government, realising this year's savings targets – a real achievement with ever increasing demand for our services.
2. Success includes the launch of two major financial schemes to support our looked after children, and our restorative justice approach, which is leading the way nationally. We are continuing to reduce the number of young people who are not in employment, education or training.
3. The council has also continued to make significant investment in school places and school improvement, the effects of which will be realised over the next five years. We want every child in Surrey to have a place at a good school that supports them to reach their full potential.
4. There is still much to do. We're aiming for a 'whole systems' approach for children, young people and their families in Surrey, working together with partners to provide integrated health, social care and education services, focusing on early help, children with disabilities and family support. As a result, we will realise efficiencies and better outcomes for children.
5. To deliver our vision, we have a children and young people's strategy 2012-2017 that focuses on our four key priorities, which we will deliver with our partners through three plans, a public value programme, a family support programme and the development of our new Surrey Children and Young People's Partnership.

The three plans are:

- Health, wellbeing and safeguarding plan
- Education achievement plan
- Employability plan.

6. The annual report is attached as Appendix 1 and details the progress we have made over the last year focusing on key achievements.

CONSULTATION:

7. The annual report has been developed with input from managers across the directorate and in discussion with Cabinet Members.

RISK MANAGEMENT AND IMPLICATIONS:

8. It is not expected that publication of the annual report would cause any financial risk, reputational risk or service delivery risk.

Financial and value for money implications

9. There are no financial implications in publishing the annual report. However, it is intended to demonstrate how the directorate is improving service performance whilst making its required savings. See Appendix 1 for a breakdown of our 2012/13 financial position.

Section 151 officer commentary

10. The directorate achieved its financial savings target in 2012/13 and overall spend remained within the allocated budget.

Legal implications – monitoring officer

11. The annual report details how the Children, Schools and Families Directorate meets its statutory requirements. We are also working to respond to new government policy and legislation that will have an impact on services and children, young people and families in Surrey. The directorate will continue to work to meet current and future legislative requirements.

Equalities and diversity

12. A central part of the work of the directorate is to narrow the gap in outcomes between the majority of children and young people in Surrey and those who are vulnerable or disadvantaged. The annual report details work that the Children, Schools and Families Directorate has undertaken to improve the outcomes for protected groups.
13. There is no requirement for an equalities impact assessment (EIA) for the annual report as it does not propose any new policy, function or service changes.

Other implications:

14. The annual report outlines the work the directorate is doing to support looked after children and to make children and young people in Surrey safe. It also identifies actions that have been undertaken to improve both the physical and mental health of children and young people in Surrey.

WHAT HAPPENS NEXT:

15. Following Cabinet approval, the annual report will be published on the directorate's s-net pages and on the Surrey County Council website.
16. The annual report will be circulated to directorate staff via email/staff bulletins.

Contact Officer:

Kerry Middleton 020 8541 9921

Consulted:

Strategic Director, Service managers across the Children, Schools and Families Directorate, Section 151 Finance Officer, Legal Services.

Annexes:

Annex 1 - Children Schools and Families Directorate Annual Report 2012-13.

Sources/background papers:

None

This page is intentionally left blank

Children, Schools and Families Directorate

Annual Report 2012-2013



11



SURREY
COUNTY COUNCIL

Hello.

I reflect on the last year for the Children, Schools and Families Directorate as one of continual improvement and success. We met the financial challenge set by government, realising this year's savings targets – a real achievement with ever increasing demand for our services. But we cannot underestimate the challenge ahead.



In September 2012, the Ofsted inspection of our arrangements for the protection of children found that our work to keep children safe is effective. We are child focused, we listen and our work is making a difference to vulnerable children and young people.

Two areas of success I'd like to highlight include the launch of two major financial schemes to support our looked after children, and our restorative justice approach, which we are leading the way on nationally. This has helped us reduce youth crime by over 43% over the last three years with no looked after child entering the youth justice system for the first time in 2012. We are continuing to reduce the number of young people who are not in employment, education or training with successful participation in apprenticeships and ready for work schemes.

The council has also continued to make significant investment in school places and school improvement, the effects of which will be realised over the next five years. We want every child in Surrey to have a place at a good school that supports them to reach their full potential.

There is still much to do. We're aiming for a 'whole systems' approach for children, young people and their families in Surrey, working together with partners to provide integrated health, social care and education services, focusing on early help, children with disabilities and family support. As a result, we will realise efficiencies and better outcomes for children. This work has begun and will be taken forward through our public value programme, our family support programme and the development of our new Surrey Children and Young People's Partnership.

The expertise of our partners is a huge asset that complements the dedication of staff working at all levels within the directorate, and our political leadership. I remain confident that together we can be resilient in the face of unprecedented financial challenges, and will continue to improve our services to deliver the best possible outcomes for Surrey's children and young people.



Nick Wilson
Strategic Director for Children, Schools and Families, Surrey County Council
June 2013

Contents

- Our strategy and plans..... 2
- Leadership and working in partnership..... 3
- Prevention..... 5
- Protection..... 8
- Participation..... 11
- Potential..... 14
- Financial management..... 16

Our vision

Every child and young person will be safe, healthy, creative, and have the personal confidence, skills and opportunities to contribute and achieve more than thought possible.

Our strategy and plans

There are 272,800 children and young people aged 0 to 19 in Surrey, and we want to ensure that they all benefit from living in this prosperous and economically competitive county. This includes being healthy, safe, well educated, having leisure opportunities at each stage of their childhood and having good employment prospects.

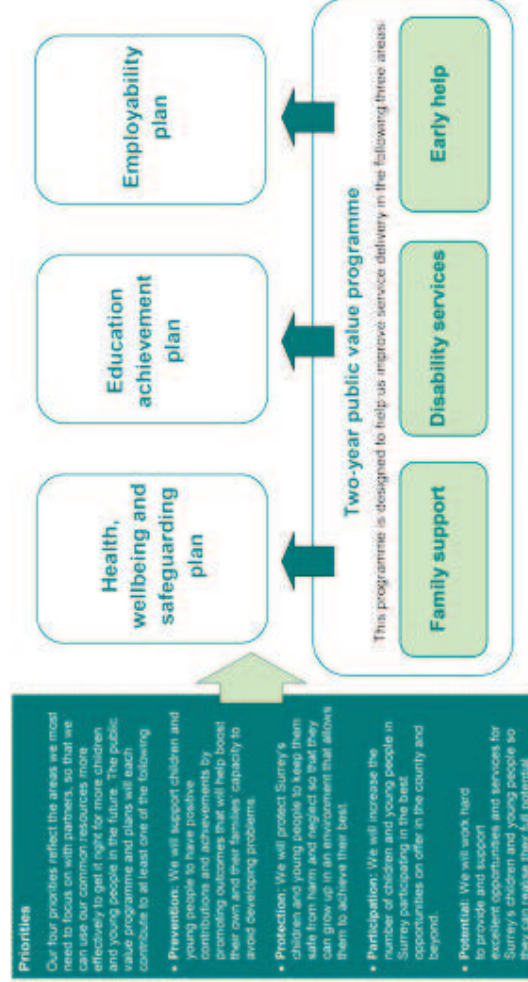
We now have increased duties and responsibilities for children and young people with special educational needs and disabilities (SEND). The Children and Families Bill (Feb 2013) is extending the support offered from birth to 25, giving children, young people and their parents greater control and choice in decisions to ensure needs are properly met. It takes forward the reform programme set out in 'Support and aspiration: A new approach to special educational needs and disability'.

To deliver this and our vision, we have a children and young people's strategy 2012-2017, four key

priorities, which we will deliver with our partners through three plans and a public value programme. The lifecourse outcomes approach (a way of thinking about childhood development in Surrey), says what we want to achieve for Surrey's children and young people, the strategy outlines how we will achieve it and the three plans provide more detail about our approach.

But we don't operate in a vacuum and our children and young people's strategy builds on a rich and varied history of partnership working. This means we are in a strong position to use our collective knowledge and expertise. By building on current strategies and service plans we will form one overarching, joined-up approach, with 'lifecourse outcomes' at the heart of the development process. We believe this will help us respond to our challenges, whilst also improving outcomes for Surrey's children and young people.

Our vision: Every child and young person will be safe, healthy, creative, and have the personal confidence, skills and opportunities to contribute and achieve more than thought possible.



Leadership and working in partnership

In September 2012, Ofsted found that senior leaders within Surrey County Council are well supported by elected members and have delivered significant improvements. There is also a good understanding of strengths and areas for development within the council through well developed performance management and quality assurance structures.

Our peer challenge in June 2012 led by John Coughlan, Deputy Chief Executive and Director of Children's Services, Hampshire County Council also supported these findings. As part of the National Association of Directors of Children's Services peer challenge programme, the peer team highlighted key strengths. These included the ability of local practitioners to work in partnership, impressive political engagement and understanding, as well as effective leadership and police engagement.

There was also confidence in the relationships between schools and the council and praise for both a well led youth service transition and corporate parenting board, which all resulted in improved outcomes for children and young people.

The peer challenge did highlight some improvements around partnership. These included making the architecture of partnership arrangements clear and explicit, seeking opportunities to affirm more organic local arrangements in line with the strategic priorities as they evolve and the consideration of how to improve the way lessons are learned and disseminated from serious case reviews by the board and its partners.

The team concluded that the leadership of the Children, Schools and Families Directorate on partnership working is welcomed and valued by partners, if delivered collaboratively and with a clear focus on children.



A second peer challenge in April 2013 led by Patrick Leeson, Corporate Director of Education, Learning and Skills, Kent County Council found that partnership working with schools, colleges and agencies was a strength. In particular, the peer challenge team drew out our work with employers to deliver a high profile apprenticeship programme and our work with colleges and skills centres to support vulnerable learners, especially young people with learning difficulties and disabilities, into employment with training. The challenge also detailed that our goal to ensure full participation of all young people in education, employment and training is supported by strong political commitment and leadership.

Since then, both a strategic and operational group for a new Surrey Children and Young People's Partnership has been created. Joint priorities are being developed and agreed to. These will help direct the work of the five separate boards and supporting sub-groups that make up the partnership as a whole. A clear visual representation of the architecture has been developed alongside detailed membership and meeting dates. This has helped to solidify purpose and priority actions as well as provide the forum for effective information sharing.

Prevention



Giving Surrey's children and young people the best start in life

- We're aiming for a 'whole systems' approach for children, young people and their families in Surrey, working together with partners to provide integrated health, social care and education services, focusing on early help, children with disabilities and family support. As a result, we will realise efficiencies and better outcomes for children.

Surrey is recognised as leading the way on implementing the Government's Troubled Families Programme in a two tier area through its Surrey Family Support Programme. A new approach to partnership working has been agreed with district and borough councils taking the lead in co-ordinating local work to better support families that have multiple and complex needs. The programme undertakes a single multi-agency assessment of the family and agrees a single plan for working with the family with all the relevant practitioners and agencies. Local agencies then work as a 'team around the family' to help all family members move on to realise better outcomes.

As reflected within our two year public value programme, one of our most important challenges going forward is to strengthen our focus on early help to stop issues escalating, making it easier for children and young people to stay on track and realise their potential. We will need to work effectively with partners to implement coordinated early help across the county, and agree thresholds for when to use social care as an intervention and when to use less targeted provision. We will need to develop our evidence base to demonstrate the effectiveness of our approach in preventing the need for statutory services.

Achievements

- After a successful pilot in Waverley, local arrangements for the Family Support Programme are in place in Elmbridge, Guildford, Reigate & Banstead, Spelthorne and Woking. The programme will be rolled out to the rest of the county from October 2013 and we expect to have worked with over 600 families by April 2014. As well as providing better outcomes for families, we expect this new way of working to realise financial savings too.
- As one of 20 national special educational needs and disability (SEND) pathfinders who are currently trialling the Government's plans for a new approach for young people with SEND, we have made good progress designing and testing a new single education, health and social care process and plan from birth to the age of 25. This has been particularly successful in engaging parents and carers.
- We have developed a homelessness prevention service for young people aged 16-17. Working with the districts and boroughs and local housing providers we provide a single point of contact for supported accommodation that has almost entirely eradicated the use of bed and breakfast for young people.
- In 2012/13, 1,363 common assessment frameworks (CAFs) were completed, exceeding the target of 1,000 for this period.
- 5% more family group conferences (FGC) were held this year. The FGC service works with young people who are on the cusp of being looked after. In 2012/13, 512 FGCs were held and of these 222 were held to prevent children and young people from being looked after, 103 were held during care proceedings and 187 were held in conjunction with children in need teams to rehabilitate them back to family/friends.



PREVENTION PROTECTION PARTICIPATION POTENTIAL



Family Support Programme

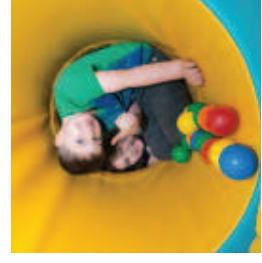


After a family support workshop, Robert McCulloch-Graham, Department for Communities and Local Government said: "We were particularly taken by the obvious commitment all of your staff and your partners demonstrated for the Troubled Family Programme and for the work with your families in Surrey."

"We were struck by the depth of knowledge, obvious ability and determination of all of those we met, to make a significant difference for the lives of your most challenged and challenging families."

"It was clear to us that the role the district councils and boroughs is both central and crucial to the continued success of your programme. Their leadership of the 'place agenda' in Surrey was explicit and clear to see."

"It was evident that this relationship was no accident and has been arrived at through many years of relationship building and partnership work between the district councils/boroughs and the county council. This strong foundation has clearly supported the progress that has been made with your families."



- The previous year's data highlights the impact the FGCs have on children and young people. In 2011/12, 486 FGCs were held. Out of these, 59% (286) children and young people are still living with and being cared for by friends and relatives - 56 of these were subject to care proceedings. 94 children have become looked after and the remaining 106 either withdrew from the process or achieved 'other' outcomes.
- The extended hours service offers a multi agency 12 - 16 week intensive therapeutic support service to young people and their families who are at a significant risk of breakdown. In 2012/13, 90% of young people did not become looked after whilst we were working with the young people and their families.
- In 2012/13, HOPE, a therapeutic day service for young people with mental health issues who are at risk of family or placement breakdown, worked with 52 young people on average per month. HOPE prevented 35

- young people from requiring admission to a child psychiatric unit, and from Sept 2012 to the summer half-term in May 2013, the average day programme attendance was 65% among young people of compulsory age and over compulsory school age, compared to 35% average attendance before their involvement with HOPE.
- As of August 2012, the No Labels service is now available countywide. The service is a joint initiative between the Youth Support Service (YSS) and the Child and Adolescent Mental Health Service (CAMHS) to empower young people to develop their skills and emotional literacy, engage in day-to-day activities and receive specialist support. No Labels is for young people who have disengaged with CAMHS.
- 61% of schools in Surrey engaged with the targeted mental health in schools (TaMHS) approach from November 2011 to April 2013, with approximately 2,500 staff across 122 Surrey
- schools receiving mental health awareness training. Staff had a better understanding of both their role and the services in place to support young people's emotional health and were able to make appropriate referrals to CAMHS.
- In 2012/13, an estimated 2,000 disabled children and young people accessed short break activities. Over 300 families are now in receipt of direct payments and there has also been a corresponding increase in the provision of carers breaks grants, which allow families to tailor their own support.
- We are working with partners to develop a coordinated response to help families cope with the Government's fundamental welfare reform changes. This includes promoting financial capability, housing and homelessness prevention, support for employment and training and ensuring there is a range of accessible advice and support for those who need it.

Protection



Page 4

Looking after Surrey's children and young people and keeping them safe from harm and neglect - The Ofsted inspection of Surrey County Council's arrangements for the protection of children in September 2012 found that our work to keep children safe is effective. We are child focused, we are listening and our work is making a difference to vulnerable children and young people.

In line with national trends, the number of looked after children continued to rise in 2012/13 reaching 831 at the end of March 2013. 890 children were also the subject of a child protection plan (32 of these children were also looked after). At this time, Surrey was working with 5,116 children considered to be children in need. This includes our looked after children and children who were the subject of a child protection plan, as well as 416 care leavers and 3,011 children who were solely children in need.

630 of our looked after children were in foster homes (March 2013), including 126 who are placed with members of their extended family, 103 were in residential placements and 47 in adoption placements.

Achievements

- An agreement has been made with partners to deliver an integrated central referral unit.
- We have implemented a new professional capabilities framework for all social work staff allied to the introduction of the assessed and supported year in employment for newly qualified social workers. This has enabled us to respond to the Government's challenge to all local authorities, to develop a skilled workforce better equipped to improve the lives of children in Surrey.
- The Surrey Safeguarding Children's Board (SSCB) has developed a multi-agency strategy to prevent child sexual exploitation.

The SSCB has successfully implemented a restructuring of its support team, resulting in increased capacity to support and monitor partners' activities in discharging their statutory responsibilities to safeguard children. Support for the key functions of quality assurance, partnership support and training have been strengthened to complement the existing work of the board, including the child death overview panel and case review functions.

The SSCB area safeguarding groups and sub groups are now well established and have been effective in addressing the board's business plan priorities and in supporting local safeguarding initiatives enhancing multi agency working and partnership development.

A bursary fund has been set-up to give one off rewards to Surrey's looked after children (whether they live in Surrey or not) to encourage them to achieve their full potential. A bursary may be used to pay for specific computer software for a child or young person who has a talent in design or for a sports



kit for a child or young person selected to play sport at town or county level.

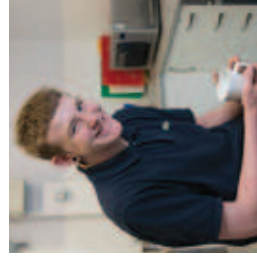
- In June 2012, Surrey County Council, in its role as corporate parent, officially launched its new savings scheme for looked after children with the support of Tim Loughton MP, Parliamentary Under Secretary of State for Children and Families. As the first of its kind in the country, the scheme supports the council's looked after children in developing personal financial skills and savings for when they become adults. We match fund each child's savings up to £260 per year.
- 82% of our looked after children were in foster placements or

placed for adoption (end of March 2013), 4% more than at the same time last year.

- In 2012/13, the number of permanent adoptions or special guardianship orders increased by 36% (80 children).
- In the last two years, no looked after child living in Surrey has entered the youth justice system for the first time thanks to a restorative approach commissioned by the Corporate Parenting Board and delivered in partnership.
- As corporate parents, we are working on all 16 challenge cards that the Children in Care Council (made up of looked after children aged 13 and over) has

issued this year. Topics include health, performance monitoring, recruitment, staff practice, rights, legal rights, communication and ethnic minority groups.

The children's rights service now has four permanent rolling positions for care experienced children's rights apprentices. They provide expert support to Children's Services, specifically to adoption, fostering, looked after children and care leavers teams. The service has continued to expand to include peer advocacy, music and arts workshops, out of county residential projects, care leaver celebration events, contact room makeovers, a Care Council 100 (consultation panel) and Care Council Juniors (aged 8-12).



Participation

Achievements

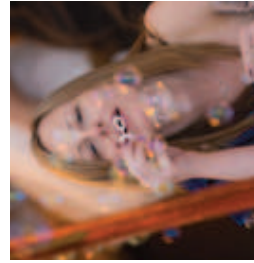
- The proportion of young people not in education, employment or training (NEET) is low. Surrey was one of the best performing authorities (at 4.1%), ranking second among its statistical neighbours. The number of NEET young people was 14% lower than last year.
- 700 young people at risk of becoming NEET in Year 11 have been supported into Year 12.
- 200 quality skill centre places have been commissioned for young people that would otherwise be NEET.
- A free meal has been provided for all eligible Year 12 learners in further education meaning that young people who would not normally have eaten during the 'college' day do eat and are ready to learn.
- 30% increase in apprenticeships in Surrey as a result of two successful campaigns ('200 apprenticeships in 100 days' and the Leader's apprenticeship programme) making Surrey one of the only places where apprenticeship provision grew in 2012.
- Surrey has achieved a 90% reduction in first time entrants to the youth justice system over five years, the lowest per capita in England.
- Use of custody continues to be amongst the lowest in the country, with 15 young people receiving a custodial sentence in 2011-12. This is the lowest per capita use of custody in England for any sizeable authority and represents a 73% reduction in the use of custody in Surrey over the last five years.
- We've achieved a 43% reduction in youth crime over the last three years.



Increasing the participation of Surrey's young people in education, training or employment – Surrey County Council supports all young people to participate up to the age 19 and to 25 for those with a learning difficulty or disability.

Confident and effective, Surrey young people will be well prepared for the challenges of work or further study and equipped to be active and contributing participants in their communities.

The number of young people in years 12 to 14 who were not in education, employment or training (NEET) at the end of March 2013 was 978.



Care leavers' stories



Ben was looked after by Surrey County Council when he was 15 as his mother was unable to provide appropriate care so he was placed with foster carers.

He is a very hard working young man but when he expressed an interest in joining the Army he was told that he wouldn't manage this.

This did not deter him and he completed his initial training and has recently passed out as a dog handler.



Jane became looked after when she was 15 following the death of her mother and her father's inability to manage the situation.

She struggled to settle into placements due to self-harm and confidence issues. She was then assisted in moving into a formal supported housing placement and encouraged to engage with counselling support to assist her with her confidence and self-esteem.

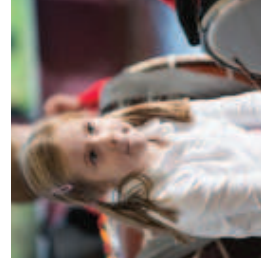
She had always expressed an interest in helping others and was supported in undertaking an apprenticeship in the care sector. She has now completed her apprenticeship and is currently looking for permanent employment within this sector.

Images and names used on this page are for illustrative purposes and do not reflect the true identities of the care leavers.



Partnership

- 60 youth restorative interventions have been delivered. We have given all 16-17 year olds the opportunity to participate in a restorative process and as a result 85% describe themselves as satisfied with their treatment by the criminal justice system and four out of five would recommend restorative justice over traditional responses to crime.
- We received a 'good' inspection in December 2012 by Her Majesty's Inspectorate of Probation (HMIP).
- Promotion of the children's rights service continues to be successful with more young people being aware of their rights. This is reflected by an increase in the number of contacts (51) and complaints (39) direct from or about young people. 74% of complaints received advocacy support.
- In 2012/13, the directorate received 328 complaints under the Children's Act, a decrease of 1%. All children and young people making a complaint were offered advocacy support from the children's rights service and the majority took up the offer. The average time taken to respond to a first stage complaint under the Children's Act was 16 days, well within the 20 day timescale. 54% of all first stage complaints were responded to within 10 working days and 75% were responded to within 20 working days. In over 95% of cases, complaints are resolved at the first stage of the process.
- Partnership with Parents successfully re-branded to Surrey Parent Partnership this year bringing it in line with similar services across the country.



Potential



Striving for educational excellence - We want every child in Surrey to have a place at a good school or setting that supports them to reach their full potential.

The government has adopted a number of policies to raise standards in schools including structural reform of the school system, a new inspection framework, raised floor standards, new performance and league tables, new curriculum and assessment arrangements and most recently the announcement of the reform of key stage 4 qualifications and 16-19 programmes and A Levels.

The challenge for Surrey and for its early years and childcare settings, schools and colleges, is to manage this unprecedented level of change while sustaining good and outstanding provision and accelerating improvement and effectiveness with little or no additional resource.

Achievements

- The majority of pupils in Surrey state-funded schools continue to perform better across all key stages, and in the majority of performance areas, than their peers regionally and nationally.
- Over 64% of children gained five A*-C grades at GCSE or an equivalent qualification, including maths and English, a slight increase from 2011. Surrey's results remain in the top quarter for local authorities.
- Pupils eligible for free school meals showed improved attainment by the end of Key Stage 2 (primary school) in 2012, narrowing the gap with their peers.
- 75% of our looked after children achieved level 4 or above at Key Stage 2 this year in both English and mathematics. These results for 2012 rank Surrey as one of the highest performing local authorities.
- Absence from school amongst our looked after children population is steadily reducing, including absence, as a result of exclusion.
- Since the new Ofsted framework was introduced in September 2012, the number of schools that are good or outstanding has been rising. Over 75% of Surrey schools are now good or outstanding.
- We have committed to a £244 million capital investment programme to help meet additional demand pressures for over 12,000 school places from 2012-17. We are now also investing £10 million in raising school standards over the next five years, improving school performance and exam results. Surrey County Council is a leading local authority in developing the capability and capacity to secure its own school improvement, which is not matched elsewhere in the country.



- In 2012, 83% of parents got their first preference of primary school and 95% were offered one of their preferences. 84% of parents got their first preference of secondary school and 97% were offered one of their preferences.
- We have reduced the total number of permanent exclusions of pupils from primary, secondary and special schools by 23% from 55 in 2010/11 academic year to 42 in 2011/12 academic year. There has also been a slight decrease in fixed term exclusions.
- There have been no permanent exclusions for our looked after children (LAC). There has also been a slight decrease in fixed term exclusions for LAC in the 2011/12 academic year compared to the previous year.
- 83% of early years providers achieved good or outstanding in their latest Ofsted inspection, compared to 79% for the south-east region and 76% nationally.
- Over 1,362 children with additional needs have been supported by the early years and childcare service. Extra support for children with additional needs has been provided through 242 inclusion support grants and 14% of settings benefitted from funding for small pieces of equipment to meet the needs of an individual child.
- Over 40 out-of-school settings took part in the disabled children's access to childcare scheme through bespoke training workshops, hands on activity days and using resources to support practice improvements.
- Surrey early support service met the needs of 209 disabled children and their families in the last year. 49 children benefitted from the 'Including me' scheme, attending nearly 1,900 play sessions. This allowed children attending special schools and units to go to mainstream after school clubs and holiday play schemes, with support if needed, reducing the pressure on spaces at oversubscribed specialist schemes.
- 211 childcare providers have undertaken the Surrey Quality Improvement Award, with 48 having completed it so far and almost all who complete/take part improving their Ofsted inspection judgements.
- The proportion of children in the Early Years Foundation Stage making good progress in the early learning goals (national indicator (NI) 72) has increased from just over 64% in 2010 to 70% in 2012.
- We have narrowed the gap between the lowest achieving 20% in the Early Years Foundation Stage and the rest of Surrey pupils from just over 30% in 2010 to just under 28% in 2012 (NI 92).
- The 'Every Child a Talker' initiative has been delivered to 51 settings and 45 childminders, with additional support provided from early education and childcare officers within 90 settings.

Financial management

The 2012/13 financial outturn position for the directorate (excluding schools) was a spend of £265.3 million, against a full year budget of £274.7m. The service spend across the directorate was as follows:

- Schools and Learning £162.8m
- Children's Services £83.4m
- Services for Young People £15.7m
- Strategic Services £3.4m

The savings plans initiated in the 2011/15 business planning, continued into the 2012/17 business planning period. Savings of over £40m were planned across the five years, with a challenging target of £11.5m in 2012/13, which was monitored throughout the year and achieved.

The 2012/13 dedicated schools grant funded spend on services for schools was £531.4m, against a budget of £540.7m. During the financial year, five secondary schools, two primary schools and one special school converted to academy status with an in-year transfer value of £11.3m.

The total capital budget for the directorate in 2012/13 was £54.3m. Of this, £29.9m was for school basic need and £14.1m for school maintenance. The capital programme for the next five years (2013-18) has approved funding of £261m for school places.



This page is intentionally left blank

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JULY 2013

REPORT OF: MRS HELYN CLACK, CABINET MEMBER FOR COMMUNITY SERVICES

LEAD OFFICER: SUSIE KEMP – ASSISTANT CHIEF EXECUTIVE

SUBJECT: MAGNA CARTA ANNIVERSARY



SUMMARY OF ISSUE:

In June 2015, the free world will celebrate the 800th Anniversary of the sealing of the Magna Carta at Runnymede. The aim of this report is to outline the plans for a Partnership Masterplan (comprising a legacy and programme of events), to describe the wider benefits that will accrue to the area, and to seek funding. This, together with funding from our partners will then comprise match funding for a major bid to the Heritage Lottery Fund. Surrey plans will be co-ordinated with plans at a national level that are being developed with the Magna Carta 800th Committee, the Houses of Parliament and other Charter Towns.

RECOMMENDATIONS:

It is recommended that Cabinet agree:

1. The outline Partnership Masterplan as set out in paragraphs 10 to 19.
2. Additional project funding support, comprising of £700,000 capital funding for the legacy programme and £300,000 revenue funding for the events programme, to be factored into the refresh of the Medium Term Financial Plan.
3. A major bid will be made to the Heritage Lottery Fund to contribute to the Magna Carta programme.
4. To delegate the financial oversight of the Partnership Masterplan to the Leader of the Council, with implementation by the Assistant Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Community Services.

REASON FOR RECOMMENDATIONS:

To ensure that the significance of the 800th Anniversary is recognised and the benefits are maximised for the area in 2015 with lasting benefits beyond. To achieve these aims, partners are working collaboratively to pool resources and expertise. To fulfil all the ambitions of this report, the partnership will submit an exciting and innovative bid for match funding from the Heritage Lottery Fund.

DETAILS:

Introduction

1. The sealing of the Magna Carta in Runnymede is a major part of Surrey's heritage and cultural identity, and the 800th anniversary (15th June 2015) will be an occasion of national and international prominence and significance. The Magna Carta established the Rule of Law and effectively challenged for the first time the divine right of Kings. The site which witnessed the sealing of the Magna Carta is recognised locally as Runnymede Meadows and a map of the area is attached as Annex 1. The County Council is providing strategic leadership to ensure that the focus of the national celebration is Runnymede. Surrey County Council has been working closely with officers from Runnymede Borough Council, National Trust, Royal Holloway, Brunel University and the Magna Carta 800th Committee to develop these plans. The aim of the Partnership Masterplan is to:-
 1. provide an appropriate celebration for the 800th anniversary which will match the expectations of international and national visitors;
 2. provide a fitting venue for these celebrations;
 3. raise the profile of the area;
 4. provide economic benefit to the area through increased tourism, and attracting inward investment, and
 5. protect and enhance the natural area to encourage healthier lifestyles.
2. In October 2012, the Cabinet gave an in principle approval to support making the 800th anniversary of the sealing of the Magna Carta with a contribution of up to £5m subject to an effective Business Case. In December 2012, Surrey County Council confirmed that a Partnership Masterplan will be the best way forward. This report outlines the Masterplan.

Why Invest in the Magna Carta Anniversary

3. The Magna Carta is arguably the most important document ever created in Great Britain, and is therefore in its own right, a vitally important part of Surrey's heritage. The document has been instrumental in the development of democracy and liberty across the world, and despite centuries of evolution, its 'DNA' is evident to this day in the constitutions of over 100 countries. The 800th anniversary of the Magna Carta will therefore be a major catalyst for positive change and benefit to the local area.
4. In June 2015, the 800th anniversary will be commemorated across the free world, and the focus will turn to Runnymede as the birthplace of liberty. The programme of celebratory events will be televised worldwide, providing a global "shop window" for promoting the area to future visitors.
5. Surrey County Council has developed a strong partnership between the landowners (National Trust, Runnymede Borough Council and Brunel University) and one of our major educational institutions, Royal Holloway (RHUL). Through clear strategic leadership, Surrey is working with the Magna Carta 800th Committee, the Houses of Parliament and all other Charter

Towns to provide a co-ordinated plan of activities across the nation and to promote our area to national and international visitors. This strong partnership will form a solid base for leveraging funding from other sources. This is discussed in the finance section below.

6. Egham is an area with pockets of deprivation – see Annex 2. The Magna Carta anniversary offers the opportunity for benefits to the local economy and the health and well-being of the local population.
7. Upgrading the local visitor offer will create links to the planned regeneration of the area. The new Waitrose and Travelodge that are under construction will link to the wider planned Egham and RHUL Masterplans with significant inward economic investment.
8. Increased visitors to the area will provide economic benefit and entry-level employment opportunities in the area.
9. Improvements in employment and increased opportunities for healthy lifestyles will benefit the health and well-being of the local residents.

The Proposal

10. The proposals for the Partnership Masterplan are split into 2 elements - legacy and celebration events. These are covered separately below.

The Legacy

11. Creating the “brand” - the vision for the legacy is based on a regional park concept to create a culturally branded destination and tourism identity for the Runnymede area. Historic Egham will be promoted as the “gateway” to “Magna Carta Country”. The area will include Englefield Green and Wraysbury– thereby generating an economic dynamic to support the growth and regeneration of the rural area and associated towns. The area will embrace the site of the sealing of the Magna Carta, Runnymede Pleasure Grounds, the ancient historic National Trust Runnymede Meadow estate, Wraysbury, Ankerwycke, the Magna Carta and Kennedy memorials – as well as including the Commonwealth Air Forces Memorial and its adjacent woodland setting. The diverse habitats at Runnymede are rich in flora and fauna and represent a distinctive landscape area to be promoted for conservation and access. Key to the concept would be the promotion of access to the wider adjacent countryside and landscape for leisure and recreation purposes – land-based on the southern stretch and water-based activities on the northern section of the park.
12. Masterplan Consultants - Chris Blandford Associates has been commissioned by National Trust to develop legacy plans which will enhance the local area while maintaining its character. Chris Blandford Associates have worked in the past as key advisors for Stonehenge, Avebury and the Wetlands Centre in Wales. National Trust will be investing in the enhancement of Runnymede Meadows and will work together with partners to leverage more support from the Heritage Lottery Fund.
13. New Commission in the Landscape - a competitively commissioned, nationally significant installation is proposed that is in keeping with the natural landscape, and which will create a lasting legacy for the 800th Anniversary. A

competition will be held to select the designer/artist, and will involve nationally recognised bodies including the Arts Council and the Royal Society of Arts. The unveiling of this work will form a centrepiece of the anniversary day.

14. Better facilities -the Runnymede Meadows site is currently lacking good quality visitor amenities. A key element of the Partnership Masterplan will be to improve existing facilities and buildings of architectural significance.
15. Better interpretation - for a site of such historical importance, there is a marked discrepancy between expectation and reality on the interpretation of the Magna Carta. There is little acknowledgement or information on the historic importance of the site, which has resulted in poor feedback from visitors. RHUL will design and develop digital smartphone technology to provide the interpretation.
16. Improved access – parts of the site can be inaccessible in all but lengthy periods of good weather. The area's heritage, countryside, informal recreation, wildlife, landscape conservation and bio-diversity will be promoted. Access will be improved, along and across the Thames, walking trails made accessible and speed limits and safe crossing points will be installed.

Celebration Events

17. A range of inspirational events are being proposed to engage the whole county, providing a cross section of ideas to cover a range of budgets. At the heart of these events will be a focus on engaging communities and involving young people in an exciting educational programme. The programme of events will also link with the Charter Towns and the Houses of Parliament to ensure national profile.
18. Each proposal will be assessed on the basis of relevance to the Magna Carta, the ability to attract national and international media attention, political and public profile, audience and community engagement, the ability to create international links, cost, practicality and risk. The resulting event programme will raise the profile of the area, attract visitors and bring the community together to participate in a variety of cultural, healthy and educational pursuits.
19. The overarching plan will comprise:-

October 2013 – Launch of the national competition to identify a designer / artist for the new commission in the landscape.

June 15th 2014 - Awareness raising events on Magna Carta Day 2014, which will include the announcement of the winner of the designer / artist for the new commission in the landscape.

May 15th 2015 - a Surrey Arts concert with a new commission at the Royal Albert Hall.

June 13th to 15th 2015 (Anniversary Weekend) - the weekend will include a number of events dovetailing together. Events being considered and planned include a road parade, a 21st century fair, taking part in a national celebration of "Liber-teas" and linking with a planned international music concert.

Consideration of an equestrian pageant is being led by Runnymede Borough Council. The unveiling of the new commission in the landscape will take place on the 15th June 2015.

July/August -activities in the locality during the summer months/school holidays of 2015.

CONSULTATION:

20. There has been extensive and comprehensive consultation, involving a wide range of stakeholders and attendance at a number of events and meetings. A meeting of all key local stakeholders was held on the 4th March 2013 at Egham library. Initial thoughts on the vision were presented and views sought on issues that needed to be addressed. A copy of the key findings from this event is attached as Annex 4 (A). This feedback informed the questionnaire that has been used during a 2 month public consultation
21. Consultation has been via an online questionnaire and paper copies which were promoted widely and distributed locally through key stakeholders, local newsletters and newspaper adverts. Physical copies of the questionnaire have been available at public buildings, social media has been used by partners to encourage participation and all SCC Runnymede Members have been informed.
22. The list of face to face public consultation events that has taken place are listed in Annex 4 (B). These include meetings with key stakeholder groups that cover groups representing Environmental, Community, Cultural, Business, Landowners, Education and Government interests eg Egham Chamber of Commerce and Egham Residents Association. Consultation also took place at significant venues on key dates eg Egham High Street on Magna Carta Day, Englefield Green Fair and Virginia Water Carnival.
23. The following key findings from the consultation have informed the outline Partnership Masterplan:
 - It was encouraging that 96% of people online agreed that Runnymede should be promoted as the location where the Magna Carta was sealed.
 - In relation to legacy, 83% of people agree that the area (Meadows, RPG and Ankerwyke) should be enhanced. 84% of people agree that memorials should be refurbished as necessary. 98% of people feel information should be provided, and the most popular suggestions were digital (website and smartphone apps).
 - Respondents felt that the existing facilities most in need of improvement are the toilets, car park and catering. New facilities that could be considered include family activities, gift shop and cafe. Boating, walking and cycling are popular activities that could also be improved.
 - There are a broad range of suggestions for events, those that feature the most frequently being historical re-enactments, medieval fairs, concerts and family fun days.

RISK MANAGEMENT & IMPLICATIONS

24. Runnymede is recognised as the birthplace of liberty. Failure to improve the visitor offer and play a central and fitting part in the 800th anniversary celebrations will be reputationally damaging and a unique opportunity lost.
- i. Achievement of the masterplan requires HLF funding. Failure to secure funding would result in key stakeholders making minimal improvements for the site and celebratory occasion in 2015.
 - ii. The project delivery timeframe is tight yet achievable and a risk register will be developed in relation to the SCC elements (a new commission and events programme), to forecast and monitor relevant risks and issues.

<p><u>Financial and Value for Money Implications</u></p>

25. An indication of the overall cost of the proposed scheme, and the potential extent of the proposed investment in the site, totalling £8.3m, is shown in Table 1. A financial contribution will be required from partners as matched funding for the lottery bid. These proposals will form part of a comprehensive joint Heritage Lottery Fund (HLF) bid, which offers the greatest chance of leverage and success. It should be noted that any programme for implementation will incur general phases of improvements in the area and will go beyond 2015.
26. Although not part part of the main scheme, there is an associated proposed Highways capital investment of £4m within the area for the Runnymede Roundabout Scheme, which would help to manage the traffic flow resulting from increased visitor numbers. The timing of this project needs to be undertaken in conjunction with the masterplan. This scheme will proceed upon confirmation of funding from the Enterprise M3 Local Enterprise Partnership or from Department for Transport grant funding, with the decision expected in 2014.

Table 1

Capital Costs	(£'m)	Lead Partner
Visitor Offer – including infrastructure, interpretation, branding, cafe, toilets, trails, pathways, moorings, etc	4-5	<ul style="list-style-type: none"> National Trust Pleasure Grounds Trust / Runnymede Borough Council
Conversion of boathouse – potential for education centre	1-2	<ul style="list-style-type: none"> Brunel University
Legacy, to include new commission in the landscape	0.7	<ul style="list-style-type: none"> Surrey County Council
Digital Smartphone Technology	0.1	<ul style="list-style-type: none"> Royal Holloway University London
Highways – speed controls and crossing points	Up to 0.5	<ul style="list-style-type: none"> Surrey County Council from (from existing SCC budgets)
Total Cost - combined funding from partners and HLF bid	8.3	
Associated Capital projects	(£'m)	Lead Partner
Runnymede Roundabout Scheme	4	<ul style="list-style-type: none"> Surrey County Council / Enterprise M3 - Local Transport Body / Local Transport Scheme funding Status bid (decision 2014)
		<ul style="list-style-type: none">
Revenue Costs	(£'m)	Lead Partner
Event Plan	0.3	<ul style="list-style-type: none"> Surrey County Council
Magna Carta Memorial renovation	0.05	<ul style="list-style-type: none"> American Bar Association

Note: A single partnership Heritage Lottery Fund bid will be made to support the above funding. Governance arrangements for the administration and management of a successful HLF bid will need to be agreed by all partners.

27. New funding is being sought from Surrey County Council of £700,000 funding towards the legacy programme, to include a new commission in the landscape and £300,000 towards the events programme.. It is necessary to approve funding at this stage as evidence of support for the lottery bid, and to allow officers to commence detailed planning. There is potential for considerable leverage to be secured from the investment of partners if the HLF bid is successful.
28. The highways works consisting of installing speed controls and crossing points will be funded from within existing Highways capital budgets.

29. The additional revenue costs of financing Surrey's capital expenditure for the landscape commission is estimated as £70,000 per year.
30. The estimated £200,000 annual staffing cost of project support and management will be provided from within existing team resources. This could potentially delay achievement of proposed efficiency savings.
31. It should be noted that:-
- Partners are in the process of confirming contributions.
 - SCC Capital and Revenue contributions, and their financial impacts have been factored into the MTFP refresh.
 - The timing of expenditure will be clarified when the project has been further developed. It is expected that the majority of the SCC capital expenditure will be incurred within 2014/15, and the revenue expenditure mainly within 2015/16, dependent upon the selection of the commission and timing of celebratory events.
 - Responsibility for ongoing maintenance and insurance of the commission will be determined upon the selection and will be factored into the business plan / partner agreement

Section 151 Officer Commentary

32. Subject to cabinet approval of this report, the additional capital (£700,000) and full revenue impacts (celebration costs £300,000, capital financing costs of £70,000 and possible delayed efficiency savings £200,000), of this proposed scheme have been factored into the MTFP refresh as presented within the separate report on this agenda.
33. At this early stage of the project, there are still some uncertainties regarding roles and responsibilities. A full governance process will need to be put in place which clarifies the responsibilities of each partner and ensures that risks are appropriately managed.

Legal Implications – Monitoring Officer

34. There are no initial legal implications arising directly from this report. Legal Service will provide comment upon receipt of the final paper.

Equalities and Diversity

35. A comprehensive Equality Impact Assessment will be undertaken as part of the detailed plans for enhancing the site and for delivering events. The proposals will enhance provision of cultural, educational, leisure and physical activities for all members of the community. Plans for the site, in terms of both enhancements and events, will take into consideration accessibility for people with disability. New audiences will also be encouraged to participate, especially those who do not currently use the site and rarely attend cultural or leisure activities.

Public Health implications

36. Egham Hythe and Englefield Green West are areas of relative deprivation with poor statistics on many indicators of general health. The aim of this report is to make the area more attractive by improving public access around

the site, enhancing the opportunities for healthier lifestyles – orienteering and walking that is free for all – and to include opportunities for cycle hire at modest rates. Statistics on the area are attached as Annex 2.

WHAT HAPPENS NEXT:

37. All partners will develop the following:-
- HLF bid in consultation with the Executive Portfolio holder for Community Services and the Assistant Chief Executive.
 - A clear and detailed event plan that embraces the community in Runnymede, Surrey residents and includes linkages with national and international celebration events.
 - A clear communication plan and website to ensure that residents are engaged and actively involved in the plans.
 - Governance arrangements (for HLF bid & project delivery) to be agreed with Executive Member and Assistance Chief Executive.
 - It should be noted that, working within the partnership arrangements of the overall masterplan, SCC will devise and deliver two project areas for which SCC funding is being sought - new commission in the landscape and some key events.

Contact Officer(s):

Rhian Boast	Programme Lead Magna Carta	tel no. 07968474649
Peter Milton	Head of Cultural Service	tel.no 07837 557742

Consulted:

Runnymede Local Committee
 Communities Select Committee
 All County Councillors for Runnymede
 All Stakeholders listed in Annex 4 (E)

Consulted on report to Cabinet:

- Leader
- Cabinet Member for Communities and Events
- Chairman – Communities Select Committee
- Chief Executive
- Assistant Chief Executive
- Chief Finance Officer
- Monitoring Officer
- Stakeholder groups covering Environmental, Community, Cultural, Business, Landowners, Education and Government interests

Annexes:

1. Map of the area
2. Summary of statistics on the local area
3. Details of plans to improve visitor offer
4. Consultation information

Background papers:

1) 2010 SCC - Runnymede Summary 14-19 (25) Needs Analysis Summary Paper

2) 2012 SCC & Public Health Team - Adult Health & Social Care Commissioning Profile: Runnymede

3) 2011 SCC – Families in Poverty Needs Assessment - Policy & Research Team Strategy and Commissioning Service (Children, School and Families).

4) Nomis – Official labour market statistics -

<http://www.nomisweb.co.uk/reports/lmp/la/1946157333/report.aspx?town=runnymede#tabearn>



Annex 2

Economic and Health Statistics for the area around Egham

Egham is a town in need of regeneration with many vacant shops that have been empty for a number of years and a high proliferation of charity/low end retailers. The town centre has the appearance of decline and neglect. With a large student population in the town, many of the high street traders are dependent on seasonal trade that is determined by the academic calendar. The opening of a Waitrose and Travelodge in 2014 is anticipated as an opportunity to bring more footfall into the area, although traders in Egham High Street are unsure how it will benefit them directly and are worried about their fragile economy. Attracting visitors to the town centre is key.

The statistics for the Borough of Runnymede indicate that the percentage of obese residents is higher than the county average – in both the children and adults categories. The likelihood of babies being born with low birth weights in Runnymede is higher than the SE average. Where statistics are broken down to ward level, Englefield Green and Egham Hythe (both within a mile of Runnymede Meadows) frequently score badly on many indicators of deprivation - childhood poverty, households in receipt of income support or job seekers allowance, unemployment, and the percentage of the workforce in the lowest levels of employment when compared to the average for the South East. Additionally, the average life expectancy for males in Egham Hythe is over 5 years lower than the average for Surrey. The proposals in this report to provide inward economic investment and provide better, but free, healthy activities are aimed at contributing to both the economic and health and well-being of the residents in the area.

Statistics	Egham/Egham Hythe	Englefield Green	Comparators
% of households in receipt of Income support	11% in Egham Hythe	10% in West	9.5% in SE
% of workforce in lowest levels of employment	17.7% in Egham Hythe	19.1% in West	14.7% in SE (18.1% national)
% in low income families	11% in Egham Hythe	10% in West	9.5% in SE
% Unemployed		7% in East 4.3% in West	5.9% in SE (7.7% national)
Male life expectancy	74.4 in Egham Hythe		77.7 national (79.9 Surrey)
NEETS	4.3% in Egham Hythe	3% in West	5.6% in SE
% of CYP in poverty	17.6% in Egham Hythe	21.4% in West	14.5% in SE
Smoking rate	32% in Egham Hythe, 27% in Egham	32% in West	20.7% England average

Details of Plans to Improve the Visitor Offer

- Improving/enhancing visitor facilities utilising existing buildings e.g. toilets/cafe/educational facilities. This could include refurbishing the listed buildings owned by National Trust and Brunel University – the Lutyens Lodges and the Boathouse, as well as improving aspects of the Runnymede Pleasure Grounds.
- Providing a lasting legacy of the sealing of the Magna Carta through a competition for a commission that is in the landscape.
- Improved interpretation through digital smartphone technology and website, which will be developed with expertise from Royal Holloway University of London (RHUL). The proposal is that 50 undergraduates from relevant departments will design the content and create the technology under the supervision of lecturers which will form practical experience for their finals. This will improve the marketability of both the students and the Royal Holloway.
- Creating the economic dynamic to support the growth and regeneration of Egham and surrounding areas which will inform the Egham and RHUL masterplans (both are being developed with an expected publication of later this year). These masterplans will create an additional inward investment into the area and provide a significant revitalisation/improvement to the town centre and local economy.
- Promoting awareness and understanding of the national and international historic significance of Runnymede and the surrounding area.
- Improving access to, movement around and understanding of the area's heritage, countryside, wildlife and biodiversity. This will include improvements to the Thames Path, boat moorings, walking trails around the area, reducing the impact of the A308 (speed limits and safe crossing points) and improved opportunities for boat trips along the river. This improvement of the area together with better information will encourage greater opportunities for physical activity.

Annex 4 (A)

Feedback used to inform content of Survey

Magna Carta Country – Collated Feedback						
TOURISM	LANDOWNERS		INFRASTRUCTURE			EVENTS
	NT LAND	RBC LAND	HIGHWAYS	GENERAL	RIVER	
Creating 'Magna Carta Country'						For local and international visitors
National Memorial and new art commissioned.	Lodges need refurbishing and review their use.	Pleasure Ground needs upgrading	A308 roundabout needs better flow	Memorials should be refurbished	Greater connectivity	Have Magna Carta themed local town and village shows.
Greater Connectivity with Egham, Englefield Green	A green and open space	Develop cottages that are in a poor condition.	Crossings for pedestrians to cross the busy A roads.	Visitor Offer is undeveloped	Permanently moored boat	Hold medieval re-enactments
						Light beacons and have fireworks
Greater connectivity with other areas, such as Windsor and Hampton Court and wider to Staines, Chertsey Museum.	North Lodge could be used as a visitor centre, with exhibition space and interpretation materials.	Have a garden to enhance the area.	The speed limit should be reduced if the site is to become a tourist attraction.	Use more digital technology for history / ecology.	Improve the pathway along the Thames	Hold cultural events, such as concerts and literary festival.
						Host a pageant, or a river pageant.
Create Walkway connecting Egham, Ankerwycke, Englefield Green, Coopers Hill	Use boardwalks for better access.	Build a bandstand.	Remove CCTV put up for the Olympics	Remove barriers to access (such as padlocked gates and cattle)	Iconic bridge across the river	Use digital media to enhance enjoyment and interpretation of the site.
						Horse/jousting/chariot racing
Create cycling routes	Protect the common and the current landscape.	BRUNEL Boathouse needs refurbishing	Sufficient parking / park and ride and coach parking.	Need for amenities such as toilets, bins, etc.	Landings must be accessible for elderly and disabled.	Involve schools in events, provide schools with a memento
Use the site's history, landscape and ecology.			Link with public transport.		More moorings	Lectures, liberty workshops.
						Bell ringing

Public Face to Face Events and Meetings

Date	Group Consulted	Location
4 th March 2013	Stakeholders	Egham
27 th May 2013	National Trust Visitors	Runnymede Meadows
29 th May 2013	General Public	Egham High Street
11 th June 2013	Wraysbury Skiff and Punting Club Members	Egham
11 th June 2013	Egham Residents Association	Egham
15 th June 2013	General Public	Magna Carta Day
20 th June 2013	Local Chamber of Commerce	Egham
22 nd June 2013	General public at Englefield Green Village Fair	Englefield Green
24 th June 2013	Local museums	Runnymede
29 th June 2013	Carnival	Virginia Water

SURREY COUNTY COUNCIL**CABINET****DATE: 23 JULY 2013****REPORT OF: MR JOHN FUREY, CABINET MEMBER FOR TRANSPORT,
HIGHWAYS AND ENVIRONMENT****LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR FOR ENVIRONMENT
AND INFRASTRUCTURE****SUBJECT: PROPOSED HOLDING OF A SHARE AND DIRECTORSHIP BY
SURREY COUNTY COUNCIL IN SURREY HILLS ENTERPRISES****SUMMARY OF ISSUE:**

Surrey Hills Enterprises (SHE) was established with the support of the Surrey Hills Area of Outstanding Natural Beauty Board (AONB Board) to promote the Trademark for the Surrey Hills to businesses in the area, promote those businesses and to support projects to deliver the Surrey Hills AONB Management Plan.

Surrey County Council has agreed that SHE may sub-licence the Surrey Hills Trademark to generate an income for reinvestment in the community. A condition of the exercise of this license is that the AONB Board will have a share in SHE and a directorship on its board. The AONB Board is a Joint Committee and as such is unable to hold the directorship or own a share in its own right. It is proposed that the County Council will hold these interests on its behalf.

RECOMMENDATIONS:

It is recommended that:

1. approval be given to the County Council holding a single share worth £1 in Surrey Hills Enterprises (SHE) on behalf of the Surrey Hills Area of Outstanding Natural Beauty Board (The AONB Board).
2. a Member be appointed to sit as Director on the SHE Board until May 2017 (length of the Council) and that future appointments be made by the Chief Executive in consultation with the Leader.

REASON FOR RECOMMENDATIONS:

SHE will be able to generate an income from trading which has to be invested in the company's activities or the community as it has been established with a community interest. Income in the early years will come largely from licensing of the Trademark Licence to local businesses. This will help to both promote the local businesses and the Surrey Hills brand.

The Community Interest means that all the profit made by SHE must be invested in the community defined in its Articles of Association. This structure also limits the fees and expenses that any Director is able to take, ensuring that as much as possible of the income will be invested in projects in the Surrey Hills. The aim is to distribute the profits as grants to projects that deliver the Surrey Hills Management Plan.

Background

1. The Surrey Hills Area of Outstanding Natural Beauty Board (AONB Board) is keen to find a way of implementing the aims of the Surrey Hills AONB Management Plan and funding the work of the AONB Board. The statutory duty of producing an AONB Management Plan rests with the local authorities who are covered by the AONB, this includes Surrey County Council (SCC), Tandridge District Council, Reigate and Banstead Borough Council, Mole Valley District Council, Guildford Borough Council and Waverley Borough Council. The AONB Board and unit were established to undertake that duty and ensure the Plan is implemented. Surrey Hills AONB Unit is a partnership hosted by SCC, which means the County Council is the accountable body for the funding and employing the staff.
2. In order to do that the AONB Board agreed to support the establishment of a Community Interest Company called Surrey Hills Enterprises (SHE). The role of the company is to promote the Trademark for the Surrey Hills to businesses in the area, promote those businesses and to support projects to deliver the Surrey Hills AONB Management Plan.
3. Support from the AONB Board to SHE has been given in the form of a secondment to SHE and help in promoting the company. In addition the County Council has agreed to licence the Surrey Hills Trademark to SHE for an initial period of three years with the option to extend the licence. SHE will then sub licence the Trademark to generate an income. This was agreed by the Cabinet Member in April 2013.
4. SHE has allocated a share to the AONB Board which the AONB Board has agreed can be held by SCC on its behalf. SHE has also offered a directorship to SCC. The Signing of the Trademark licence was made conditional on these two actions to ensure that the AONB Board could influence the actions of SHE in return for its investment. The AONB Board is a Joint Committee and as such is unable to hold the directorship or own a share in its own right. Holding a share in SHE and having a place on the Board will give the County Council, on behalf of the AONB Board a way of being directly involved in the running of the company in return for the support in getting SHE established.

Surrey Hills AONB Board and SHE

5. The Surrey Hills AONB Board is a Joint Committee of the local authorities covered by the AONB, Surrey County Council (SCC), Tandridge District Council, Reigate and Banstead Borough Council, Mole Valley District Council, Guildford Borough Council and Waverley Borough Council. Along with the National Trust and a number of advisory members. The AONB Board has been working for a number of years to establish more secure ways of funding the work of the AONB and its partners. However as it is not a legal entity in its own right this has involved establishing alternative structures to trade and encourage public engagement. In 2009 the Surrey Hills Society was established as a membership charity to promote the Surrey Hills via walks, talks and events and to encourage members to join and become volunteers.

6. The Board were still keen to have a way of trading and established Surrey Hills Enterprises Community Interest Company (SHE) on 21 July 2012 with the primary purpose of facilitating co-operation between and marketing of Surrey Hills businesses that support the promotion, conservation, and sustainable development of the Surrey Hills Area of Outstanding Natural Beauty. Part of SHE's role is to raise the profile and standing of the Surrey Hills to businesses, residents and visitors.
7. The range of activities in which it will engage include promoting and encouraging the use of the Surrey Hills branding and undertaking a variety of commercial activities that will generate income to support the overarching goals of the Surrey Hills AONB which are to:
 - Conserve and enhance the natural beauty of the area
 - Promote public understanding and enjoyment
 - Promote the community and economic well being
8. In order to do this SHE has already taken on the running of the Woodfair and the Woodfuel Conference. Both activities took place in the grounds of Birtley House in Bramley and were previously run by the Birtley House Group, (referred to in more detail below) with funding from a number of sources including the AONB grant fund. As the events grew it was decided by both parties that a company was needed to separate the events from the core business of the Birtley House Group. This coincided with a desire to develop a trading company to promote the Trademark. Therefore the new company was set up to cover both areas of work.
9. Licensing the Trademark to businesses in and around the Surrey Hills to develop the brand is a core area of SHE's work. The Trademark is owned by Surrey County Council as the host authority for the AONB, however the funding for developing the Trademark and registering it has come from the AONB Board. The AONB Board is funded by Defra and the Local authorities covered by the AONB, i.e. Surrey County Council, Waverley Borough Council, Guildford Borough Council, Mole Valley District Council, Reigate and Banstead Borough Council and Tandridge District Council. Defra funds 75% of the core costs with the Local Authorities' contributions in total, making up the remaining 25%. SCC's contribution to the total is £26,000 in 2013/14.
10. The AONB Board agreed in principle to licence the Trademark and to invest in SHE at its meeting in April 2012. The investment proposed was the value of one fulltime post for 18 months which is made up of a secondment of a person part time to SHE to act as the Business Development Manager and other support in cash and kind to make this up to the equivalent of a full time post. This equates to £71,000 over the full 18 months. Additional investment into the set up of the company has come from Birtley House Group.
11. SHE has been set up with a community interest and therefore any profits made by the company have to be reinvested in the community and any dividends and expenses paid to the directors and shareholders are limited by law to ensure that as much income as possible is used for community benefit. The County Council appointed Director will not receive any remuneration and in addition the SHE Board have agreed that none of the Directors will receive any remuneration.

12. Any assets vested in the company are locked into it. This prevents these assets being transferred to directors or shareholders.
13. Assets must be retained for use within SHE or if transferred out must:
 - Be sold at full consideration so SHE retains the value of the assets transferred
 - Made to another asset-locked body, which is specified in SHE articles of association
 - Is made to another asset-locked body with the consent of the regulator
 - Is otherwise used for the benefit of the community
14. The beneficiaries of the community interest are those people that live, work and enjoy the Surrey Hills Area of Outstanding Natural Beauty and its environs, including market towns and villages.
15. The company has been structured as a company limited by shares. There are currently two shares, one held by The Birtley House Group and the other to be held by the AONB Board. As stated above the AONB Board is not a legal entity in its own right and cannot hold the share, it was agreed by the AONB Board that the County Council could hold the share on their behalf. In order for the County Council to take on this responsibility a case is now being presented to The Cabinet to justify the investment in the company and demonstrate why the County Council should hold the share and appoint a director. This will also give the AONB Board the transparency needed to be sure that public money is being invested properly.

Business Case

16. SHE was initially established with two Directors, Simon Whalley and County Councillor Michael Sydney, Chairman of the AONB Board. Additional directors have now been recruited. The chairman of the Board of the Directors is Simon Whalley, Chairman of The Birtley House Group Ltd. that principally manages Birtley House Nursing Home and are the main partner in Birtley Brook Estates (BBE). BBE has hosted and supported the Surrey Hills Wood Fair over the last 3 years and is also sponsoring Surrey Hills Countryside Adventures as the educational arm of SHE. Simon Whalley has been seconded by BBE as the part time Executive Director to SHE, along with a part time financial adviser.
17. SHE is one of a number of structures that have been established to ensure that the Surrey Hills AONB is able to access the full range of funding available and is not totally reliant on public sector funding to carry out projects in the Surrey Hills. These structures will also help to raise awareness of the landscape of the Surrey Hills and its businesses. In addition to SHE, the Surrey Hills AONB group includes the Surrey Hills Society, and the Surrey Hills Trust, managed by Surrey Community Foundation. The diagram in Annex 1 outlines the organisations and how they relate to each other.
18. The Indicative profit and loss account from the business plan set out below, for SHE shows an income from licensing the Trademark of £18,500 in year 1 rising to £64,750 in year 3.

Indicative Profit and Loss Account for SHE			
	2012/13	2013/14	2014/15
Income			
Licensing the Trademark	£18,250	£58,500	£64,750
Other income	£4,671	£37,422	£42,380
Total Income	£22,921	£95,922	£107,130
Expenditure	£8,880	£60,371	£103,855
Profit/loss before tax	£14,541	£35,551	£3,275
P/L after Tax	£11,633	£28,440	£2,620
Notes			
<ul style="list-style-type: none"> • 2014/15 seconded staff are now directly employed • A key source of income in the early years is the Trademark Licensing • Other Income includes Countryside Adventures, events such as the Wood fair and Woodfuel Conference and income from providing woodland management advice. 			

19. The surpluses over the whole activity of SHE are likely to be relatively small initially. There was very little activity in 2012/13 and the income figures shown for the licensing the Trademark were not realised because the Trademark had not been licensed from the County Council. This surplus has to be invested in the community by funding activities in the Surrey Hills and delivering projects on the ground. A revision to the Business Plan is currently being drawn up, this will be approved by the Directors later this year.
20. Although the surpluses anticipated in the early years are small, these are expected to grow and importantly the activities of SHE will raise awareness and appreciation of the Surrey Hills, engaging businesses and the public in its work. Use of the Trademark will help to develop a brand that can be used to promote the County to visitors and residents, encouraging them to support local businesses and invest in conserving and enhancing their local landscape. In turn licensing the Trademark to local businesses is encouraging them to invest in the landscape through annual subscriptions.

Governance

21. SHE is an independent trading company with a community interest ensuring all surpluses are invested for the benefit of the Surrey Hills community. To ensure that this happens in a way that the AONB Board would like to see, SHE has the Chairman of the AONB Board on the company Board and would

like a representative from Surrey County Council, as the accountable body for the AONB and owner of the Trademark licence, as a director. The Board of SHE currently has on it Simon Whalley, Michael Sydney, the Chairman of the AONB Board, Mark Lebus, CEO of LC Energy, Ken Bare, who is a Trustee of The Surrey Hills Society, Tim Kenny, a local Rural Surveyor and landowner and Chris Howard, from VisitSurrey and Chairman of the Surrey Hills Society. The Directors will approve the Business Plan and therefore will have direct influence in the way the company is run.

22. The share in SHE will allow the County Council, as the Accountable Body for the AONB, to be involved in the operation of the company on behalf of the AONB Board, which has invested public money in setting SHE up. SHE will bring its annual report to the AONB Board meetings so that there is transparency in the way it operates.
23. In addition, the Trademark licence includes a report back annually from SHE on the sub licensing of the Trademark, who it is licensed to and the income generated. The initial licence from the County Council will be for three years to allow both parties to assess how the sub licensing works.

Financial Assessment

24. The AONB Board approved the secondment of a member of staff from the AONB Unit to the SHE from August 2012, agreeing the investment of £71,000 over 18 months to establish the CIC. The return on that investment is to see a promotion of the Surrey Hills through its Trademark and through activities in the AONB. The activities will promote the Surrey Hills, and its businesses as well as raise awareness of the AONB and generate a surplus that can be redistributed to projects to deliver the management plan.
25. The business plan is based on generating most of the income in the early years from sub licensing the Trademark. Initial marketing shows that there is an interest in subscribing to the Trademark which is likely to increase over time. Other activities in the business plan, such as the Wood Fair and Woodfuel Conference have been run for the last three years and grown over that period indicating that they are likely to achieve a profit in the next year. New ventures will be tried out separately.
26. There is a risk to the investment, however that is reduced by the governance which allows the relationship between SHE and the AONB Board to be reviewed. SHE is part of the Surrey Hills AONB family as shown in Annex 1, which includes the Surrey Hills Society and the Community Fund. It is important that they all work together to ensure that that they are all moving in the same direction. The Surrey Hills Management Plan is the plan that brings these organisations together to deliver projects in the Surrey Hills AONB.

<u>CONSULTATION:</u>

27. Consultation has taken place with the Surrey Hills AONB Board who approved this way forward on 17 April 2013. The Cabinet Member for Transport, Highways and Environment is a member of the AONB Board.

RISK MANAGEMENT AND IMPLICATIONS:

28. The key risks are: the use of the Trademark licence and the way SHE operates and whether it can succeed in its aims. If SHE misuses the Trademark then this will reflect on the County Council however the sub licensing of the Trademark is a key source of income to SHE and it will be building its own reputation on the use of the Trademark and promotion of other companies in the AONB. The initial limited period of the licence to SHE will allow both parties to assess how it works and reduces the risk to the County Council's reputation. The involvement of a number of people as Directors who already run other companies means that there is proven expertise in running the company which reduces the likelihood of it failing.
29. A further risk is that the income earned by SHE may all be used to run the company. The Community Interest of the company limits the level of remuneration the Directors may take and as stated the Directors have agreed they will not take any remuneration.
30. By holding a share in the company and holding a directorship, Surrey County Council, on behalf of the AONB Board, can ensure that there is a return on the public investment in establishing the company and be involved in planning any future expenditure to ensure that the accounts balance.
31. Each share in the company is worth one pound so the liability in the event of the company collapsing is limited to the value of the share that is unpaid.

Financial and Value for Money Implications

32. As set out above the AONB Board have invested £71,000 in establishing the company because they believe that it can support local businesses in the Surrey Hills and generate an income to support projects that will deliver the Surrey Hills AONB Management Plan.
33. The budget of the AONB is made up of contributions from the members of the AONB Board which includes a grant towards core costs of 75% from Defra. SHE was established to enable activities and events to be delivered in the AONB and to promote the brand.

Section 151 Officer Commentary

34. The Section 151 Officer confirms that the report has addressed the key financial issues and risks and notes that the Directors will be approving an updated business plan later this year. Once the staff secondment and other support being provided to SHE comes to an end, the profit available to support projects significantly reduces. In reviewing the updated and annual business plans, the Directors will need to ensure that costs are tightly managed and evaluate whether the activities are sustainable in the longer term.

Legal Implications – Monitoring Officer

35. The Monitoring Officer has been consulted and is satisfied with the proposal.

Equalities and Diversity

36. An EIA is not required for this decision. The report went to the Directorate Equalities Group on 10 June 2013 and they confirmed that an EIA was not required.

WHAT HAPPENS NEXT:

- If Cabinet agree to appoint a Director and to holding the share in SHE on behalf of the AONB Board then this will be actioned immediately after the decision.
- The Trademark Licence is now agreed between the parties and ready to be implemented, it will run initially for three years with monthly reports to the SCC on the progress with sub licensing and the income being received.

Contact Officer:

Lisa Creaye-Griffin, Group Manager: Countryside, 020 8541 9404

Consulted:

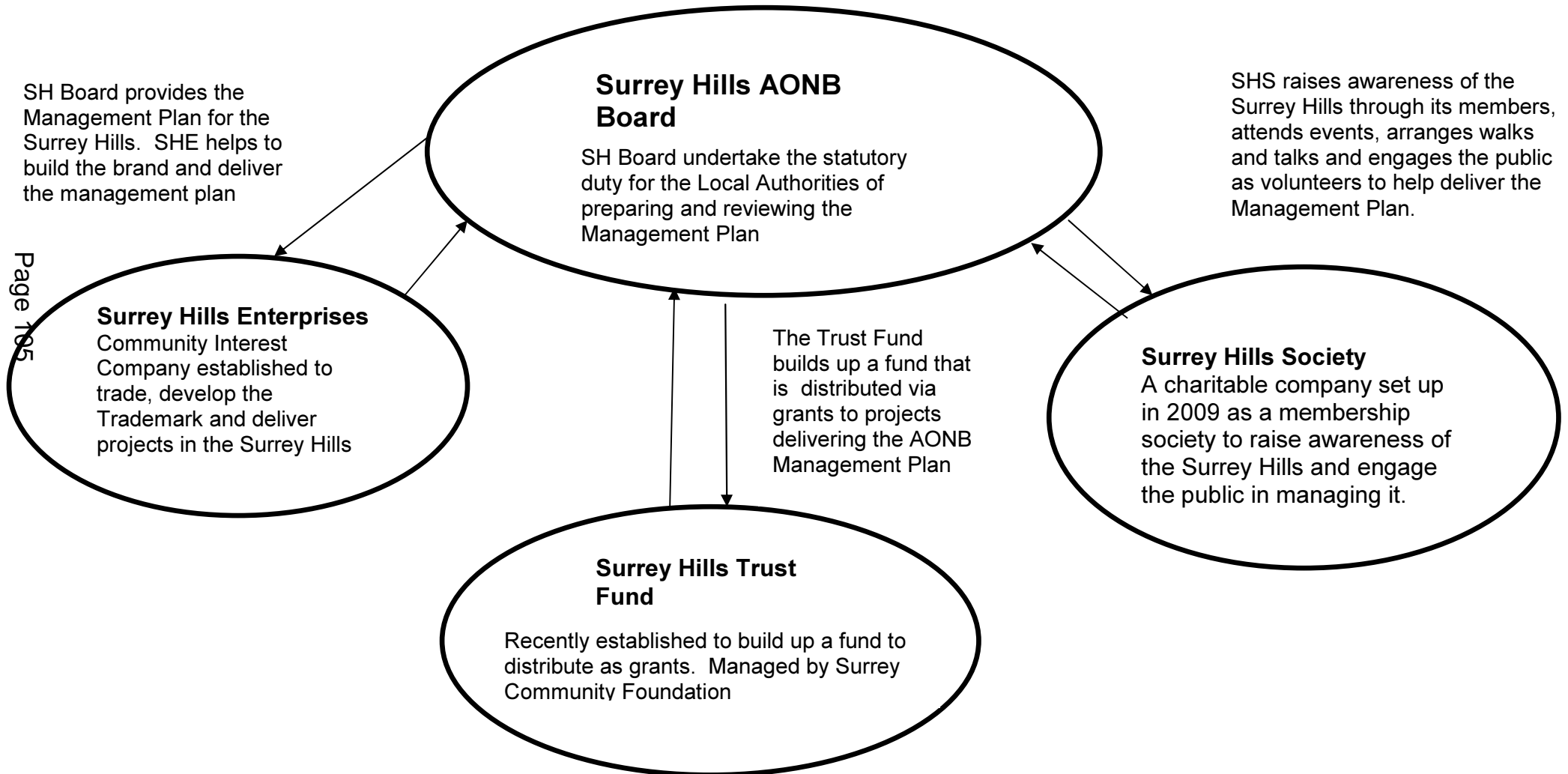
Surrey Hills AONB Board which includes the partners in the Surrey Hills AONB
Ann Charlton, Head of Legal and Democratic Services
Tony Orzieri, Financial Services
Trevor Pugh, Strategic Director for Environment and Infrastructure
Environment and Transport Select Committee
Simon Whalley, Chairman of Directors of the CIC

Annexes:

Annex 1 The Surrey Hills Group

Sources/background papers:

- Report to the Surrey Hills AONB Board (17 April 2013) Surrey Hills Enterprises Community Interest Company.
 - Report to the Cabinet Member for Environment and Transport on The Licensing of the Surrey Hills Trademark to Surrey Hills Enterprises Community Interest Company (13 March 2013).
-



Page 105

The chairman of each of the delivery organisations meet with the chairman of the Surrey Hills Board and the Director of the Surrey Hills AONB to ensure they are all work to the aims and objectives of the Surrey Hills AONB Management Plan.

This page is intentionally left blank

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JULY 2013



REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES

LEAD OFFICER: JULIE FISHER, STRATEGIC DIRECTOR, BUSINESS SERVICES

SUBJECT: REVISION OF PROCUREMENT STANDING ORDERS

SUMMARY OF ISSUE:

The Procurement Standing Orders (PSOs) set out how the Council governs spending by Officers on goods, works and services. The PSOs needed revision to take account of recent changes in the law, and to update them to ensure they reflect best practice and Council priorities.

RECOMMENDATIONS:

It is recommended that the Cabinet notes the proposed changes to Procurement Standing Orders (PSOs) and commends them to full Council for final approval.

REASON FOR RECOMMENDATIONS:

To progress the adoption of revised Procurement Standing Orders including amendments to reflect changes in legislation and ensuring that the Council maintains a fit for purpose set of guidance and rules to govern the procurement process.

DETAILS:

1. The Procurement Standing Orders (PSOs) set out how the Council governs spending by Officers on goods, works and services, on consultants and contractors, and on direct care services. The PSOs cover all spend with external suppliers regardless of the source of funding (for example, revenue, capital, ring-fenced government money and/or any third party funding. In the case of grant funding, the PSOs refer to a new Grants Procedure, which will be the subject of a separate report to Cabinet in September 2013.
2. These PSOs have four main purposes:
 - To secure **value for money** through appropriate market competition for contracts, so that we offer best value for services to Surrey residents.
 - To be **transparent** to our residents about how we spend their money.
 - To make sure we spend public money **legally and fairly**, and to **protect** us from undue criticism or allegation of wrongdoing.
 - To support **sustainability** and social value objectives, and our public sector equality duty.

3. The Council's Procurement Standing Orders are reviewed regularly to ensure that changes in legislation are reflected and in order to ensure that the Council maintains a fit for purpose set of guidance and rules to govern the procurement process.
4. The PSOs have been updated to take account of:
 - the latest guidance on transparency - advertising contract opportunities more widely and making them more accessible to Surrey businesses.
 - the Social Value Act 2012
 - the latest case law affecting procurement in the public sector
 - improvements to purchasing processes intended to speed up transactions and ensure proper compliance
 - improvements to strengthen contract management
 - the recommendations of the May 2013 report by Lord Young, 'Growing your business: a report on growing micro businesses', making it easier for businesses to tender for contracts
 - The procurement partnership with East Sussex County Council.
5. A copy of proposed updated Procurement Standing Orders is attached as **Annex 1**. This is presented to Cabinet for noting prior to their consideration and adoption as part of the Constitution by Council at its next meeting on 15 October 2013. In summary the changes are as follows:
 - Clearer roles and responsibilities, explaining that
 - the Head of Procurement and Commissioning is responsible for the whole procure-to-payment process across all Services and regardless of the local system used to order goods, works or services
 - Shared Services are responsible for master data about suppliers across all relevant systems
 - The Procurement and Commissioning Service now takes the lead on commercial relationships with our key critical and strategic suppliers
 - A short section on transparency explaining how we publish our spending and our contract opportunities, and our commitment to developing local suppliers.
 - Purchasers are encouraged to use local suppliers for purchases under £100,000 where they offer best value for money.
 - Market searches for new suppliers where we are spending between £10,000 and £99,999 will now be carried out by the Shared Services Buying Solutions team, who will obtain quotes on behalf of purchasers in front-line services and ensure the opportunities are advertised to local suppliers through both national and local portals.
 - A duty on Procurement & Commissioning to ensure Social Value is considered for all procurements over £100,000, covering i the requirements of the Public Services (Social Value) Act 2012, and a note of our commitment to the WWF Gold Pledge for sourcing sustainable timber.
 - For contracts up to £500,000, greater flexibility on required insurance levels from suppliers to make it less onerous for smaller companies to obtain work from us
 - Updated guidance on contract awards, to reflect recent case law.
 - Strengthened rules on the use of purchasing cards, and clearer instruction that there must be a prior purchase order for all invoices. Both of these changes are aimed at better compliance with existing orders and supporting better financial reporting of budget commitments to managers.

CONSULTATION:

6. In amending these Orders we have taken into account good practice at other Local Authorities, and across the wider public sector. This has included reviewing standing orders and supporting polices from other county and unitary authorities across the South East.
7. The revised Orders were prepared in consultation with Finance, Legal, Audit, Shared Services, and a focus group of purchasers from front-line services.
8. We have also reflected feedback received from local suppliers in the Orders.

RISK MANAGEMENT AND IMPLICATIONS:

9. A process of regular review and updating of the Council's Procurement Standing Orders helps in managing any risks associated with procurement activities. This includes:
 - a. Reducing the risk of legal challenge to contracts – by ensuring that legislation is built into our rules, and best practice into our processes.
 - b. Improvements to strengthen our ability to deliver and monitor contracts which drive value for money for the whole Council.
 - c. Ensuring proper controls are in place across the process, to ensure public money is being properly spent.

Financial and Value for Money Implications

10. There are no financial implications in these changes.

Section 151 Officer Commentary

11. The Section 151 officer has been consulted on these changes to the Procurement Standing Orders. The S151 officer is satisfied that these regulations maintain the appropriate level of control and security in the procurement and payment of goods and services.

Legal Implications – Monitoring Officer

12. The Procurement Standing Orders are required to be maintained by the Council under Section 135 of the Local Government Act 1972.
13. These revised Orders take account of revisions to EU Directives enshrined in UK Law, specifically the amendments to the Public Contracts Regulations 2006 resulting from the enactment of EU Directive 2007/66/EC (the Remedies Directive), and the Social Value Act 2012.

Equalities and Diversity

14. An Equalities Impact Assessment has been completed and is attached as **Annex 2** to this report. The summary of key impacts and actions is set out below.

Information and engagement underpinning equalities analysis	Reference to Equality and Diversity Manager
Key impacts (positive and/or negative) on people with protected characteristics	Simplification of processes around bidding for Council Contracts
Changes you have made to the proposal as a result of the EIA	Not needed – already included.
Key mitigating actions planned to address any outstanding negative impacts	Procurement to implement simplification to tender processes/questions as new e-tendering system rolls out in Summer 2013
Potential negative impacts that cannot be mitigated	n/a

Climate change/carbon emissions implications

15. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
16. Procurement Standing Orders explicitly set out the Council's approach to sustainable procurement, and the new change relating to the pledge to use sustainable timber is specifically intended to reduce the impact on climate change.

WHAT HAPPENS NEXT:

17. The revised Procurement Standing Orders will be placed before full Council for approval on 15 October 2013.
18. The progress of the current consultation on the EU Procurement Regulations will be monitored and any agreed changes will be incorporated into Procurement Standing Orders in due course.

Contact Officer:

Derek Lancaster, Performance and Development Manager, Procurement & Commissioning. 020 8541 7287

Consulted:

The revised Orders were prepared in consultation with Finance, Legal, Audit, Shared Services, and a group of super-users from front-line services.

Annexes:

Annex 1: Draft Procurement Standing Orders 2013

Annex 2: Equalities Impact Assessment

Sources/background papers:

- Procurement Standing Orders December 2010
-

This page is intentionally left blank

Procurement Standing Orders

Rules to be followed when buying on behalf of the council

September 2013

Version 0.8 draft

Contents

1	Introduction	3
1.1	Key Principles	3
1.2	Compliance	3
1.3	Scope	3
1.4	Roles and Responsibilities	4
1.5	Transparency	5
1.5.1	<i>Publication of Contract Opportunities, Spend and Contracts</i>	5
1.5.2	<i>Freedom of Information</i>	5
1.5.3	<i>Developing Surrey suppliers</i>	5
1.5.4	<i>Conflict of Interest</i>	6
2	Buying via existing contracts	6
2.1	Using the Product Directory to find an existing supplier	6
2.2	Service-specific arrangements	7
2.2.1	<i>Ordering using Service-based systems</i>	7
2.2.2	<i>Buying Direct Care</i>	7
3	Finding and contracting with new suppliers	8
3.1	Overview and summary table	8
3.1.1	<i>Summary table – Process for finding new suppliers at each threshold level</i>	9
3.2	Collaboration and the use of frameworks and collaborative agreements	10
3.3	Deciding when to use a grant or a contract	10
3.4	Using Purchasing Cards	10
3.5	Approval for Consultant/Contractor engagements	12
3.5.1	<i>Definition</i>	12
3.5.2	<i>Approval for Consultant/Contractor engagements</i>	12
3.6	New suppliers for spend up to £9,999	13
3.7	New suppliers for spend £10,000 to £99,999	13
3.8	New suppliers for spend £100,000 or over	14
3.8.1	<i>Procurement Strategic Sourcing Gateway Process</i>	14
3.8.2	<i>Procurement Review Group</i>	14
3.8.3	<i>Sustainability and Social Value</i>	15
3.9	Waivers and emergencies	16
3.10	Liability and Security	16
3.10.1	<i>Insurance Liability</i>	16
3.10.2	<i>Financial Security</i>	17
3.10.3	<i>Document Retention periods</i>	17
4	Awarding and Managing Contracts for best value	18
4.1	Evaluation	18
4.2	Mobilisation of new contracts	18
4.3	Who must sign contracts, amendments and extensions?	18
4.4	Remedies Directive	18
4.5	Contract Extensions / Amendments	19
4.6	The management of critical and strategic contracts	19
5	Paying our suppliers	19
5.1	Invoice Payments	19
5.2	Payment Terms	19
6	Disposing of surplus goods	20
7	Legal status of these Procurement Standing Orders	20
8	Glossary of terms	20

Version History

Issue 2 April 2007

Issue 3 April 2009

Issue 4 December 2010

2013 draft v0.8 version for Cabinet approval

1 Introduction

Note: In these Orders, 'You' means anyone who needs to buy from an external supplier.

1.1 Key Principles

These Procurement Standing Orders are based on these key principles:

- To get good **value for money** through appropriate market competition for contracts, so that we offer best value for services to Surrey residents.
- To be **transparent** to our residents about how we spend their money.
- To make sure we spend public money **legally and fairly**, and to **protect** us from undue criticism or allegation of wrongdoing.
- To support **sustainability** and **social value** objectives, and our public sector **equality** duty, encouraging local small businesses in Surrey.

1.2 Compliance

All Officers, and any external contractors empowered to form contracts on behalf of the council, must comply with these Orders at all times. If you breach them, you are breaching the council's Constitution and this will lead to disciplinary action.

You must not artificially separate contracts or spending to avoid these orders applying at any level, except insofar as this is necessary to enable small or medium-sized enterprises to compete, whilst remaining compliant with the law.

Where there is a difference between current legislation governing procurement and these Orders, the legislation prevails and you must comply with it.

Where these Orders appear to conflict with other council-determined rules the Head of Procurement and Commissioning determines which takes precedence.

The Procurement & Commissioning Service reports breaches of these Orders to the Procurement Review Group (PRG) see section 3.6.2), which has the option of two courses of action:

Informal Notice – Where the non-compliance was as a result of lack of information or beyond your control, the PRG makes recommendations to ensure future compliance.

Formal Warning – Where there is evidence of deliberate non-compliance the PRG advises the Head of Human Resources of a formal breach of your terms and conditions for appropriate action to be taken and recommendations made to ensure future compliance.

1.3 Scope

These Orders set out how the council authorises spending by Officers. This includes all types of goods, works and services, as well as non-permanent workforce such as temporary and agency staff and consultants.

Apart from the exceptions listed below, these Orders cover all spend with external suppliers regardless of how they are funded (for example, revenue, capital, grants, ring-fenced government money and/or any third party funding).

These Orders do not apply to the following items, which are managed by separate policies:

Exclusion	Relevant Policy/Law
Contracts for the acquisition or lease of land and/or real estate	Managed via Property Services
Contracts for permanent or fixed-term employment	HR/Recruitment Policies
Works or Orders placed with utility companies (eg re-routing pipe-work)	This is carried out as part of larger construction contracts
Direct payments to customers following care assessment (for example, payments under Self-Directed Support or Individual Budgets)	Dept of Health Community Care Assessment Guidance 2004
Non-trade mandatory payments to third parties, such as insurance claims, pension payments, payments to public bodies	These are not subject to competition due to their nature
Fees for external auditors	These are appointed by the Audit Commission under the Local Govt Finance Act 1982
A declared emergency authorised by the Emergency Planning Officer	The Civil Contingencies Act 2004

1.4 Roles and Responsibilities

The Head of Procurement and Commissioning is responsible for the complete process from procurement through to ordering and paying suppliers (known as 'Procure-to-Pay') across all Services and local systems. Any developments in the design of the process require the approval of the Head of Procurement and Commissioning or authorised delegate.

The Procurement and Commissioning Service is responsible for:

- (a) Providing expert market knowledge to help you find the best supplier to meet specified needs
- (b) Managing and executing all tenders and contract awards over £100,000
- (c) Engaging colleagues from Finance, Legal and HR in all contract strategies and awards
- (d) Developing strategic action plans for each category of spend
- (e) Taking a commercial lead on all strategic or critical contracts and relationships with suppliers
- (f) Ensuring that good practice contract and supplier management is written in to agreements with our strategic and critical suppliers
- (g) Developing our supply chain to deliver performance improvements
- (h) Ensuring transparency over spend, contracts and contract opportunities
- (i) Embedding social value across the supply chain

- (j) Working closely with Shared Services to manage a master database on SAP of suppliers that you may use
- (k) Working closely with Shared Services to ensure effective purchasing practice

Anyone who buys from external suppliers is responsible for:

- (a) Following these Orders
- (b) Using suppliers on the Product Directory or via consultation with Care Sourcing teams
- (c) Checking there is adequate budget available
- (d) Involving Procurement and Commissioning at the earliest opportunity when you need a new supplier
- (e) For new purchases of £50,000 and over, consulting with and obtaining approval from your Finance Manager
- (f) Ensuring technical specifications meet your requirements
- (g) Ensuring specifications take into account equality and diversity as well as social value implications, and carrying out Impact Assessments where appropriate
- (h) Putting in place effective monitoring of the performance and management of contracts

1.5 Transparency

This section sets out how we meet our obligations to be transparent in our procurement, and maintain proper accountability to the public.

1.5.1 Publication of Contract Opportunities, Spend and Contracts

We publish details of all spend with suppliers over £500 on our website, in accordance with current government requirements, as well as a list of current contracts.

We also publish all opportunities for contracts over £10,000 via our website, and on the national Contracts Finder website. Contracts over the current EU threshold are advertised via the Official Journal of the European Union (OJEU).

1.5.2 Freedom of Information

Under the Freedom of Information Act 2000, we have an obligation to publish specific information in the public domain on request. However, the FOIA enables certain confidential information and commercially sensitive material to be withheld. You must therefore ensure tender information is kept confidential at all stages, especially during tender evaluation and after the contract is awarded. Suppliers must also be given the opportunity to highlight in their tender any information that they would not wish disclosed under FOIA.

1.5.3 Developing Surrey suppliers

The Council is committed to encouraging businesses in the county to compete for contract opportunities in order to support the development of the local economy, and provides information and support via dedicated websites and through supplier events. For purchases under £100,000 we actively encourage the use of Surrey-based suppliers where they can offer best value for money.

1.5.4 Conflict of Interest

Our market searches, procurement and purchasing must be carried out free from any conflict of interest to support our transparency objectives. An 'interest' means any consideration or anything of economic value, including future consideration.

Conflicts of interest can arise when someone who is involved in these processes has a close connection with another party who is also involved which may mean they could influence, or be influenced by, the outcome of a buying decision.

Conflicts of interest can arise in the procurement process in a number of ways, including:

- a. Where someone who is actually buying goods or services for the council, or giving budgetary approval for the purchase, has an interest in the supplier's business
- b. Where someone with an involvement in a tender or other sourcing process has an interest in the a potential supplier's business
- c. Where Suppliers bidding for a contract with the council have an interest which could enable them to influence unfairly the outcome of a sourcing process

If you are a council employee you must follow the [HR Policy on Conflicts of Interest](#), ensure they are declared appropriately, and ensure you do not participate in any buying activity where these Conflicts of Interest could arise.

Temporary & agency staff, and other consultants or contractors must abide by the terms of their contract with the council and follow the council's HR policy on Conflicts of Interest and on Equalities and Diversity.

Staff may supply goods, works and services as long as the policy has been followed, and any interests declared at the time a contract is agreed. Staff who become suppliers must not have access to systems to raise Shopping Carts or other Purchase Orders, or to view spend reports. There must be demonstrable transparency and fairness in any transactions of this nature.

Suppliers bidding for contracts with the council are required to declare any conflict of interest.

2 Buying via existing contracts

2.1 *Using the Product Directory to find an existing supplier*

To buy goods, works or services from external suppliers you must use the Product Directory, which is a searchable A-Z list of products and suppliers maintained by Procurement and Commissioning on S-Net.

Once you have found the right supplier, you must not make verbal commitments but must raise a Purchase Order (via a SAP SRM Shopping Cart or equivalent service-specific system). This must be approved according to the council's Financial Regulations before it is sent to the supplier.

You must not raise the order retrospectively (that is, once the invoice has already arrived from the supplier). This is to ensure that the purchase is properly approved in advance and that the commitment against the budget is clearly visible to the budget-holder. Failure to raise an order in advance is a breach of these orders.

2.2 Service-specific arrangements

2.2.1 Ordering using Service-based systems

Several Council Services use local systems to send orders to suppliers, for example: Adults Social Care, Transport, Highways, Property and Libraries. All such systems must support financial approval of orders in accordance with the Financial Regulations. Shared Services will maintain all supplier master data on these systems to ensure it is of high quality and consistent with the master database of suppliers kept in accordance with section 1.3 of these orders.

2.2.2 Buying Direct Care

Direct Care is defined as 'services commissioned to directly support the well-being and health of an individual'. Procurement ensures that only suppliers pre-qualified according to external regulation and insurance liabilities (referred to as Approved Suppliers) are permitted to provide services for Direct Care. All Approved Suppliers are published on the Product Directory on S-Net.

Anyone buying Direct Care, regardless of value, must use the Product Directory. Once you have identified the approved supplier, you must have a care instruction financially approved and issued to the supplier. Approval, as with all orders, must be in accordance with the council's Financial Regulation

2.2.2.1 Where a suitable Approved Supplier is available

The council provides Care Sourcing teams to advise and order certain types of Direct Care. These are identified on the Product Directory, and where they exist you may not engage any other supplier unless Care Sourcing team has first approved them in writing.

When buying Direct Care via a Care Sourcing team, you must submit a completed Care Plan (confirming the individual's needs and approved budget) to the appropriate Team who review and recommend the most appropriate supplier(s). You must then update the Care Plan and provide a care instruction to the approved supplier.

2.2.2.2 Where no suitable Approved Supplier is yet available

Where the Care Sourcing team or Product Directory cannot identify a suitable approved supplier for a named individual, then you may propose an alternative via a request to Shared Services using the appropriate on-line form, who will issue a Pre-Qualification Questionnaire to the identified supplier to assess their suitability. Where the conditions are satisfied, the supplier will be contracted and logged. You will then be authorised to raise a care instruction to the supplier.

Procurement rejects new requests where there is a suitable approved supplier that can meet the individual's needs as defined within the Care Plan, or where the proposed supplier does not fulfil minimum safeguarding / social care requirements

You may not engage any supplier not already pre-qualified by Procurement unless it is defined as an Emergency Placement, where it can be demonstrated an individual's health or well-being is at risk. Only the individuals below may authorise an Emergency Placement:

- *Business Hours (0700 – 1900)* The Adults Sourcing Manager may authorise a placement prior to the return of the pre-qualification questionnaire as long as an emergency placement letter is signed and returned by the supplier and the full questionnaire is subsequently completed.
- *Out of business hours (1900 – 0700)* the Emergency Duty Manager may authorise the use of a non-approved supplier; all such requests must be communicated to Procurement the next working day.

3 Finding and contracting with new suppliers

3.1 Overview and summary table

Whenever it is necessary to contract with a new supplier, you must take into account the 'aggregate' spend forecast. That is, the total amount you expect to spend with a supplier for the duration of the contract. This value is used to determine the approach to be used to find a supplier and put a suitable contract in place.

If you are discussing developments with new suppliers you should take care to ensure that you do not inadvertently share key commercial information such as budgets, existing pricing from other suppliers, or suggestions for improvements unless you have a non-disclosure agreement in place. This protects the council's interests and our intellectual property. Procurement and Commissioning are responsible for putting these agreements in place where appropriate, and can provide commercial advice in dealing with suppliers.

A summary table overleaf sets out these different approaches for each threshold aggregate value, and is followed by more detail of each.

3.1.1 Summary table – Process for finding new suppliers at each threshold level

Aggregate value	Purchase Card permitted?	How many quotes are required?	How should you approach the market?	Who approves the Market Search?	Who leads Market Search?	Should the contract be formally advertised?	What type of contract is required?	Who must approve the contract award?	Who signs the contract on our behalf?	What is the minimum sourcing time?
£0 to £9,999	Yes, within individual card transaction/ credit limits	One	Email / Call Supplier. Use a Surrey supplier if they offer best value.	Shared Services Buying Solutions Team (contact My Helpdesk)	Service Officer	No	SCC Standard Terms (see SCC website)	Service Officer	Not Required	n/a
£10,000 to £99,999	Only in formal emergency cases	Minimum of Three	Send the Request For Quotation to the Buying Solutions Team Seek at least one quote from a Surrey supplier if available.	Shared Services Buying Solutions Team (contact My Helpdesk)	Shared Services Buying Solutions Team	Yes, via Contracts Finder, or via mini-competition against a framework. Suppliers must be given 7 working days to respond	SCC Standard Terms, or if via tender, a specific contract approved by Legal Services	Shared Services Buying Solutions Team	Head of Service or delegated manager	7 Days, or 30 days if via tender
£100,000 to £499,999	No	(via tender process)	Issue Tender via Procurement	Procurement and PRG	Procurement	Yes, via Contracts Finder & OJEU for 30 days or as determined by Procurement and regulations	Specific contract approved by Legal services	PRG	Chair of PRG & Head of Service	80 Days (when over EU procurement threshold)
£500,000 and over	No	(via tender process)	Issue Tender via Procurement	Procurement and PRG	Procurement		Specific contract approved by Legal services	PRG and Cabinet	Sealed as a deed via Legal Services	85 Days (to include cabinet call-in)

3.2 *Collaboration and the use of frameworks and collaborative agreements*

The council enters into collaborative agreements with other public bodies wherever possible. The council may also chose to award framework agreements, or make use of framework agreements awarded by other public sector bodies. A framework agreement is a general term for an agreement with suppliers that sets out terms and conditions, under which specific purchases, or call-offs, can be made throughout the life of the agreement. The procurement activity to establish a framework agreement is subject to the EU procurement rules. There are different mechanisms for placing call-off orders under a framework agreement and at all times the council must ensure transparency and non-discrimination.

There are a number of established central purchasing bodies, such as the Government Procurement Service and the 'Pro5' organisations, who establish framework agreements which the council can use via a 'mini-competition' to select the best value supplier from the framework.

Use of these contracts remains subject to the internal approval procedures and requirements. Legal Services must be instructed to satisfy themselves that to the best of their knowledge the original agreement:

- (i) was tendered for in accordance with the Public Contracts Regulations 2006 for the potential use by the council,
- (ii) is in the interests of the council and
- (iii) contains conditions of contract acceptable to the council.

Procurement & Commissioning can provide advice on all aspects of the operation and use of collaborative and framework agreements.

3.3 *Deciding when to use a grant or a contract*

A grant is a non-repayable sum of money given to an individual or organisation for a specific project or service. A grant usually covers only part of the total costs involved in the project or service. The grant process involves an applicant submitting a proposal (or submission) to a potential funder, either on the applicant's own initiative or in response to a Request for Proposal from the funder.

A procedure is provided on S-Net, which must be followed to decide if a project or service should be delivered via a grant or by a contract.

If, having followed this procedure, your requirement can be delivered through a **grant** then you must follow the grant process on S-Net.

If, having followed this procedure, your requirement can be delivered through a **contract** then follow the instructions at sections 3.6 to 3.8 below.

If you are not clear, then contact My Helpdesk.

3.4 *Using Purchasing Cards*

You may only use a Purchase Card where there is no suitable supplier available on the Product Directory and the spend value is below £10,000, unless otherwise agreed in writing by Procurement, or in life-critical circumstances (see also section 3.9)

Shared Services monitor all Purchase Card expenditure to ensure new suppliers are only used when no existing supplier is available.

Purchase Cards are only issued to permanent council employees and are allocated according to OM position.

- Heads of Service and above are issued with a Purchase Card as standard.
- Other Officers may be issued with a Purchase Card following completion of an application form (details available on “S” Net), with the approval of the Budget Holder or Head of Service.

Except in the case of a declared emergency, Purchase Cards **must not** be used for the following types of spend:

- Where a suitable supplier is available on the Product Directory
- Direct Care
- Cash
- Consultants
- Agency Staff
- Construction work
- Stationery for SCC office use
- Alcohol
- IT equipment or consumables for SCC Office use and/or connected to the network
- To settle outstanding invoices
- Travel and subsistence. This must be claimed via the expenses system.
- For any personal spend

Key Responsibilities

All Card-holders must:

- Comply with the ‘Purchase Card Rules and Guidance’ maintained on S-Net.
- Complete the available e-learning prior to a card being issued, and signify their agreement to comply with the rules.
- Ensure that all transactions are both promptly and properly reconciled on the system provided in accordance with the Rules and Guidance.
- Complete transaction reconciliation within the monthly deadline.
- Retain physical evidence of all purchases, eg receipts.
- Ensure their card is returned when they leave the Council.

Budget holders:

- Are responsible for monitoring and approving expenditure via Purchasing Cards in accordance with the Rules and Guidance
- Must ensure best value is being obtained.
- Must approve (or challenge) all transactions in a timely way – at least every month.

Shared Services are:

- Responsible for maintaining a database of authorised Card-holders.
- Responsible for monitoring compliance
- Storing monitored data and logging consequent actions. Responsible for informing Audit department of any misuse.

Accountability

Everyone involved in using and monitoring Purchase Cards is accountable to the Council and Surrey residents for proper use, in line with the Council's Code of Conduct. Any misuse may result in a Card being suspended or withdrawn and disciplinary action being taken.

3.5 Approval for Consultant/Contractor engagements

3.5.1 Definition

A consultant/contractor is defined by HR as a person or company that advises on organisational change and/or provides subject matter expertise on technical, functional and business topics during development or implementation.

- No contract of employment is involved, even if one individual consultant is retained, but there is a contract for services that is defined as being 'self-employed'.
- This should be made clear in all documentation and payment made for the service on the basis of a fee, not a salary.
- Ordinarily consultants / contractors will be VAT registered; subject to Schedule D tax, and have professional indemnity insurance.

All external legal opinion and advice as required by the Head of Legal Services is exempt from the provisions of this section and is classified as goods, works and services.

3.5.2 Approval for Consultant/Contractor engagements

If you are contemplating using consultants/contractors you must refer to the processes and limits in section 3.1.1 of these Orders. You must raise all requests for consultants via My HelpDesk, who will pass them on to Procurement. At least three quotes must be sought for **all** engagements under £100,000, with one being from a Surrey-based supplier if possible.

You must refer all engagements of an aggregate value of £50,000 per annum *pro rata* for approval from the Leader of the Council and the Chief Executive before the contract can be started. Engagements of £100,000 or over must be referred to procurement, who will decide the appropriate approach to market subject to the approval of the Procurement Review Group. Under no circumstances may this approval be sought retrospectively.

Consultant/Contractors must have clearly defined project objectives and performance targets. You should also evaluate the use of a consultant/contractor in terms of delivery against these.

You should include a requirement for skills transfer to internal staff where appropriate.

Consultants/Contractors must have the appropriate level of professional indemnity insurance – see para 3.10.1.

You must source all other interim staff covering OM positions, and all temporary or agency staff by reference to the Product Directory and the appropriate contract.

3.6 New suppliers for spend up to £9,999

If you need to use a new supplier and the aggregate value is under £10,000 you should search the market for a suitable supplier, and you must get a written quotation. However, to ensure best value, it is advisable to seek further quotations. If they offer best value, you should use a Surrey-based supplier. Note the separate arrangements for consultancy engagements at para 3.5.2 above.

If you are a Purchase Card-holder, you may use it within your assigned limits to pay the supplier. Otherwise you must raise a 'Describe Requirement' Shopping Cart and the Shared Services Buying Solutions team will set the supplier up on the system and process the order. If the supplier is to be used regularly then they will be added to the online catalogue and Product Directory on S-Net. If the supplier is a 'one-off', this must be indicated in a note on the Shopping Cart.

In the case of purchases relating to Service-specific ordering systems, you must request the setup of the supplier via Shared Services.

Note: If the aggregate spend with the supplier is expected to exceed a higher threshold over time then you must use the appropriate sourcing approach as set out in the table above (3.1.1).

3.7 New suppliers for spend £10,000 to £99,999

Note: for new consultancy engagements, see para 3.5.2 above.

If you need to use a new supplier and the aggregate value is between £10,000 and £99,999, you must first contact My Helpdesk to confirm that the Product Directory cannot meet your requirements. If you do need to find a new supplier there are two main options – a Request for Quotation, or a mini-competition under an existing framework agreement. The Shared Services Buying Solutions team will carry out these activities for you.

My Helpdesk can supply a Request for Quotation form, which you complete and attach to a Describe Requirement Shopping Cart. This sets out your requirement for the purchase, and you can propose a preferred vendor to be included in the market search.

The Shared Services Buying Solutions team then decide the most appropriate approach to the market to get you the best value. Where a framework agreement exists and offers best value, they will carry out a mini-competition exercise to select an included supplier. This is normally done via the agreement owner's website. The Buying Solutions team will check with Legal Services before starting a mini-competition, in order to ensure the council can legally access the agreement

Otherwise, they will advertise the opportunity to the market. All such opportunities are also advertised to Surrey suppliers via the Supply2Surrey website. If practicable, at least one quote should be sought from a Surrey-based supplier.

Prior to contract award you must confirm budget availability with the appropriate Finance Manager. Once a suitable supplier has been accepted, the Buying Solutions team will add them to the online catalogue and Product Directory.

All purchases must be delivered under a form of contract approved by Legal Services and Procurement & Commissioning. Where a standard contract cannot be used, the Buying Solutions team will inform Legal Services as early as possible in order for the

appropriate legal resources to be made available. Documents such as a specification and tender submissions may also be sent to Legal Services to assist with the contract drafting.

Note: If the aggregate spend with a supplier is expected to exceed a higher threshold over time then you must use the appropriate sourcing approach as set out in table 3.1.1.

3.8 New suppliers for spend £100,000 or over

3.8.1 Procurement Strategic Sourcing Gateway Process

If the aggregate value is £100,000 or over Procurement and Commissioning must lead the sourcing exercise. This exercise and the subsequent contract award follows the Procurement Strategic Sourcing Gateway Process. This ensures we

- follow proper legal procedure, where the value exceeds the current threshold under EU/UK law.
- manage the progress of our projects,
- maintain a record of the sourcing decisions made on behalf of the council.

The process has five gateways that must be completed by a project as it progresses from stage to stage:

Gateway Zero: Used internally in Procurement & Commissioning to identify pipeline projects agreed at a strategic level with senior Service managers as part of the business planning process.

Gateway One: Initiate, where the requirement is confirmed and work begins on the Strategic Procurement Plan (Project Brief section)

Gateway Two: Formal Approval, where the PRG reviews the Strategic Procurement Plan and approves those that are acceptable

Gateway Three: Implement, where the resulting contract is awarded

Gateway Four: Handover & close, where the contract is mobilised and ongoing responsibilities are identified and implemented, including contract and supplier management

Note that the acceptance, opening and evaluation of formal tenders must be carefully controlled to ensure fairness to all bidders. This process is managed within Procurement and Commissioning and is controlled by the electronic tendering system.

Because we must comply with EU and UK law on procurement, we must observe certain minimum timescales for delivery that are designed to ensure that fair competition is maintained at each stage. When planning for procurement projects, you need to allow several months for this, depending on the exact process that is to be used. Procurement Category Specialists can advise you about the detailed timescales relevant to your particular project.

3.8.2 Procurement Review Group

The Procurement Review Group (PRG) is mandated to control expenditure, ensure best value and monitor compliance for all procurement activity for an aggregate value

of £100,000 or more. The PRG approves the procurement strategy and contract awards as set out in a Strategic Procurement Plan document and in accordance with the Procurement Gateway process. The PRG also enforces compliance with these Orders and advises Human Resources of any areas of deliberate disregard. Procurement keeps a record of all submissions to the PRG, which is cross-referenced to contract documents in the contract management system.

To be approved, you must obtain both written budget approval from the appropriate Finance Manager and the unanimous consent of all of the managers listed below who are present at the meeting. There must be a minimum of 2 representatives present, of which one must be from Procurement:

- Head of Procurement and Commissioning, or delegated substitute
- Section 151 Officer, or delegated substitute
- Head of Legal Services, or delegated substitute

The PRG is chaired by Procurement. Any delegated substitute is responsible and has the authority as if the Officer themselves had attended. The PRG meets regularly; all submissions must be provided at least 3 working days prior to the meeting.

Whilst awaiting PRG approval you may take no further action regarding your purchase.

3.8.3 Sustainability and Social Value

The Social Value Act 2012 places an obligation on us to consider the economic, social and environmental well-being of our area when we award services contracts over the EU threshold. We apply this informally to all procurement over £100,000 as well.

The council has adopted a Sustainability Framework, which commits us to sustainable economic development for Surrey, minimises the impact on the environment and supports social cohesion. Our procurement approach covers these areas:

- (i) Economic Sustainability – we aim to purchase goods, works and services which enhance the local economy of Surrey. We recognise the importance of Small & Medium Enterprises to the local community and ensure every effort is made to make our contract opportunities and tender processes accessible to them.
- (ii) Social Sustainability - we aim to purchase goods, works and services which promote community well-being, and that supply chain partners operate fair and ethical working practices.
- (iii) Environmental Sustainability – we aim to purchase goods, works and services which minimise our carbon footprint, encourage a positive impact on the local environment, and have the best value costs and benefits taking into account their whole life cycle from origination to disposal.
- (iv) Equalities & Diversity - we only purchase goods, works and services from suppliers who meet our standards of equality of employment and service delivery, and we ensure that the tender process is free from discrimination or perceived discrimination in accordance with the council's Equality Policy
- (v) Surrey Compact – where we are purchasing from the voluntary, community and faith sector you must comply with the [Surrey Compact](#) best practice code.

Procurement & Commissioning must consider Social Value when planning tenders for all contracts over £100,000. A Social Value Assessment must be carried out and the

results recorded in the Strategic Procurement Plan. Procurement & Commissioning ensures that our practice is aligned with the council's policies in this area, for example in driving apprenticeship opportunities and increasing local spend.

3.8.3.1 Sourcing of sustainable timber

The EU Timber Regulation 2013 prohibits anyone from placing illegally sourced timber on the EU market. To support and encourage compliance, the council has signed up to the WWF Gold Pledge in relation to the purchase of forest products, which commits us to using only products which are legally and sustainably sourced and establishes a monitoring system in Property Services to record such purchases. Further information is available on S-Net and via My Helpdesk.

3.9 *Waivers and emergencies*

These Orders are mandatory and must be adhered to at all times, so **Waivers** are only granted in exceptional circumstances and cannot be given if they would contravene the Public Contracts Regulations 2006 or any other applicable legislation.

In any remaining exceptional circumstances you must obtain approval in writing prior to progressing with your purchase, as follows:

Where the aggregate purchase value is for less than £100,000 a Procurement Category Manager or above may grant a waiver to these Orders. This will be very much the exception; opportunities must normally be advertised to the market via the Buying Solutions Team in Shared Services.

Where the aggregate value of the purchase is for £100,000 or more the Procurement Review Group (PRG) must ratify the waiver. In certain circumstances the PRG may refer the waiver request to the Cabinet for further approval. **No** waiver is granted retrospectively; this is viewed as non-compliance with these Orders and is reported to PRG.

It is important to note that a waiver can only be made with respect to these Orders. A waiver cannot be made with respect to the council's obligations under the Public Contracts Regulations 2006 or any other legislation.

Procurement maintains a log of all waivers approved by Procurement and by PRG.

An **emergency** purchase is only allowed in the case of life-critical requirements for purchasing outside the hours 9am to 5pm. You can use a Purchasing Card, within your allocated limits, to pay. If the supplier does not accept Purchase Cards then you may give a verbal order and raise a formal purchase order the following working day. You must also inform My Helpdesk of any emergency purchases on the following working day.

3.10 *Liability and Security*

3.10.1 Insurance Liability

To protect the Council, the following insurance liability criteria should be applied:

- All procurements where there is a direct advice and/or design service provided by a contractor, including all consultancy arrangements, must have and maintain Professional Indemnity insurance.

For contracts up to £499,999 cover of £1 million or higher is required,

For contracts £500,000 and over cover of £5m is required.

- All suppliers of works (and designated services) must have and maintain Public Liability insurance and Employers' Liability insurance.

For contracts up to £499,999 cover of £5 million or higher is required,

For contracts £500,000 and over cover of £10m is required, in addition to any other insurance recommended by the Insurance Section. (Sole traders with no employees are not required to have Employers' Liability insurance.)

The Head of Procurement and Commissioning may agree other insurance values for public liability and professional indemnity cover. All variations to agreed levels must be made in discussion with the Principal Insurance Officer or Litigation and Insurance Group Manager. All variations must be recorded in writing and stored on the contract management system.

3.10.2 Financial Security

Procurement and/or Finance must confirm that suppliers are financially robust prior to contract award.

If either the total aggregate value of the contract exceeds £2m within twelve months, or there is doubt as to the financial credibility of a supplier but the council has decided to accept the level of risk, then additional forms of security to a level determined between Legal and Financial Services are required, for example:

- a Parent Company, Ultimate Company or Holding Company guarantee where their finances prove acceptable;
- a Director's Guarantee or Personal Guarantee where finances prove acceptable;
- a Performance Bond, retained funds or cash deposit;
- any other security as determined by Finance and/or Legal Services.

All documents inviting tenders must contain a statement that the supplier needs to provide security of performance and the level of security needed.

Additional documentation, where required, should be stored on the electronic tendering system.

3.10.3 Document Retention periods

The retention of tenders and contractual documentation is prescribed in the Limitation Act 1980 and the Public Contracts Regulations 2006

- All received Tenders & PQQs must be retained for a minimum of eighteen months following the issue of the Contract Award Notice.
- All signed contracts under £499,999 (including all tender documentation) must be retained for a minimum of six years following contract expiry.
- All signed contracts signed over £500,000 (including all tender documentation) must be retained for a minimum of twelve years following contract expiry.

Procurement must maintain an online record confirming location of contract/tender and scheduled date of destruction.

4 Awarding and Managing Contracts for best value

All purchases must be delivered under a form of contract approved by Legal Services and Procurement & Commissioning. The council manages the process of awarding contracts via its e-tendering and contract management systems, to ensure that contracts are properly filed and documented.

Where contract funding is received by the council from a third party (for example, an incoming grant), the contract terms must include a provision for the termination of the contract should that funding cease to be available.

4.1 Evaluation

Tenders over £100,000 are evaluated by Procurement based on the identification of the 'Most Economically Advantageous Tender (MEAT)'. This takes price into account, alongside quality and social value considerations, but does not require the tender to be awarded to the lowest priced bidder.

4.2 Mobilisation of new contracts

All contracts, including any variations or amendments, must be registered and maintained by Procurement & Commissioning. The Council's contract management system can be used to store both scanned copies and summary data relating to all contracts over £10,000.

All original signed contracts must have a completed summary contract certificate and be stored in a secure fireproof location. Contract certificates are supplied by the Category Specialist, who ensures the signed contract is submitted for scanning and safe storage.

All contracts over £100,000 must have a designated Contract Manager, recorded on the contract certificate and on the contract management system. This role is agreed as part of Gateway Four Handover and Close.

In the case of suppliers where spend is via Purchase Order rather than a specific signed contract, the council's standard terms and conditions apply. The suppliers are logged on the SAP system as part of the vendor approval process, and their availability listed on the Product Directory.

4.3 Who must sign contracts, amendments and extensions?

The arrangements for contract signature are shown in table 3.1.1. All contracts over £500,000 must be sealed as a deed, via Legal Services. These arrangements include amendments and extensions and the aggregate value of the contract determines the signatory requirement.

4.4 Remedies Directive

Should a successful challenge be made after a contract has been awarded the Court could order the contract to be ineffective. This means that the contract will be cancelled and an alternative method of delivering the service will have to be found. This could result in significant costs to the council, but if the appropriate standstill periods are correctly applied the council will be able to minimise the risk of any challenge. Procurement Category Managers are responsible for ensuring the correct contract award processes are followed, including observing a standstill period and publishing an Award Contract Notice for all contracts over OJEU thresholds.

4.5 Contract Extensions / Amendments

A contract may only be amended (or varied) if the contract permits such a variation and is allowable under the Public Contract Regulations, which state that any variation may only be up to 50% of the original advertised value of the contract. The agreement of Legal Services and the Head of Procurement and Commissioning is also required. The amendment (or variation) must be evidenced in writing and signed by the Authorised Officers as detailed in table 3.1.1 The amendment must then be recorded and retained with the original contract.

Requests to extend or amend contracts must be discussed with the relevant Procurement Category Specialist. Such variations must be planned in a timely way, and not be used as a way to avoid the proper tender procedures. Variations must also take into account any requirement for supplier diversity in the specification and consider if this needs updating to meet current needs.

4.6 The management of critical and strategic contracts

The Procurement Service identifies the strategic and critical contracts (based upon value, business and reputational risk) required to deliver key council services in consultation with the relevant Service. Procurement takes responsibility for the commercial relationships with these suppliers, working with the designated contract managers who lead on the operational performance of the contract. For all other remaining contracts, the Service is responsible for contract management. Training for contract managers is available via S-Net. Procurement will provide second line support where performance failure is demonstrated and ensure best practice guidance and frameworks are communicated.

All identified strategic and critical contracts must have a written business continuity plan, to be held on the contract management system. Commercial discussions about the development of products/services provided via these contracts must be led by Procurement and Commissioning..

5 Paying our suppliers

5.1 Invoice Payments

Suppliers must issue all invoices direct to the address provided by Shared Services. No invoice may be received or processed directly by the Service unless it is agreed as a payment exception by the Head of Procurement and Commissioning, who may agree general exceptions where Service-specific systems are in use – for example, Swift for Adult Social Care. Shared Services are responsible for maintaining a register of all agreed payment exceptions.

All invoices received in Shared Services must include a purchase order number. Invoices without a PO number will be returned to the supplier.

In the case of certain pre-defined Goods, Works and Services, (usually non-fixed price category items) the supplier cannot be paid until you have confirmed that the requirement has been satisfactorily delivered. It is the 'shopper's' responsibility to ensure all purchases are receipted to the appropriate value and in a timely fashion.

5.2 Payment Terms

Payments to suppliers are normally made 30 days in arrears, from the invoice date, via BACS (electronic bank transfer). You must obtain the agreement of the Category Specialist for the spend category concerned for any deviation from the standard

payment terms. This must be in writing as a Payment Exception. The council discourages paper invoices and suppliers are expected to provide electronic invoices.

The Late Payment of Commercial Debt Regulations 2013 require us to pay interest and fixed charges if we pay suppliers late. The council is a signatory of the Government/ICM Prompt Payment Code, and aims to pay all invoices within the agreed terms.

6 Disposing of surplus goods

The same competitive process for buying supplies, services and works is also applied to the disposal of surplus goods, though separate procedures apply to the sale of land and/or property. In principle:

£0 - £9,999	A minimum of 1 bid is required
£10,000 - £99,999	A minimum of three bids must be invited;
£100,000 and over	A minimum of three sealed bids must be invited

You must seek advice from Procurement & Commissioning when making valuations and the book value of the asset will be primarily used to calculate value. In most cases, it is anticipated that the highest bid received will be accepted.

Care must be taken to ensure that environmental sustainability as well as security and other associated issues are considered when arranging for the disposals of goods.

7 Legal status of these Procurement Standing Orders

The council is required by section 135 of the Local Government Act 1972 to maintain these Orders as part of our Constitution.

The Head of Procurement and Commissioning is the custodian of these Orders and is responsible for keeping them under review. If the EU Directives or any other law is changed in a way that affects these Orders then the Head of Procurement and Commissioning will issue a bulletin and the change must be observed until the Orders can be revised.

8 Glossary of terms

Term	Description
Aggregate value	The total spend with a supplier over the period of a contract, or the proposed period for new contracts. Individual or annual costs are irrelevant where goods, services or works are of the same type or have similar characteristics. The total cost of the contract (including any extensions available) must be used when deciding which process to use to find a new supplier
Collaborative agreement	A contract tendered by a group of authorities acting together, which can usually then be accessed by other authorities through a simple form of access agreement.

Consortium	A grouping of two or more organisations who agree to work together in order to deliver goods, works or services to the council.
Consultant	A person or company that advises on organisational change and/or provides subject matter expertise on technical, functional and business topics during development or implementation
Contract	An agreement having a lawful objective entered into voluntarily by two or more parties, each of whom intends to create one or more legal obligations between them. The elements of a contract are "offer" and "acceptance" by "competent persons" having legal capacity, who exchange "consideration" to create "mutuality of obligation."
Contract Management	The monitoring and development of the performance of a contract during its lifetime
Framework Agreement	An agreement or other arrangement between one (or more) contracting authorities and one or three or more suppliers which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the supplier will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies. Generally framework agreements do not have any guaranteed minimum volumes of spend. Contracts awarded via a framework can be via a direct award to a supplier on the framework or by holding a secondary (mini-competition) process that specifies the specifics of the actual contract being procured.
Gateway (in project)	A milestone in a project where formal approval is given to move to the next stage
Grant	A non-repayable sum of money given to an individual or organisation for a specific project or service, usually covering only part of the total costs.
Purchase Card	A credit card which can be used by authorised people to buy low-value goods or services for the council. The bill for the card is settled centrally in Shared Services, once the card-holder has assigned all transactions to the appropriate cost codes
Purchase Order	A formal order to a supplier for goods or services. This can refer to an order generated by a service-specific system such as PAMS or Swift, as well as from SAP.
Request for Quotation	A formal request to a supplier to provide a price for specified goods or services. The RFQ will also indicate how the quote will be evaluated in comparison with others to decide best value
Shopping Cart	A preliminary request in SAP SRM to buy goods or services, which, once approved financially, is turned into a purchase order to the supplier
Social Value	Those aspects of a contract which support a) community well-being, fair and ethical working practices by the supply chain, b) the local economy and local businesses, and c) improvements to the environment
Supplier Management	The process of driving improvements from contracts by

	developing robust performance plans with the supplier
Supply chain	The chain of suppliers and customers of all the component goods and services that go into delivering a given finished good or service
Tender	The procurement process of inviting and evaluating sealed bids from people and organisations to provide goods, works or services

1. Topic of assessment

EIA title:	Procurement Standing Orders 2013
------------	----------------------------------

EIA author:	Derek Lancaster
-------------	-----------------

14

2. Approval

	Name	Date approved
Approved by ¹	Abid Dar	28 June 2013

3. Quality control

Version number	1.0	EIA completed	25 th June 2013
Date saved		EIA published	

4. EIA team

Name	Job title (if applicable)	Organisation	Role

Completing an EIA is likely to require the expertise of more than one officer. For example, you may wish to consult your Directorate Equality Group or equalities champions when undertaking your analysis. You may also wish to seek the advice of specialists from elsewhere in the council (such as colleagues from performance, customer services, legal or HR).

In some instances, it will be helpful to seek support and challenge from external organisations and/or service users when undertaking the assessment. You could also consider working with other councils that have undertaken similar work.

¹ Refer to earlier guidance for details on getting approval for your EIA.

EQUALITY IMPACT ASSESSMENT TEMPLATE

5. Explaining the matter being assessed

<p>What policy, function or service is being introduced or reviewed?</p>	<p>The Procurement Standing Orders (PSOs) set out how the Council authorises spending by Officers on goods, works and services, on consultants and contractors, and on direct care services. The PSOs cover all spend with external suppliers regardless of the source of funding (for example, revenue, capital, grants, ring-fenced government money and/or any third party funding).</p>
<p>What proposals are you assessing?</p>	<p>The PSOs are being revised to take account of</p> <ul style="list-style-type: none"> • the latest guidance on transparency - advertising contract opportunities more widely and making them more accessible to Surrey businesses. • the Social Value Act 2012 • the latest case law affecting procurement in the public sector • improvements to purchasing processes intended to speed up transactions and ensure proper compliance • improvements to strengthen contract management • the recommendations of the May 2013 report by Lord Young, 'Growing your business: a report on growing micro businesses', making it easier for businesses to tender for contracts • the procurement partnership with East Sussex County Council
<p>Who is affected by the proposals outlined above?</p>	<p>The PSOs are mandatory for all staff and contractors, and the procurement activity that takes place can directly affect residents.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

6. Sources of information

Engagement carried out
Reference to Equality and Diversity Manager
Data used
<ul style="list-style-type: none">• Learning from the experience of the procurement processes used by the Olympic Delivery Authority

14

7. Impact of the new/amended policy, service or function

EQUALITY IMPACT ASSESSMENT TEMPLATE

7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic ²	Potential positive impacts	Potential negative impacts	Evidence
Age	<p>There are no specific impacts on any group from either the changes to PSOs now being made, or from the revised PSOs as a whole. The existing and proposed Orders specifically mention (para 3.6.3) that “we only purchase goods, works and services from suppliers who meet our standards of equality of employment and service delivery, and we ensure that the tender process is free from discrimination or perceived discrimination in accordance with the council’s Equality Policy”. Furthermore, the Orders stipulate that purchasers must comply with the Surrey Compact best practice code in relation to the Voluntary, Community and Faith Sectors.</p> <p>In line with the Young Report, Procurement and Commissioning are streamlining and simplifying supplier qualification questionnaires to make our contract opportunities more accessible to small businesses which are more likely to be owned by those with</p>		<p>Consultation with Directorate Equality Lead and with Shared Services, Legal, Audit and a group of key ‘shoppers’ who carry out purchasing activity.</p>
Disability			
Gender reassignment			
Pregnancy and maternity			
Race			
Religion and belief			
Sex			
Sexual orientation			
Marriage and civil partnerships			

² More information on the definitions of these groups can be found [here](#).

EQUALITY IMPACT ASSESSMENT TEMPLATE

	<p>protected characteristics.</p> <p>There is a new duty on Procurement and Commissioning to evaluate Social Value as part of the tender award criteria for all contracts over £100,000. These are to be recorded in Strategic Procurement Plan documentation.</p> <p>All tender evaluation is carried out with objective scoring mechanisms to ensure fairness to all bidders.</p>		
--	---	--	--

Page 139

7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Age	<p>There are no specific impacts on any group from either the changes to PSOs now being made, or from the revised PSOs as a whole. The existing and proposed Orders specifically mention (para 3.6.3) that “we only purchase goods, works and services from suppliers who meet our standards of equality of employment and service delivery, and we ensure that the tender process is free from discrimination or perceived discrimination in accordance</p>		<p>Consultation with Directorate Equality Lead and with Shared Services, Legal, Audit and a group of key ‘shoppers’ who carry out purchasing activity.</p>
Disability			
Gender reassignment			
Pregnancy and maternity			
Race			

EQUALITY IMPACT ASSESSMENT TEMPLATE

Religion and belief	<p>with the council's Equality Policy". Furthermore, the Orders stipulate that purchasers must comply with the Surrey Compact best practice code in relation to the Voluntary, Community and Faith Sectors.</p> <p>The systems used in support of the Orders are subject to checks by IMT that they are compliant with accessibility requirements.</p>		
Sex			
Sexual orientation			
Marriage and civil partnerships			

EQUALITY IMPACT ASSESSMENT TEMPLATE

8. Amendments to the proposals

Change	Reason for change
n/a	n/a

14

9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
Easier access for small businesses to our contract opportunities	Procurement to implement simplification to tender processes/questions as new e-tendering system rolls out in Summer 2013	August 2013	Derek Lancaster

10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
n/a	

11. Summary of key impacts and actions

Information and engagement underpinning equalities analysis	Reference to Equality and Diversity Manager
Key impacts (positive and/or negative) on people with protected characteristics	Simplification of processes around bidding for Council Contracts

EQUALITY IMPACT ASSESSMENT TEMPLATE

Changes you have made to the proposal as a result of the EIA	Not needed – already included.
Key mitigating actions planned to address any outstanding negative impacts	Procurement to implement simplification to tender processes/questions as new e-tendering system rolls out in Summer 2013
Potential negative impacts that cannot be mitigated	n/a

14

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JULY 2013

**REPORT OF: MR JOHN FUREY, CABINET MEMBER FOR TRANSPORT,
HIGHWAYS AND THE ENVIRONMENT**

**LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR – ENVIRONMENT
AND INFRASTRUCTURE**

**SUBJECT: AMENDMENT TO WASTE CONTRACT TO DELIVER THE
WASTE STRATEGY**



15

SUMMARY OF ISSUE:

To receive legal, risk, value for money and affordability assessments, and decide whether to reconfirm decision to amend the Waste Contract with SITA Surrey to deliver the Waste Strategy including the Eco Park.

RECOMMENDATIONS:

It is recommended that:

1. The Waste Contract is varied to reflect the changes necessary to deliver our Waste Strategy including the Eco Park, subject to relevant conditions being met, as described in paragraphs 23 and 24.
2. The Council enters into a Direct Agreement with SITA Holdings Ltd for the purpose of the Waste Contract and provides a Local Government (Contracts) Act Certificate in relation to the Direct Agreement.
3. The Strategic Director (Environment and Infrastructure) is authorised to agree any subsequent changes to the proposed variation to the Waste Contract to deliver the Waste Strategy including the Eco Park, in consultation with the Leader and the Cabinet Member for Transport, Highways and the Environment, and advised by the Head of Legal and Democratic Services and the Chief Finance Officer.

REASON FOR RECOMMENDATIONS:

To provide proper authority to deliver the Waste Strategy, including the Eco Park which represents a corporate priority for the Council, enter into contractual commitments and provide assurance to contractual and funding partners to the Council

DETAILS:

1. On 14 March 2011 the Cabinet delegated authority to amend the Waste Contract to deliver an updated Waste Strategy. Since then the technical solution, including the Eco Park, has been developed; necessary permissions have been granted; and the financial and legal negotiations and assessments

are now near completion. There have also been significant developments in the approach to waste, aimed at delivering savings through increasing the value of waste materials, and benefits of scale and efficiency.

2. On 26 March 2013, an update report on the current status of the Eco Park and grant support from DEFRA to the Waste Contract was presented to Cabinet.
3. On 25 June 2013 Cabinet received an update on the Eco Park regarding technologies and value for money. Cabinet approved technology changes and asked officers to continue to progress work to amend the Waste Contract between Surrey County Council and SITA Surrey and prepare a detailed report to present at the 23 July 2013 Cabinet meeting, to include legal, financial, procurement and risk assessments.
4. The report to 25 June Cabinet described the assessment process which has been designed to ensure a robust consideration of all the relevant factors that need to be taken into account. Information from the June report provides important background which is not reproduced in this report.
5. Consistent with the 25 June 2013 report recommendations, the purpose of the report to the 23 July Cabinet is to provide the detailed legal, financial, procurement and risk assessments and for Cabinet to decide whether to reconfirm the decision of 14 March 2011 to amend the Waste Contract to deliver the Waste Strategy including the Eco Park.

Options analysis

6. This section of the report updates the options analysis reported to Cabinet on March 2011. The assessment covers the service, procurement, legal, cost, and risk assessment of each option:-
 - The service assessment considers compliance with Council waste policy and risk to business continuity.
 - The procurement assessment considers the commercial implications relating to each option.
 - The legal assessment considers legal issues arising from varying the Waste Contract or replacing with new contracts.
 - The value for money assessment takes into account the overall effect on the public purse, i.e. it cannot take into account the reduced costs to the Council through support from Government in the form of Waste Infrastructure Grant.
 - The affordability assessment compares the estimated cost of each option over a 25 year period (the useful economic life of waste infrastructure) with the projected funds available to the Council according to the corporate financial plan, taking into account Waste Infrastructure Grant. This enables a fair comparison of different contractual solutions and outcomes.
 - The risk assessment considers the advantages and disadvantages of each option.

Description of options

Option	Description
Option 1: Amend the Waste Contract to deliver the Waste Strategy including the Eco Park	Negotiated solution with SITA Surrey
Option 2: Terminate Waste Contract: re-procure to build and operate waste infrastructure	Terminate Waste Contract, secure new construction and service contracts to deliver waste infrastructure and the rest of the SCC Waste requirements
Option 3: Terminate Waste Contract: achieve recycling and landfill diversion improvements without building new infrastructure (i.e. secure other processing arrangements)	Terminate Waste Contract, let new supply contracts based on other processing arrangements and to deliver the rest of SCC Waste requirements
Option 4: Terminate Waste Contract: achieve recycling improvements without building new infrastructure or other processing arrangements (i.e. continue to landfill)	Terminate Waste Contract, let new supply contracts based on landfill and to deliver the rest of the SCC Waste requirements

Assessment of options

Service assessment by Assistant Director for Environment

7. From a service perspective amendment to the Waste Contract to deliver the Waste Strategy including the Eco Park is the preferred option for two main reasons:
 - It complies with the Council’s Waste Strategy.
 - It represents the lowest risk to business continuity, as the cost and terms are being negotiated with the current contractor SITA Surrey, who would continue to provide services during the construction phase.

Procurement assessment by Acting Head of Procurement and Commissioning

8. From a commercial perspective, the key consideration has been whether the Council could either (i) build the waste management facilities (option 2) or (ii) procure these services from the open market (options 3 and 4), both outside of the current Waste Contract at a lower overall cost.
9. In terms of option 1, SITA Surrey has undertaken a competitive process with two shortlisted tenderers and officers have worked alongside them to clarify and challenge the bids. The tender process has been through a structured evaluation and provides assurance that value for money is comparable to that which would be achieved if the Council decided to procure the facility directly.

Indeed there may be some additional benefits within option 1 as it will continue to allow Surrey County Council to benefit from SITA Surrey's access to landfill capacity that is likely to become scarcer in the future, as well as contracts for recycling and disposal.

10. There is a high level of uncertainty in options 3 and 4. Both centre on the procurement of waste disposal services from the commercial market and are heavily influenced by landfill tax. Potential large future increases will have a sizeable direct impact on the value for money of option 4 as the tax is a major component of the overall price. In addition, the use of Energy from Waste (EfW) or other waste processing providers as an alternative (option 3) also exposes Surrey County Council to the risk of price increases as they seek to peg their prices to the landfill increases (at least in the medium term).

Impact on Council – Summary Comparison of options

11. The costs shown are the equivalent annual costs over a period of 25 years. The actual cash flows will vary from year to year and are summarised in Annex 1. The cost effect of risk issues identified in the options analysis section is also included in Annex 1.

Option 1: Amend the Waste Contract to deliver the Waste Strategy including the Eco Park	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Ability to proceed without delay • Business continuity of services • Comparative clarity of contractual cost and terms 	<ul style="list-style-type: none"> • Negotiation with single party • Restrictions of existing contract

Financial Assessment: Option 1 represents the best value for money option to the UK taxpayer and the lowest cost over 25 years, including an adjustment for optimism bias.

Legal assessment: In order to deliver this option it is necessary to negotiate and enter into a Deed of Variation to the Waste Contract to introduce the Eco Park development. Further Deeds of Variation may be required as further proposals are implemented. The Council has contractual flexibility but is also subject to public procurement law and must avoid varying the Waste Contract so that it becomes substantially different to that which was the subject of the original invitation to tender.

Risk: Delay to the project could have contractual cost implications and impact on the level of Waste Infrastructure Grant.

Option 2: Terminate Waste Contract: re-procure to build and operate waste infrastructure	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Opportunity to test market for improved costs and terms • No contractual restrictions 	<ul style="list-style-type: none"> • Delay • Uncertainty of outcome • Increased cost escalation risk

Financial Assessment: Option 2 represents an additional cost over option 1 of £172m over the next 25 years including an adjustment for optimism bias. This increases to £260m when Waste Infrastructure Grant is taken into account.

Legal assessment: The Waste Contract contains a provision which would enable the Council to unilaterally terminate it on notice, but requires a substantial compensation payment to be made to SITA Surrey. The Council could invite bids in compliance with public procurement requirements and enter into one or more contracts to deliver its preferred solution.

Risk: Delay could result in cost escalation. In addition there would be substantial cost of reprocurement and no guarantee that an open market tender exercise would result in improved cost and terms and could affect business continuity.

Option 3: Terminate Waste Contract: achieve recycling and landfill diversion improvements without building new infrastructure (i.e. secure other processing arrangements)	
Advantages	Disadvantages
<ul style="list-style-type: none"> • No requirement to develop new facilities in Surrey • Opportunity to test market • No contractual restrictions 	<ul style="list-style-type: none"> • Loss of benefit of planning permission and environmental permit • Uncertain long term market capacity • Risk to business continuity • Increased cost escalation risk

Financial Assessment: Option 3 represents an additional cost over option 1 of £78m over the next 25 years including an adjustment for optimism bias. This increases to £166m when Waste Infrastructure Grant is taken into account.

Legal assessment: From a legal perspective this is similar to option 2. The Waste Contract contains a provision which would enable the Council to unilaterally terminate it on notice, but requires a substantial compensation payment to be made to SITA Surrey. The Council could invite bids in compliance with public procurement requirements and enter into one or more contracts to manage and dispose of Surrey’s municipal waste.

Risks: Delay could result in cost escalation. In addition there would be substantial cost of reprocurement and no guarantee that new contracts would result in improved costs and terms and could affect business continuity.

Option 4: Terminate Waste Contract: achieve recycling improvements without building new infrastructure or other processing arrangements (i.e. continue to landfill)
--

Advantages	Disadvantages
<ul style="list-style-type: none"> • No requirement to develop new facilities in Surrey • Opportunity to test market • No contractual restrictions • Lower market capacity risk than option 3 (risk still exists) 	<ul style="list-style-type: none"> • Loss of benefit of planning permission and environmental permit • Uncertain long term market capacity • Risk to business continuity • Risk of EU/legal restrictions banning this option • Highest cost escalation risk

Financial Assessment: Option 4 represents an additional cost over option 1 of £149m over the next 25 years including an adjustment for optimism bias. This increases to £237m when Waste Infrastructure Grant is taken into account.

Legal assessment: From a legal perspective this is similar to Option 2. The Waste Contract contains a provision which would enable the Council to unilaterally terminate it on notice, but requires a substantial compensation payment to be made to SITA Surrey. The Council could invite bids in compliance with public procurement requirements and enter into one or more contracts to manage and dispose of Surrey's municipal waste.

Risks: Delay could result in cost escalation. In addition there would be substantial cost of reprocurement and no guarantee that new contracts would result in improved costs and terms.

Overall Assessment

12. Taking into account service, legal, cost and risk factors, it is the overall conclusion of officers that option1 (Amend the Waste Contract to deliver the Waste Strategy including the Eco Park) is the most advantageous option for the Council.

Sensitivity of cost projections

13. Accuracy of assessment: The cost of amending the Waste Contract to deliver the Waste Strategy including the Eco Park is far more certain than the other options. It is based on prices negotiated with the contractor or secured through a tender process. This represents an additional reason for selecting this option.
14. Estimation of market costs in long term: The assessment model has projected current gate fees into the future. It has also stated that there is an advantage of flexibility if shorter term contracts are procured. However in practice the Council would have to make a judgement between long term cost certainty (which may carry a cost premium, or be unavailable) and short term cost benefit (which implies operational uncertainty in the long term). It is also anticipated that market costs will increase at a fast rate as the cost of landfill rises and as a result of the long lead time before commercial facilities become operational. This potential cost risk has not been factored into the business case on which the Cabinet recommendation is based.
15. Delay: The achievement of planning permission and environmental permit have reduced the risk of delay, however, regulatory requirements remain

retaining the risk that option 1 could be delayed for reasons beyond Surrey County Council's control. Delay would have two significant effects on cost:

- Supply chain cost inflation – The affordability assessment uses adviser forecasts and guaranteed prices so that members can assess the potential cost range of the solution with some certainty. Tenders and supplier prices are only guaranteed for specific periods and delay beyond those periods would incur inflation terms or require retendering.
- Landfill costs – Delay will prevent the guaranteed diversion from landfill of waste that would have been processed at the Eco Park. Measures would be taken to mitigate this cost by making alternative contractual arrangements but this cannot be guaranteed. Therefore the Council would face the prospect of additional landfill cost exposure.

Value for Money

16. The value for money assessment has to take into account the overall effect on the public purse, i.e. it cannot take into account the reduced costs to the council through support from government in the form Waste Infrastructure Grant.
17. Based on the financial assessment carried out for this report, the Council's financial advisers Deloitte and the Council's Chief Finance Officer, confirm that option 1 represents value for money to the UK taxpayer, in delivering the Waste Strategy and the Eco Park. The financial assessment in Annex 1 details this advice.

Contractual terms and risk

18. In view of the procurement restrictions relating to the amendment of public contracts, contractual changes have been kept to a minimum. The assessment of the Head of Legal and Democratic Services is provided in Annex 1.

Contractor approvals

19. The Waste Contract with SITA Surrey is guaranteed by their parent company SUEZ Environnement, and also by GDF SUEZ who were formerly their ultimate parent Company.
20. Both SUEZ Environnement and GDF SUEZ have given approval to SITA Surrey to enter into the contract on the terms described in this report and Annex 1.
21. GDF SUEZ was formed by a merger of the energy businesses of SUEZ and Gaz de France. The waste and utility businesses of the former SUEZ Group have been consolidated into SUEZ Environnement. As part of the amendment to the Waste Contract SUEZ Environnement will continue to provide a Parent Company Guarantee. GDF SUEZ will cease to provide an Ultimate Parent Company Guarantee and be released from any contractual obligations at that stage.

Outstanding approvals and conditions

22. Contractual terms have been negotiated with SITA Surrey, the Council's contractor, and full contractual documentation is being produced to minimise uncertainty. The outstanding conditions and contractual approvals required by the Council and other parties are:

Conditions

23. There are a number of conditions that need to be met before contractual commitment:
- Confirmation by the Head of Legal and Democratic Services that the contract documents prepared for signature are consistent with the terms which relate to the recommendations in this report and with the requirements of the EU Public Procurement Regulations.
 - Confirmation by the Chief Finance Officer that the final cost represents value for money, is the lowest cost option and is affordable within the Council's long term financial strategy.
 - Confirmation by the Strategic Director for Environment and Infrastructure that the contract variation meets DEFRA's requirements.
24. There are conditions which apply after contractual commitment but prior to a 'Notice to Proceed' with construction of the Eco Park:
- Variation of the planning permission to reflect the replacement of the gasification technology provider at the Eco Park, and other minor design changes.
 - Fulfilment of outstanding planning conditions.
 - Confirmation of amendment to the environmental permit to reflect the replacement of the gasification technology provider at the Eco Park.
 - Approval to divert the footpath to the north of the Eco Park.

Subcontract signature

25. All subcontractors have been appointed by SITA Surrey through competitive or cost scrutiny processes and therefore costs have been provided, subject only to delay or change in requirements, e.g. from unexpected planning or permit conditions.

CONSULTATION:

26. There has been extensive consultation on the Waste Strategy and the Eco Park proposal in the past and details of this can be found in the 25 June Cabinet report.
27. An update leaflet was distributed in May 2013 to 11,850 local households. Out of the people who received this leaflet 302 asked to be kept informed and have submitted their contact details.
28. Information events were held more recently:

- 1) Two drop-in sessions held in Shepperton (7 and 8 June 2013) that gave the local community an opportunity to receive an update on progress and technology changes and ask questions on these.
 - 2) A technical meeting with members of the Community Liaison Group and their guests on 12 June 2013.
 - 3) A public meeting for the local community on 13 June 2013 with presentations on latest updates from Surrey County Council and chaired by the chairman of the Shepperton Residents' Association.
29. Throughout June 2013 a range of concerns were expressed and questions asked. Responses to the main questions asked during the public engagement process were presented to Cabinet at the 25 June 2013 Cabinet meeting and can be found in Annex 3.

RISK MANAGEMENT AND IMPLICATIONS:

30. The risk management implications of this report are significant. Any technology risks have been mitigated by selection criteria and strong due diligence and will be regulated by the Environment Agency through the issue of an environmental permit. Commercial risks are summarised in paragraph 11 of this report and explained in more detail in Annex 1. The financial risks are addressed in the detailed financial assessment in Annex 1 although referenced in summary terms throughout this paper. The recommended solution to enter into contract variation to deliver the Waste Strategy including the Eco Park represents the lowest risk option available to the Council.

Financial and Value for Money Implications

31. In order to assess value for money to the UK taxpayer and affordability to the Council four options for future waste management have been assessed. The detailed assessment is included in Annex 1 to this report. Each option has been assessed over 25 years, and costs have been modelled by the Council's independent financial advisors, Deloitte using assumptions provided by the Council and drawing information from the contractual financial model. Options have been assessed in terms of value for money and affordability:
- The value for money assessment has to take into account the overall effect on the public purse, i.e. it cannot take into account the reduced costs to the Council through support from government in the form of Waste Infrastructure Grant.
 - The affordability assessment is concerned with the effect on the Council's finances, and as such does take Waste Infrastructure Grant into account.
32. Based on the financial assessment carried out for this report, the Council's financial advisers Deloitte and the Council's Chief Finance Officer, confirm that option 1 represents value for money to the UK taxpayer, in delivering the Waste Strategy and the Eco Park. Option 1 also represents the most affordable option to the Council. The cost of option 1 is within the budget up to 2017/18, and for the whole 25 year period subject to development of a number of joint arrangements that are currently being pursued and / or creation of a sinking fund from 2017/18 averaging £7.6m per year. The

preferred option will be reflected in the MTFP (2014-19) that will be set by Cabinet in February 2014. At this point commercial negotiations are ongoing, and costs remain subject to further checks by Deloitte and final confirmation by SITA Surrey. As such it is possible that costs may still change. The financial assessment in Annex 1 details this advice.

Section 151 Officer Commentary

33. This is a complex matter with considerable financial risk, and the Chief Finance Officer supports that option 1 represents value for money and is the most affordable option to the Council. The on-going checks, referred to above, mean that costs may change. The next budget planning cycle (MTFP 2014-19) will reflect appropriate consideration of the implications of this report.
34. The Chief Finance Officer confirms that the detailed financial assessment in Annex 1 has followed a robust methodology and appropriate rigour as been applied equally to all options considered.

Legal Implications – Monitoring Officer

35. Surrey County Council is the waste disposal authority and as such has a statutory duty, which, taken broadly, requires it to arrange for the disposal of the waste collected by the Borough and District Councils from households in Surrey. The disposal of waste is regulated closely by the EU and this has been transposed into English law through Regulations. These duties would need to be met though the Cabinet's chosen option and the service assessment of each of those options, set out in this report, comments on this aspect of the decision.
36. Cabinet also needs to consider its fiduciary duty to Surrey taxpayers and to be satisfied that its preferred option is one which a prudent and reasonable local authority would enter into, adopting an evidenced based approach. The procurement and budget effect assessments are relevant to this consideration.
37. There is within the contract an agreed mechanism for negotiating and documenting development projects by way of Deeds of Variation. A Deed of Variation has the effect of making changes to the obligations of the parties within a contract. Once it has been duly completed the contract is enforceable as varied by the Deed of Variation.
38. In addition to the Deed of Variation, there will be two other new documents, a Direct Agreement with the funder and a Local Government Contracts Act Certificate.

The Deed of Variation

39. Surrey County Council and SITA Surrey have contractually committed themselves to scope and develop the proposal in a first Eco Park Deed of Variation, signed in August 2010. This updates the service specification to set out the services to be provided at the Eco Park, to include gasification technology, anaerobic digestion and a materials bulking facility. However in order for the parties to each commit themselves to the actual development of the Eco Park, and to comply with the provisions of the Waste Contract the

Council must enter into a second Deed of Variation, which will enable construction to be commissioned and deal with allocation of risk and the cost consequences of the development project.

The Direct Funder's Agreement

40. The Eco Park will initially be financed by SITA Holdings UK Ltd and SITA Surrey has requested a Direct Funder's Agreement with the Council. Although the Council has not entered into any such agreement to date there was provision in the original bid documents for the Council to provide a Direct Agreement. The Agreement will require the Council to allow the funder an opportunity to step in so as to provide some protection to the funder in the event of a default.

The Local Government Contracts Act Certificate

41. SITA Surrey is also seeking the further assurance that the Direct Funder's Agreement is backed by a Local Government Contracts Act Certificate. A certificate provides assurance that a council has the necessary powers to enter into an agreement and prevents it from relying on a future argument that it does not, in order to avoid its liabilities.
42. Further legal advice is contained in Annex 1.

Equalities and Diversity

43. An Equality Impact Assessment (EIA) – stage 1: initial screening – was completed for the purposes of the contract variation and was reviewed and approved by the Environment & Infrastructure Directorate Equalities Group. The summary of key impacts and actions is copied below and the EIA is attached as Annex 2 to this report.
44. The main potential impact arises from residents' use of the community recycling centre and in particular residents with reduced mobility. The decision to proceed with the Eco Park will not materially change how the community recycling centre is operated. The operation of the community recycling centre was subject to a previous EIA in March 2009. This EIA has been reviewed and remains valid. Continued monitoring of customer feedback has not identified any particular issue relating to service users with protected characteristics.
45. The screening stage concluded that it was not necessary to carry out a full EIA given the minor potential impacts and actions already in place as stated in the paragraph above.

Climate change/carbon emissions implications

46. The proposed Eco Park waste management processes, including the new fluidised bed gasification system, anaerobic digestion facility and materials bulking facility, offers an alternative to sending up to 95,000 tonnes of Surrey's waste to landfill.
47. The net benefit to mitigating climate change, of the new system, compared to the 'landfill' scenario is a reduction in emissions of approximately 20,800 tonnes of CO₂equiv per year.

48. The site will export over 27,700,000kWh to the national grid, which is enough to power 8,400 houses. Over two thirds of this (the electricity produced from the biodegradable element of the waste treated at the Eco Park) qualifies as renewable energy under current regulations.
49. The carbon reduction and electricity generation information is based on a recently completed detailed assessment using prudent assumptions relating to the fuels used to generate national grid electricity. This assessment shows that recovery of energy from waste processed at the Eco Park represents a beneficial solution compared to sending waste to landfill.
50. The main climate change mitigation benefits of the new gasification system, compared to a landfill scenario are from reduced methane emissions which would arise from degradation of waste in landfill, as well as additional benefits from metals recycling.
51. The main climate change mitigation benefits of the new gasification system compared to the previously approved technology are a reduction in oil fuel demand to operate the gasification plant and increased recycling of materials. Even though the new process uses electricity to segregate out recyclable materials, that electricity demand is more than outweighed by the benefits from recycling and from a reduced usage of fuel oil.
52. The new gasification system results in more process wastes (rejects from pre-treatment and air pollution control residues) than the previously approved technology, but this disadvantage is small and is outweighed by the other benefits of reduced carbon emissions from energy consumption and increased recycling by pre-treatment.

Public Health:

53. Public health implications are not considered significant for this report. These matters were referred to in the report to the 25 June 2013 Cabinet and will be considered as part of the regulatory permissions related to the Eco Park.

WHAT HAPPENS NEXT:

54. Following approval, officers will ensure that other parties have approved the terms and conditions described in this report and, conditional on the following outstanding approvals, will complete the required variation to the Waste Contract. This is expected to take place within six weeks.
55. The contract will include a 'Notice to Proceed' process to ensure that the Council is not committed to costs until necessary approvals are provided as described below.
56. Outstanding items:
 - Conditions that need to be met before contractual commitment:
 - Confirmation by the Head of Legal and Democratic Services that the contract documents prepared for signature are consistent with the terms which related to the recommendations in this report and with the requirements of the EU Public Procurement Regulations.

- Confirmation by the Chief Finance Officer that the final cost represents value for money, is the lowest cost option and is affordable within the Council’s long term financial strategy.
- Confirmation by the Strategic Director for Environment and Infrastructure that the contract variation meets the DEFRA’s requirements.
- Conditions which apply after contractual commitment but prior to a ‘Notice to Proceed’ with construction of the Eco Park:
 - Variation of the planning permission to reflect the replacement of the gasification technology provider at the Eco Park, and other minor design changes.
 - Fulfilment of outstanding planning conditions.
 - Confirmation of amendment to the environmental permit to reflect the replacement of the gasification technology provider at the Eco Park.
 - Approval to divert the footpath to the north of the Eco Park.

57. The Eco Park is planned to commence operations by December 2015.

58. The costs of the preferred option will be reflected in the new MTFP (2014-19).

Contact Officer:

Ian Boast, Assistant Director for Environment. Tel: 020 8541 9479

Consulted:

There has been a comprehensive consultation process by the Waste Disposal Authority as described in the 25 June 2013 Cabinet report and which included: (Note: this does not relate to the County Planning Authority consultation as part of the planning application as this was a separate process.)

- Local MP
- All local Residents Associations (Charlton Lane RA; Shepperton RA)
- Spelthorne Local Committee, which includes local councillors and county councillors
- Spelthorne Borough Council relevant officers (e.g. Chief Executive, Deputy Chief Executive, Director for Environment)
- Over 10,000 local residents
- Elmbridge Borough Council
- Adjacent neighbours
- Surrey County Council Cabinet

Consulted on report to Cabinet:

- Leader
- Chairman – Environment and Economy Select Committee
- Chief Executive
- Strategic Directors-
 - Environment and Infrastructure
 - Business Services

- Chief Finance Officer
- Monitoring Officer (Head of Legal Services)

All relevant stakeholders informed.

Sources/background papers:

- Cabinet Reports:– 2 February 2010 – 14 March 2011 – 26 March 2013 – 25 June 2013
- A Plan for Waste Management: www.surreywastepartnership.org.uk/theplan
- Consultation details and analysis: www.surreywastepartnership.org.uk/consultation
- Mott MacDonald technical advisors report – Technology Review August 2012
- Mott MacDonald Technical Due Diligence – M&W proposal June 2013

Annexes:

1. Part II confidential annex
 2. Equalities Impact Assessment for decision by Cabinet to proceed with a variation to the Waste Disposal Project Agreement to develop the Eco Park
 3. List of questions and concerns from the local community with answers from Surrey County Council
-

1. Topic of assessment

EIA title:	Decision by Cabinet to proceed with a variation to the Waste Disposal Project Agreement to develop the Eco Park
-------------------	---

EIA author:	Richard Parkinson, Waste Group Manager, Surrey CC
--------------------	---

2. Approval

	Name	Date approved
Approved by¹	E&I Directorate Equalities Group	23 May 2013

3. Quality control

Version number	v.2	EIA completed	14 May 2013
Date saved	4 June 2013	EIA published	14 June 2013 (with 25 June 2013 Cabinet report)

4. EIA team

Name	Job title (if applicable)	Organisation	Role
Richard Parkinson	Waste Group Manager	SCC	Wrote this EIA
Jason Russell Jan Haunton Andrew Stokes Les Andrews Lesley Harding Nick Hinds Louise Ivison Mike Dawson Geoff Turner David Greenwood Maureen Prescott	E&I Directorate Equalities Group	SCC	Reviewed, commented on and approved this EIA

5. Explaining the matter being assessed

What policy, function or	Surrey County Council is deciding whether to proceed with the development of an Eco Park at Charlton Lane, Shepperton. The Eco
---------------------------------	--

¹ Refer to earlier guidance for details on getting approval for your EIA.

EQUALITY IMPACT ASSESSMENT TEMPLATE

<p>service is being introduced or reviewed?</p>	<p>Park will be developed on the site of an existing waste transfer station and community recycling centre and will comprise a gasification plant for residual waste, an anaerobic digestion plant for food waste, a materials bulking facility , a visitor centre and the retention of the existing community recycling centre with some modifications</p>
<p>What proposals are you assessing?</p>	<p>Planning consent for the development of the Eco Park was granted by the County Planning Authority in March 2012 and an Environmental Permit was issued by the Environment Agency in October 2012. The proposal being assessed is the decision to proceed with a variation to the Waste Disposal Project Agreement between SITA and Surrey County Council so as to enable the development of the Eco Park to proceed.</p>
<p>Who is affected by the proposals outlined above?</p>	<p>The community recycling centre and the visitor centre will be used by members of the public and the gasification plant, anaerobic digestion plant and the material bulking facility will only be used by staff and contractors or district /borough council drivers delivering or removing waste and recyclables or maintaining the plant. Surrey County council staff will also make periodic visits to the site</p>

15

EQUALITY IMPACT ASSESSMENT TEMPLATE

6. Sources of information

Engagement carried out
<p>Extensive public engagement was undertaken during the planning application process both by applicant SITA and by the County Planning Authority in accordance with the SCC Statement of Community Involvement as part of the planning determination process. In addition public consultation was undertaken by the Environment Agency as part of the environmental permit determination process.</p> <p>In December 2008 customer surveys were undertaken at all of the Surrey community recycling centres, including the site at Charlton Lane. The survey included feedback on the use of the site and the helpfulness of the site staff.</p> <p>SITA Surrey also record and monitor customer feedback as part of their contract performance monitoring.</p> <p>Every quarter the county council undertakes a Surrey resident survey to gauge the level of satisfaction with its services, including community recycling centres.</p>
Data used
<ul style="list-style-type: none">• Planning application – Summary of feedback in planning committee report• Surrey CC Customer survey, Charlton Lane CRC , December 2008• User feedback/complaints compiled by SITA• Surrey CC quarterly residents survey.

15

7. Impact of the new/amended policy, service or function

EQUALITY IMPACT ASSESSMENT TEMPLATE

7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic ²	Potential positive impacts	Potential negative impacts	Evidence
Age	None.	None	The decision to amend the Waste Disposal Project Agreement to deliver the Eco Park will not in itself have any direct impact on residents and service users with protected characteristics such as age. The main impacts on residents would arise from use of the community recycling centre. However there will be no material changes to the operation of the community recycling centre as a result of the Eco Park development. An EIA was undertaken on operation of community recycling centres in 2009. This has been reviewed and remains valid. The buildings on site, including the visitor centre have been designed to be fully compliant with the Disability Discrimination Act for example incorporating lift facilities and ambulant disabled staircases.
Disability	None	None	See above
Gender reassignment	None	None	See above
Pregnancy and maternity	None	None	See above
Race	None	None	See above In addition, signage at the CRC assists users of the CRC whose first language is not English. Site management staff are trained to be aware of the need to direct users where necessary.

Page 160

² More information on the definitions of these groups can be found [here](#).

EQUALITY IMPACT ASSESSMENT TEMPLATE

Religion and belief	None	None	See above
Sex	None	None	See above
Sexual orientation	None	None	See above
Marriage and civil partnerships	None	None	See above

7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Page 161 Age	New buildings will be designed to comply with the Disability Discrimination Act and therefore would be suitable for staff who may have reduced mobility through age related disability.	It is possible that some areas of the plant building may not be easily accessible due to the complex nature of the process equipment	Design and Access Statement submitted by SITA as part of the Planning application and in particular Section 10.5 dealing with Inclusive Access
Disability	New buildings will be designed to comply with the Disability Discrimination Act and therefore would be suitable for staff who may have reduced mobility	It is possible that some areas of the plant building may not be easily accessible due to the complex nature of the process equipment	Design and Access Statement submitted by SITA as part of the Planning application and in particular Section 10.5 dealing with Inclusive Access. SITA (The employer) have an equality and diversity policy in place and also provide awareness training to all staff. SITA regularly review its equality and diversity policy and its staff awareness training programme to ensure that they are effective and up to date.
Gender reassignment	None	None	SITA (The employer) have an equality and diversity policy in place and also provide awareness training to all staff. SITA regularly review its equality and diversity policy and its staff awareness training programme to ensure that they are effective and up to

EQUALITY IMPACT ASSESSMENT TEMPLATE

			date.
Pregnancy and maternity	New buildings will be designed to comply with the Disability Discrimination Act and therefore would be suitable for staff who may have reduced mobility due to pregnancy or maternity	It is possible that some areas of the plant building may not be easily accessible due to the complex nature of the process equipment	Design and Access Statement submitted by SITA as part of the Planning application and in particular Section 10.5 dealing with Inclusive Access. SITA (The employer) have an equality and diversity policy in place and also provide awareness training to all staff. SITA regularly review its equality and diversity policy and its staff awareness training programme to ensure that they are effective and up to date.
Race	None	None	SITA (The employer) have an equality and diversity policy in place and also provide awareness training to all staff. SITA regularly review its equality and diversity policy and its staff awareness training programme to ensure that they are effective and up to date.
Religion and belief	None	None	SITA (The employer) have an equality and diversity policy in place and also provide awareness training to all staff. SITA regularly review its equality and diversity policy and its staff awareness training programme to ensure that they are effective and up to date.
Sex	None	None	SITA (The employer) have an equality and diversity policy in place and also provide awareness training to all staff. SITA regularly review its equality and diversity policy and its staff awareness training programme to ensure that they are effective and up to date.
Sexual orientation	None	None	SITA (The employer) have an equality and diversity policy in place and also provide awareness training to all staff. SITA regularly review its equality and diversity policy and its staff awareness training programme to ensure that they are effective and up to date.

EQUALITY IMPACT ASSESSMENT TEMPLATE

Marriage and civil partnerships	None	None	SITA (The employer) have an equality and diversity policy in place and also provide awareness training to all staff. SITA regularly review its equality and diversity policy and its staff awareness training programme to ensure that they are effective and up to date.
--	------	------	---

EQUALITY IMPACT ASSESSMENT TEMPLATE

8. Amendments to the proposals

Change	Reason for change
None required	N/A

15

9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
None	N/A		

10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
None	N/A

11. Summary of key impacts and actions

Information and engagement underpinning equalities analysis	<p>The main potential impact arises from residents use of the community recycling centre and in particular residents with reduced mobility. The decision to proceed with the Eco Park will not materially change how the community recycling centre is operated. The operation of the community recycling centre was subject to a previous EIA in March 2009. This EIA has been reviewed and remains valid. Continued monitoring of customer feedback has not identified any particular issue relating to service users with protected characteristics.</p>
--	---

EQUALITY IMPACT ASSESSMENT TEMPLATE

Key impacts (positive and/or negative) on people with protected characteristics	None
Changes you have made to the proposal as a result of the EIA	None
Key mitigating actions planned to address any outstanding negative impacts	None
Potential negative impacts that cannot be mitigated	None

This page is intentionally left blank

Eco Park: Responses to the main questions asked during the public engagement process

Why are you changing the gasifier?

- It is because of a change of supplier as the company originally chosen, Ascot Environmental, is no longer trading.
- The proposed system has many similarities, and several advantages. It pre-treats waste, increasing recycling, is more efficient in operation and generates lower emissions.

Is the new supplier's technology untested? Is it unproven technology?

- All the processes at the Eco Park are operating elsewhere but not in one location.
- More than 100 facilities are safely operating the fluidised bed technology selected for the Eco Park (using a range of waste including municipal waste).
- We wouldn't use the technology and it would not be allowed to operate if it wasn't safe.
- The emissions controls systems are proven and in extensive use in the UK and internationally.
- The gasification process is in operation in USA and Canada, on other types of waste.

Is this an industrial development which is dangerous?

- The Eco Park is safe and will deal with waste in an environmentally friendly way.
- All aspects of safety are rigorously scrutinised by external government agencies
- We wouldn't be allowed to build it or operate it if that was not the case.

Is it an incinerator by another name with dangerous emissions?

- It is an advanced thermal treatment facility. Waste is heated to produce a gas which can then be burned to generate steam which produces electricity.
- The level of emissions are very small compared to standards set for the protection of human health, and in the case Nitrogen Oxides the levels are half that permitted.

Why should Shepperton have to deal with Surrey's waste?

- The Eco Park will deal with about a third of Surrey's waste in an area with about a third of the county's population (in north of county)

This page is intentionally left blank

SURREY COUNTY COUNCIL**CABINET****DATE: 23 JULY 2013****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER AND DEPUTY DIRECTOR FOR BUSINESS SERVICES****SUBJECT: BUDGET MONITORING REPORT FOR JUNE 2013 AND QUARTER 1 2013/2014****SUMMARY OF ISSUE:**

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

Please note that Annexes 1 and 2 to this report will be circulated separately prior to the Cabinet meeting.

RECOMMENDATIONS:

It is recommended that the Cabinet:

1. notes the:
 - forecast revenue budget underspend for 2013/14 (Annex 1);
 - forecast ongoing efficiencies & service reductions achieved by year end (Annex 1);
 - forecast capital budget position for 2013/14 (Annex 1)
 - management actions to mitigate overspends (throughout Annex 1)
2. note the:
 - balance sheet as at end of June 2013 (Annex 2);
 - current position of the accounts receivable (Annex 2)
 - earmarked usable reserves as at end of June 2013 (Annex 2)

REASON FOR RECOMMENDATIONS:

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

DETAILS:

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

2. The Council has implemented a risk based approach to budget monitoring across all directorates and services. The risk based approach is to ensure we focus resources on monitoring those higher risk budgets due to their value, volatility or reputational impact.
3. There is a set of criteria to evaluate all budgets into high, medium and low risk. The criteria cover:
 - the size of a particular budget within the overall Council's budget hierarchy (the range is under £2m to over £10m);
 - budget complexity relates to the type of activities and data being monitored (the criterion is about the percentage of the budget spent on staffing or fixed contracts - the greater the percentage the lower the complexity);
 - volatility is the relative rate at which either actual spend or projected spend move up and down (volatility risk is considered high if either the current year's projected variance exceeds the previous year's outturn variance, or the projected variance has been greater than 10% on four or more occasions during this year)
 - political sensitivity is about understanding how politically important the budget is and whether it has an impact on the Council's reputation locally or nationally (the greater the sensitivity the higher the risk).
4. High risk areas report monthly, whereas low risk services areas report on an exception basis. This will be if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower.
5. Annex 1 to this report sets out the Council's revenue budget forecast year end outturn as at the end of June 2013. The forecast is based upon current year to date income and expenditure as well as projections using information available to the end of the month.
6. The report provides explanations for significant variations from the budget, with a focus on staffing and efficiency targets. As a guide, a forecast year end variance of greater than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so any variance over 2.5% may also be material.
7. Also, Annex 1 to this report updates Cabinet on the Council's capital budget.
8. Appendix 1 provides details of the directorate policy and service financial information, directorate efficiencies and revenue and capital budget movements.
9. To aid transparency and quicken final accounts, the council produces the financial statements at each quarter. Annex 2 reports the updated balances sheet as at 30 June 2013, accounts receivable position and earmarked usable reserves.

Consultation:

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

Risk management and implications:

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

Financial and value for money implications

12. 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

13. 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

14. There are no legal issues and risks.

Equalities and Diversity

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

Climate change/carbon emissions implications

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

WHAT HAPPENS NEXT:

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

Contact Officer:

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

Consulted:

Cabinet / Corporate Leadership Team

Annexes:

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

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

Annex 2 – Balance sheet, accounts receivable position and earmarked usable reserves.

Sources/background papers:

None

SURREY COUNTY COUNCIL**CABINET****DATE:** 23 JULY 2013**REPORT OF:** N/A**LEAD OFFICER:** ANN CHARLTON, HEAD OF LEGAL AND DEMOCRATIC SERVICES**SUBJECT:** LEADER/DEPUTY LEADER/CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING**SUMMARY OF ISSUE:**

To note any delegated decisions taken by the Leader, Deputy Leader and Cabinet Members since the last meeting of the Cabinet.

RECOMMENDATIONS:

It is recommended that the Cabinet note the decisions taken by the Leader, Deputy Leader and Cabinet Members since the last meeting as set out in Annex 1.

REASON FOR RECOMMENDATIONS:

To inform the Cabinet of decisions taken by Members under delegated authority.

DETAILS:

1. The Leader has delegated responsibility for certain executive functions to the Deputy Leader and individual Cabinet Members, and reserved some functions to himself. These are set out in Table 2 in the Council's Scheme of Delegation.
2. Delegated decisions are scheduled to be taken on a monthly basis and will be reported to the next available Cabinet meeting for information.
3. **Annex 1** lists the details of decisions taken by Cabinet Members by the time of the publication of the agenda for this meeting.

Contact Officer:

Anne Gowing, Cabinet Committee Manager, 020 8541 9938

Annexes:

Annex 1 – List of Cabinet Member Decisions

Sources/background papers:

- Agenda and decision sheets from the Cabinet Member, Deputy Leader and Leader meetings (available on the Council's website)

This page is intentionally left blank

CABINET MEMBER DECISIONS

JULY 2013

(i) AWARD OF A CONTRACT FOR CONSULTANCY SERVICES - HIGHWAYS MAINTENANCE EFFICIENCY PROGRAMME (HMEP)

Details of decision

That a contract be awarded to the preferred bidder (as set out in confidential annex to the submitted report) for a period of 2 years commencing on 1 August 2013 for the provision of consultancy support services to the HMEP programme.

Reasons for decision

Surrey's involvement in HMEP brings a number of benefits to Surrey, including: enhancing our reputation; increasing our influence with Government; and helping ensure that Surrey is leading good practice in England.

Surrey's involvement in HMEP has already provided benefits to our residents. These include the application of the peer review and the development of the 5-year capital programme.

The preferred bidder submitted a good proposal with clear methodology which demonstrated that they have a strong project team with the broad range of skills required to support the different elements of the HMEP programme. In particular, the skills need to support the change management and benefit monitoring elements of the programme.

(Decision of Cabinet Member for Transport, Highways and Environment – 9 July 2013)

(ii) REQUEST TO ADOPT AREAS OF NEW FOOTWAY WITHIN THE PRESTON ESTATE, TADWORTH, SURREY

Details of decision

That, under the Scheme of Delegation and in line with Surrey County Council's current policy, the dedication of the strips of land as set out in Annex 1 and Annex 2 of the submitted report be approved.

Reasons for decision

The request, set out in Annex 1 and Annex 2 of the submitted report, fully meets Surrey County Council's current policy on road adoption.

(Decision of Cabinet Member for Transport, Highways and Environment – 9 July 2013)

(iii) REQUEST TO ADOPT A STRIP OF LAND AT HORLEY ROAD, REDHILL

Details of decision

That, under the Scheme of Delegation and in line with Surrey County Council's current policy, the dedication of the strip of land to become publicly maintainable highway as set out in Annex 1 of the submitted report, be approved.

Reasons for decision

The request, set out in Annex 1 of the submitted report, fully meets Surrey County Council's current policy on road adoption.

(Decision of Cabinet Member for Transport, Highways and Environment – 9 July 2013)

(iv) PRIMARY AND SECONDARY FAIR ACCESS PROTOCOLS 2013/2014

Details of decision

That the proposed Primary and Secondary Fair Access Protocols for 2013/14 be approved.

Reasons for decision

- The County Council is required to have a Protocol in place that all schools must participate in
- The proposed Protocols meet the requirements of the School Admissions Code
- Schools have been involved in the development
- The Protocol will ensure that children who are out of school can be placed in school quickly
- The Protocol will ensure that no school is expected to admit more than their fair share of children with challenging behaviour or children previously excluded from other schools.

(Decision of Cabinet Member for Schools and Learning – 10 July 2013)

(v) ONSLOW INFANT SCHOOL, GUILDFORD

Details of decision

That the publication of Statutory Notices be approved such that:

- Onslow Infant School expands to become a three form entry (3FE) infant school on 1 September 2014
- the Published Admission Number (PAN) would be 90.

Reasons for decision

Additional infant places in the area are necessary. The expansion of Onslow Infant School would increase parental certainty of progression for their children and provide effective long-term provision to meet the needs of children within a reasonable distance from their homes, promoting high standards, ensuring fair access to educational opportunity, and promoting the fulfilment by every child of their educational potential.

(Decision of Cabinet Member for Schools and Learning – 10 July 2013)

(vi) QUEEN ELEANOR'S COFE JUNIOR SCHOOL, GUILDFORD

Details of decision

That the proposals be approved so that:

- Queen Eleanor's CofE Junior School expands to become a three form entry (3FE) junior school on 1 September 2014
- the Published Admission Number (PAN) would be 90.

Reasons for decision

Additional junior places in the area are necessary. The expansion of Queen Eleanor's CofE Junior School would increase parental certainty of progression for their children and provide effective long-term provision to meet the needs of children within a reasonable distance from their homes, promoting high standards, ensuring fair access to educational opportunity, and promoting the fulfilment by every child of their educational potential.

(Decision of Cabinet Member for Schools and Learning – 10 July 2013)

(vii) PROPOSED EXPANSION OF BROOKWOOD PRIMARY SCHOOL FROM 1 TO 2 FORMS OF ENTRY ON A SPLIT SITE

Details of decision

That statutory notices be published indicating the Local Authority's intention to expand Brookwood Primary school from a one form entry primary to two forms of entry on a split site.

Reasons for decision

The Local Authority has a statutory duty to provide sufficient school places in the County. There are currently no Year R or 1 vacancies at schools in the local area and although there are some vacancies in other year groups they are not expected to be sufficient to meet the expected additional demand met by the housing development and returning service families.

Surrey County Council is a signatory to the Military Covenant and is committed to ensuring that children from service families are not disadvantaged in any way and are fully able to access key public services. It

is important that there are sufficient school places in the area for service families which this proposal will ensure.

(Decision of Cabinet Member for Schools and Learning – 10 July 2013)

(viii) TO DETERMINE A PROPOSAL TO EXPAND STAMFORD GREEN PRIMARY SCHOOL, EPSOM

Details of decision

1. That Statutory Notices be published to the effect that:
 - Stamford Green County Primary School be enlarged by 1 form of entry (from 2 FE to 3 FE) on 1 September 2015.
 - The school roll will increase its capacity by one form each year until 2022 when its capacity will be 630 pupils
2. That an associated building programme goes ahead to provide appropriate new classrooms and some improvements to ancillary accommodation.

Reasons for decision

Based on the most recent forecast of pupil numbers, which projects the requirement for school places up to 2020 and beyond, one additional form of entry in this planning area would meet the basic need. Expansion of an existing school is the logical and most financially prudent response to this issue.

Stamford Green County Primary is a popular and successful school which delivers a high quality education. It was rated as a good school by OFSTED at its last full inspection (March 2010) and this judgement was confirmed in an Interim Assessment in February 2013. The provision of additional places at Stamford Green therefore meets the government's policy position to expand successful schools in order to provide quality places and meet parental preferences.

(Decision of Cabinet Member for Schools and Learning – 10 July 2013)

(ix) LOCAL PREVENTION FRAMEWORK - TASK GROUP RECOMMENDATION

Details of decision

That the Youth Task Group recommendation to award a funding agreement for a twenty four month period from 1 September 2013 to Epsom & Ewell Borough Council for 100% of the contract value (£75,500pa) to prevent young people from becoming NEET in Epsom & Ewell be approved.

Reasons for decision

The recommendations will support the council's priority to achieve full participation; that is for 100% of young people aged 16 to 19 to be in education, training or employment.

(Decision of Cabinet Member for Schools and Learning – 10 July 2013)

(x) WOODLANDS SPECIAL SCHOOL CAPITAL IMPROVEMENTS

Details of decision

That Capital, reflective of the additional tendered works (details set out in the submitted report), be approved for spending at Woodlands Special School to enable the school to provide exclusively for Secondary Age Students and to increase the schools planned places.

Reasons for decision

Approval for this project will ensure that children with severe learning difficulties and a wide range of physical disabilities in key stages 3-5 can be provided with age-appropriate, high quality curriculum provision and safe access to all areas of the school, including outdoor areas. This is in support of Surrey's SEN Strategy.

Expansion of the number of places at the school might avoid spending an additional £400,000 - £650,000 over five years.

(Decision of Cabinet Member for Schools and Learning – 10 July 2013)

This page is intentionally left blank

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JULY 2013



REPORT OF: MR MICHAEL GOSLING, CABINET MEMBER FOR PUBLIC HEALTH AND HEALTH & WELLBEING BOARD
MR MEL FEW, CABINET MEMBER FOR ADULT SOCIAL CARE
MRS MARY ANGELL, CABINET MEMBER FOR CHILDREN AND FAMILIES

LEAD OFFICER: LAURA LANGSTAFF, ACTING HEAD OF PROCUREMENT & COMMISSIONING
HELEN ATKINSON, ACTING DIRECTOR OF PUBLIC HEALTH
SUSIE KEMP, ASSISTANT CHIEF EXECUTIVE
SARAH MITCHELL, STRATEGIC DIRECTOR FOR ADULT SOCIAL CARE
NICK WILSON, STRATEGIC DIRECTOR OF CHILDREN, SCHOOLS AND FAMILIES

SUBJECT: CONTRACT AWARD - SUBSTANCE MISUSE AND HOUSING SUPPORT SERVICE FOR ADULTS AND SUBSTANCE MISUSE SERVICE FOR CHILDREN AND YOUNG PEOPLE

SUMMARY OF ISSUE:

The current contracts for provision of a Substance Misuse and Housing Support Service and the Substance Misuse Service for Children and Young People expire on 30 September 2013 and 31 October 2013 respectively. It is therefore necessary to award new contracts, following a procurement exercise, to the recommended Providers on the basis described in the Part 2 Annex (**agenda item 20**) to deliver Substance Misuse Services starting on 1 October and 1 November 2013 respectively.

The services will be provided in accordance with guidance from Public Health England in order to improve the delivery of Substance Misuse Services to develop and sustain recovery among services users. The Adult Substance Misuse and Housing Support Service will provide housing support across Surrey's eleven Districts and Boroughs.

RECOMMENDATIONS:

It is recommended that the contracts be awarded to the Providers on the basis described in the Part 2 Annex (agenda item 20) to deliver the Adult Substance Misuse and Housing Support Service and the Children and Young Peoples Service. The recommended contract awards deliver a saving of 21.5% per annum for the contract periods (3 years + 1 +1).

REASON FOR RECOMMENDATIONS:

The new services will deliver increased quality in service delivery through a strengthened and outcome focused service specification, ensure enhanced and

clearly monitored contract delivery through an incentivised payment model and will provide apprenticeship opportunities to Surrey Young People with an element of the services being delivered through a local Provider.

Public Health will be the lead commissioners for both contracts with support from Adult Social Care commissioners for the Adult contract and Children's Social Care commissioners for the Young People's contract, ensuring a joined up contract management process.

<u>DETAILS:</u>

1. As a result of the competitive tender process, the recommended contracts will enable the service to be provided within current budgets and will deliver combined savings.
2. By awarding the contracts, Surrey County Council will receive a high quality of service at a competitive rate. The tender model incorporates an incentivisation payment mechanism to encourage development within the service and achieve outcomes. The Providers will be paid 90% of the total service cost quarterly throughout the year and the additional 10% will be paid to the Providers quarterly in arrears, on the successful completion of service outcomes.
3. The incentivisation payments are not disproportionate in value to damage the commercial arrangements but will act as incentives to encourage the provider to achieve the desired outcomes.

Background and Options Considered

4. Public Health became a Directorate within Surrey County Council from 1st April 2013. The Public Health Team's commissioning intentions in relation to substance misuse stem from the substance misuse chapter of Surrey's Joint Strategic Needs Assessment (JSNA) which identifies relevant needs across Surrey and its populations. The JSNA is a live document which is updated on a yearly basis as new trends emerge and local needs develop.
5. Substance misuse currently represents 36% of the overall Public Health budget locally. It also contributes directly or indirectly to over half of the Public Health Outcome Framework 66 key indicators.
6. Strategically the Public Health Team's commissioning intentions around substance misuse treatment, are underpinned by the following frameworks :
 - National Drug Strategy 2010 & 2012 review;
 - National Alcohol Strategy 2012;
 - Public Health Outcome Framework 2012;
 - Health & Social Care Act 2012.
7. A number of contracts originally commissioned by Surrey Primary Care Trust through its Drug & Alcohol Team, which are now the responsibility of the Surrey County Council Public Health Team, will come to an end throughout 2013/14 and 2014/15. This represents a good opportunity to re-design a more

integrated substance misuse treatment infrastructure along with a number of commissioning partners (e.g. : Adult Social Care, Children and Families, Education Services, Police and Crime Commissioners) while at the same time achieving high quality of service and efficiency savings.

8. It is expected that newly commissioned services will provide robust and sustainable outcomes across the following areas :
 - A reduction in drug and problematic alcohol use and dependency among adults and young people;
 - Positive developments in people's social capital;
 - Increased skills, self-esteem and employability;
 - Increased access to housing and peer-led support;
 - A reduction in acquisitive crime and related anti-social behaviour;
 - A reduction in substance misuse related deaths.
9. Public Health England, formally named the National Treatment Agency, released a National Drug Strategy in December 2010 setting out a fundamentally different approach to preventing drug use in our communities, and in supporting recovery from drug and alcohol dependence. The existing Adult's and Children and Young Peoples Substance Misuse services were commissioned by Surrey Drug and Alcohol Team prior to national objectives and no longer met with the Government's direction of travel regarding substance misuse services.
10. Public Health, Adults Social Care and Children and Young People Services have worked in collaboration on these procurement exercises to identify common outcomes and resulting efficiencies. This paper is the result of this joined up working and this collaboration has led to the services being retendered in order to deliver objectives locally for substance misuse service users across Surrey.

ADULT'S SUBSTANCE MISUSE AND HOUSING SUPPORT SERVICE:

11. The Adult Substance Misuse and Housing Support Service is for adults (aged 18 years and over) with problematic substance misuse issues, including the use of opiates, stimulants, hallucinogens and alcohol.
12. One of the key service aims is to place more responsibility on individuals to seek help and overcome dependency. The service will provide a more holistic approach, by addressing other issues in addition to substance misuse in order to prevent problematic behaviour, substance misuse related crime and enable and support the long-term recovery, rehabilitation and social reintegration of people in Surrey affected by substance misuse. Assisting service users to obtain, maintain and sustain tenancies and will reduce rough sleeping and homelessness.
13. The service will have recovery at its heart, it will:

- Put more responsibility on individuals to seek help and overcome dependency
 - Place emphasis on providing a more holistic approach, by addressing other issues in addition to treatment to support people dependent on drugs and alcohol, such as offending, employment and housing
 - Aim to reduce demand
14. The service will be required to work in conjunction and collaboration with other services delivered within the community. The overall focus will be on delivering a seamless, integrated structured psychosocial substance misuse treatment programme in line with Public Health England's National Strategy. The Adult Social Care team have been fully integrated in the commissioning process to ensure synergies and alignment with common outcomes. In order to achieve Social Capital, the successful providers will be required to work with voluntary sector organisations across Surrey to ensure a holistic provision of service for substance misusers across both services.

CHILDRENS AND YOUNG PEOPLE'S SUBSTANCE MISUSE SERVICE:

15. Young People who use drugs or alcohol problematically are likely to be vulnerable and experiencing a range of problems. The need for integrated care coordinated around and tailored to the needs of the child or young person and their family is clear and fundamental to improving their health outcomes.
16. The commissioning and delivery of specialist drug and alcohol interventions for young people should therefore take place within the wider children and Young People's Agenda (National Treatment Agency for Substance Misuse, 2010). The aim is that all needs are met, rather than addressing substance misuse in isolation; and that intervention is successful before problematic use becomes entrenched. Throughout the process, colleagues from Children's and Youth Services have been involved in the re-commissioning of the Children and Young People Substance Misuse Service to ensure integration with Children and Youth Services best practice. This collaborative working has ensured alignment across the Children's Schools and Families Directorate.
17. There is no statutory responsibility for the provision of local substance misuse services for children and young people, however it is advocated as best practice to safeguard children and young people by the National Treatment Agency for Substance Misuse (2010)¹ Central Government(2006)² and National Institute for Health and Clinical Excellence (2007)³.
18. Surrey Public Health, working in partnership with Children Schools and Families and wider public health stakeholders, will commission this integrated prevention and treatment service which will improve outcomes for children, young people and their families who are at risk of substance misuse.

¹ National Treatment Agency for Substance Misuse (2010) Guidance on commissioning young people's substance misuse treatment services (as supported by the Department for Children, Schools and Families)

² HM Government (2006) Working Together to Safeguard Children: A guide to interagency working to safeguard and promote welfare of children

³ National Institute for Health and Clinical Excellence (2007) Community-based interventions to reduce substance misuse among vulnerable and disadvantaged children and young people

19. This service will support the priorities agreed in the Surrey Children and Young Peoples Strategy (2012 – 2017).
20. The key aim of the Children and Young People Substance Misuse Service is to reduce the harm that drug and alcohol use causes to individual Children and Young People, their families and the community at large.
21. By commissioning this service Surrey County Council aims to:
 - Prevent problematic substance misuse
 - Reduce drug and alcohol related crime
 - Enable and support the long-term recovery, rehabilitation and social reintegration of people in Surrey affected by substance misuse.
22. The service will focus on delivering a seamless, integrated substance misuse treatment programme, delivered across the County of Surrey ensuring effective continuity of care.
23. The Children and Young People Substance Misuse Service must target priority vulnerable groups including:
 - young people at risk of / involved in crime and anti-social behavior
 - children in need or children in care and care leavers
 - young people at risk of exclusion or excluded or not in education, employment or training (NEET)
 - young people at risk of sexual exploitation
 - young people with mental health issues.

CONSULTATION:

24. Commissioners from Public Health, Adult Social Care, Children and Young People and colleagues from Finance, Legal, and Procurement Services have been involved in the project and consulted with.
25. The Joint Management and Commissioning Board for Supporting People and the DAAT Joint Commissioning Board (JCG) were consulted as part of the process to involve partners from District and Borough Housing, Police, Probation, Community Safety, and Clinical Commissioning Groups.
26. Service users inform the commissioning intentions of the service through representative groups, surveys and feedback. Services users were also represented by a service user representative at the evaluation stage
27. The project has also followed the Procurement Review Group (PRG) gateway process and has progressed through Gateway 3 prior to coming to Cabinet.

RISK MANAGEMENT AND IMPLICATIONS:

28. Both of the contracts include a termination provisions which protects Surrey County Council in the case of an unsatisfactory performances of service and or any significant changes in legislation or Council Policy which will impact on the existing services. These provisions allow the Council to amend the contract with three months notice or if termination is required, six months notice will be given to the provider/s.

Category	Risk Description	Mitigation Activity
Financial	If demand for the service increases in excess of numbers proposed within the service specification. This could lead to increased cost to deliver the service to Surrey County Council.	<p>The service specification outlines reliable National data which captures numbers of people accessing services both inside and outside of Surrey.</p> <p>Quarterly contract review meetings will also be held to monitor the performance of the service and the numbers of people accessing the service in order to predict future demand.</p> <p>The cost of the contract is fixed and will not alter with demand for the service.</p>
	Potential risk that during the life of the contract the Providers will request an inflationary increase against the annual service delivery cost.	<p>The annual cost of the contact is fixed for the duration of the contract.</p> <p>Surrey County Council's inflationary intentions will also be communicated with all Providers on an annual basis.</p>
Reputational	Potential risk of redundancies of staff.	<p>Surrey County Council will support any potential TUPE transfer to ensure that this risk is mitigated as far as possible.</p>
Service	Difficulty with any TUPE transfer of existing staff during mobilisation could lead to a slow implementation of the new service.	
	Poor quality of service and service does not deliver National and or Local Objectives.	<p>Strong contract management and quarterly contract review meetings will mitigate the risk of a poor quality service. The use of an incentivisation model will enable us to closely monitor and understand performance delivery</p> <p>Failure to meet the service outcomes and objectives will enable Surrey County Council to restrict payment based on performance and ultimately terminate the contract if performance does not improve.</p>

	Disengagement of service users due to changes resulting from a new service provider	Surrey County Council will closely monitor data from the Providers, enable partnerships with key stakeholders and service user feedback, as part of the contract management process to ensure service users do not disengage from the service
--	---	---

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

29. Full details of the contract values and financial implications are set out in the Part 2 Annex 1.

SECTION 151 - OFFICER COMMENTARY:

30. The award of the two contracts detailed in the Part 2 Annex 1, provides significant savings to the Council across a number of service areas. The tender process provided bids of similar value which gives confidence that the service can be delivered for the prices quoted. The innovative payment structure used to incentivise providers should ensure that quality and outcomes are maintained.

LEGAL IMPLICATIONS – MONITORING OFFICER:

31. Under section 149 of the Equality Act 2010 Cabinet must comply with the public sector equality duty, which requires it to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (b) advance equality of opportunity between persons who share a relevant characteristic and a person who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The Equalities Impact Assessments (EIA) attached as Annexes 2 and 3, set out the impacts of the recommendations on each of the protected group for each service. A range of positive impact has been identified for all groups. However, members will note the potential negative impacts for specific groups which is addressed below

Adults’ Substance Misuse and Housing Support Service

32. The EIA did not identify any evidence of potential negative impacts on residents and service users with protected characteristics. However, it recommended that the provider should promote its services and deliver interventions in a way which will enable transgender clients to be more confident in accessing the service. Similar recommendations were made in respect of female clients, as the EIA found that traditionally, women are under-represented in a substance misuse treatment.

Children and Young People’s Substance Misuse Service

33. The EIA identified that the highest proportion of services users are over the age of 16 years therefore, those who are age between the ages of 16 to 21 years are likely to be disproportionately affected by any changes to the service. In addition to this, Children in care, Care leavers and Youth

Offenders (the latter group being over represented users of the services) are more at risk of substance misuse and are likely to be disproportionately affected by any changes in substance misuse services.

34. In order to counteract this the Providers will work closely with commissioners and commissioning stakeholders to ensure that the most vulnerable young people are appropriately signposted to national and local services through partner agencies such as the social services, schools (including non-maintained independent schools), police and health services. There will also be clear communication of the changes to the services to services users, families of the same, communities and stakeholders. Work will be undertaken with schools (particularly in PSHE lessons) to ensure that preventative messages and signposting take place.
35. The provider's performance will be monitored to follow effectiveness of early intervention and prevention in addressing substance misuse.

EQUALITIES AND DIVERSITY AND PUBLIC SOCIAL VALUE:

36. The procurement process was undertaken through an EU Procurement procedure (Part B), which was advertised to allow Providers to express their interest. The tender was also advertised on the SCC's website so as to attract local businesses and SMEs.
37. As part of the market engagement work Surrey County Council held a provider event to communicate the needs and vision for the services and encourage supplier engagement in the process.
38. The contracts make it a legal requirement that the Providers comply with all relevant equality and diversity legislation (including but not limited to the Equality Act 2010) whilst delivering the services. This includes a clause which requires the Providers to ensure its personnel comply with all equal opportunities policies when dealing with both service users and staff.

Corporate Parenting/Looked After Children:

39. Looked After Children and Care Leavers are more at risk of substance misuse than those who are not in care and are likely to be disproportionately affected by any changes in the provision of the services. In addressing this risk the provider will work together with the Council, commissioners, and stakeholders to ensure clear sign posting to national and local resources and will work closely with social services and schools to raise awareness of services available and how to access substance misuse services if needed. The Providers of both services will also work with lead commissioners and commissioning stakeholders to ensure that there are strong links to ensure a seamless transition between children and adult substance misuse services.

Safeguarding Responsibilities for Vulnerable Children and Adults:

40. The terms and conditions of the Contracts, which the successful Providers will sign, stipulate that the Providers will comply with the Council's Safeguarding Adults and Children's Multi-Agency procedures, any legislative requirements, guidelines and good practices as recommended by the Council. This is monitored through contractual arrangements.

Public Health:

41. These are Public Health, Adult Social Care and Children and Young People commissioned services. The services will deliver preventative substance misuse and housing support services to enhance the health and wellbeing of residents of Surrey.
42. The Contracts aim to ensure social sustainability and enhance the community environment by:
- Reducing drug related crime
 - Safeguarding Children and vulnerable Adults
 - Reducing street drinking, rough sleeping & street begging
 - Reducing serious drug & alcohol anti-social behaviour
 - Reducing the demand for drugs, resulting in decreased dealing in the community.
 - Reduce the risk of emergence of Sexual Exploitation Networks linked to organised crime and terrorist networks
 - Prevent evictions and reduce homelessness
 - Reduce onward transmission of Blood Borne Viruses

WHAT HAPPENS NEXT:

43. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	30 th July 2013
Standstill Period	9 th August 2013
Contract Award	Week commencing 12 th August 2013
Contract Signature	Week commencing 9 th September 2013
Contract Commencement Date (Substance Misuse and Housing Support Service for Adults)	1 st October 2013
Contract Commencement Date (Substance Misuse Service for Children and Young People)	1 st November 2013

44. Colleagues from Procurement and Commissioning will work closely with the successful Providers to ensure a smooth transition from the current provisions to new services.
45. The Current Providers and the new Providers will be required to work together with regards to the transfer of staff under the TUPE Regulations (amended) 2006 to ensure the continuity of staff for current service users and the successful transfer of staff to the new service.

Contact Officers:

Heather Ryder – Commissioner Public Health (01483 519 645)

Lisa Slade – Adults and Public Health Category Specialist (020 8541 7856)

Alys Wood – Children and Young People Category Specialist (020 8541 8676)

Consulted:

Helen Atkinson – Director of Public Health
Heather Ryder – Commissioner Public Health
Gail Hughes – Public Health, Alcohol Lead
Karl Smith – Service User & Carer Development Officer
Donal Hegarty – Adult Social Care, Senior Commissioner
Peter Floyd – Adult Social Care, Commissioner
Elaine Malloy – Children’s Services Commissioner
Laura Langstaff, Head of Procurement
Christian George – Category Manager Adults and Children and Young People
Andy Wickes – Principal Accountant (Projects - Public Health & Adult Social Care)
Ayo Owusuh – Contracts and Procurement Lawyer

Annexes:

Part 2 Annex 1 attached as agenda item 20
Annexes 2 and 3 Equalities Impact Assessments

Sources/background papers:

Tender submissions (exempt information)

1. Topic of assessment

EIA title:	Surrey Young People’s Substance Misuse Treatment Service
-------------------	---

EIA author:	Heather Ryder – Senior Public Health Lead, Public Health Cyril Haessig – Public Health Lead
--------------------	--

2. Approval

	Name	Date approved
Approved by¹	Ruth Hutchinson, Acting Deputy Director.	04/07/13

3. Quality control

Version number		EIA completed	
Date saved		EIA published	

4. EIA team

Name	Job title (if applicable)	Organisation	Role
Heather Ryder	Senior Public Health Lead	Surrey County Council	Project sponsor
Cyril Haessig	Public Health Lead	Surrey County Council	Project group member
Karl Smith	Service User and Carer Development Officer	Surrey County Council	Project group member
Elaine Malloy	Commissioner, Childrens Services	Surrey County Council	Project group member

¹ Refer to earlier guidance for details on getting approval for your EIA.

EQUALITY IMPACT ASSESSMENT TEMPLATE

5. Explaining the matter being assessed

What policy, function or service is being introduced or reviewed?	<p>The Government's review of its National Drug Strategy (2010) conducted in 2012 identified immediate and long-term benefits of young people's treatment.</p> <p>The immediate benefits being :</p> <ul style="list-style-type: none">- lower levels of drug and alcohol-related crime;- and fewer drug and alcohol-related inpatient admissions and deaths. <p>The long-term benefits of treatment being :</p> <ul style="list-style-type: none">- a lower likelihood (and therefore lower expected cost) of young people developing substance misuse problems as adults;- and improved educational attainment and labour market outcomes <p>Substance misuse services are important to treat as well as to help prevent and minimise the risk of harm of substance misuse to individuals, their families and communities. The earlier we can intervene, the more likely we are to be able to support children and young people who are at risk of substance misuse to be safe, healthy and substance-free. Early intervention also reduces potential long-term costs to public services.</p> <p>Surrey Young People's Treatment Service is commissioned by Public Health on behalf of Surrey County Council and partner organisations (including Surrey Police). The funding for the contract is primarily from the Public Health ring fenced grant from the Department of Health and makes up part of the Public Health budget; in previous years Surrey County Council Children and Families had also supported the contract financially.</p> <p>The current contract is due for renewal on 1st November 2013 and a procurement exercise is currently being undertaken to secure the provision of the service for the next 3 years (with an option of renewing the contract for a further 2 years).</p> <p>Recognising the challenging economic climate, savings across all statutory services are sought through any potential efficiencies to secure better value services. Within the procurement process (a competitive tender) we are seeking to make a substantial cost saving.</p> <p>There is no statutory responsibility for the provision of local substance misuse services for children and young people. However, it is advocated as best practice to safeguard children and young people by the National Treatment Agency for Substance Misuse (2010)², Central Government (2006)³ and National Institute for Health and</p>
--	--

² National Treatment Agency for Substance Misuse (2010) Guidance on commissioning young people's substance misuse treatment services (as supported by the Department for Children, Schools and Families)

³ HM Government (2006) Working Together to Safeguard Children: A guide to interagency working to safeguard and promote welfare of children

EQUALITY IMPACT ASSESSMENT TEMPLATE

	Clinical Excellence (2007) ⁴ .
What proposals are you assessing?	<p>The substance misuse service for children and young people will be retendered from 01 November 2013. The changes to the existing service will be assessed within this EIA.</p> <p>The retendered service will deliver universal prevention and education objectives as well as psychosocial and pharmacological interventions for children and young people. The key outcomes are to:</p> <ul style="list-style-type: none"> • Prevent problematic substance misuse • Reduce drug and alcohol related crime • Enable and support the long-term recovery, rehabilitation and social reintegration of people in Surrey affected by substance misuse. <p>In addition, the parents / carers of young people with substance misuse problems will be offered advice and support. Service users will continue to access the service via a range of referral routes including CSF, primary care, education and self referrals.</p> <p>The new service will focus on building stronger links with key stakeholders to provide more accessibility to the substance misuse services available, specifically to groups of children and young people who are most vulnerable.</p> <p>The current contract will cease as of 31th October 2013. Those people who are engaged with the current provider will be transferred into the new service.</p> <p>Very few young people develop dependency. Those who use drugs or alcohol problematically are likely to be vulnerable and experiencing a range of problems, of which substance misuse is one.</p> <p>This means that the commissioning and delivery of specialist drug and alcohol interventions for young people should take place within the wider children and young people's agenda. The aim is that all needs are met, rather than addressing substance misuse in isolation; and that intervention is successful before problematic use becomes entrenched.</p> <p>Targets for the delivery of substance misuse initiatives are set by Public Health England and are monitored / performance managed locally by Public Health (SCC). Additional targets will also be set to evaluate the quality and innovation of work undertaken by the new provider. As part of this we will be engaging with service users to</p>

⁴ National Institute for Health and Clinical Excellence (2007) Community-based interventions to reduce substance misuse among vulnerable and disadvantaged children and young people

EQUALITY IMPACT ASSESSMENT TEMPLATE

	<p>understand their experience of substance misuse services which will inform ongoing commissioning.</p>
<p>Who is affected by the proposals outlined above?</p>	<p>Changes in the provision of a new Young People's Treatment Service may impact on the following:</p> <ul style="list-style-type: none"> • Service users and their carers or families • External organisations that refer into the organisation • Children, Schools and Families directorate, who share similar targets and will work in partnership with the Young People's Treatment Service (as they currently do) <p>Within the new service specification, the following groups of children and young people are highlighted as specific vulnerable groups who need higher levels of support to access services if needed:</p> <ul style="list-style-type: none"> - Looked after children - Care leavers - Youth offenders - Children and young people accessing mental health services <p>The new contract will aim to achieve equivalent service levels through the procurement process to service users/ families and carers of young people with an identified substance misuse problem. Targets are set by Public Health England and will be continued to be monitored and performance managed by Public Health (SCC) on a quarterly basis. Within this, there is a key requirement that service users will be engaged with in order to gain an understanding of their experiences and modify the service accordingly.</p> <p>It is assumed that current relationships with existing partner agencies (including CSF, primary care, criminal justice etc) will continue to ensure that the care of young people receiving interventions from Surrey Young People's Treatment Service is part of a holistic package of care, taking into account the education / training, housing and general health needs of each individual.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

6. Sources of information

Engagement carried out
<p>The updated service specification has been informed by the following processes :</p> <ul style="list-style-type: none">- quarterly performance reviews undertaken by Public Health with the current provider (Catch 22);- informal engagement with service users;- review of best practice working with statistical neighbours and through liaison with NTA Regional representative- Distilling findings from JSNA- the proposal has been worked through with colleagues within the commissioning team from Public Health and Children, Schools and Families and co-ordinated by SCC procurement.
Data used
<p>The following data sets were used :</p> <ul style="list-style-type: none">- DOMES reports;- Catch 22 three year activity report;- Contract performance management framework;- Service user feedback;- NTA commissioning guidance (JSNA support pack for commissioners);- DTMU Young People profiles;- Surrey JSNA.

18

EQUALITY IMPACT ASSESSMENT TEMPLATE

7. Impact of the new/amended policy, service or function

EQUALITY IMPACT ASSESSMENT TEMPLATE

7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic ⁵	Potential positive impacts	Potential negative impacts	Evidence
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 197</p> <p>Age</p>	<p>The new service will work with young people up to 21 shifting from the previous service which worked with young people up to the age of 19 years. This shift in age threshold recognises the changes taking place at a local service level and the greater levels of support needed for different groups of vulnerable young people i.e. looked after children are supported up until the age of 21 years before transitioning to adult services.</p> <p>Young people and their needs differ from adults:</p> <ul style="list-style-type: none"> The majority of young people accessing specialist drug and alcohol interventions have problems with alcohol (37%) and cannabis (53%), requiring psychosocial, harm reduction and family interventions, rather than treatment for addiction, 	<p>39.3% of young people in treatment resident in Surrey were aged 15 years or under and 60.7% were aged between 16 and 17 years.</p> <p>The highest proportion of service users are 16-years plus, therefore those who are aged 16-21 years may be disproportionately affected by any changes to the substance misuse service.</p>	<p>Age appropriate services – Teenagers The World Health Organisation has developed the concept of youth friendly services, emphasising that services that provide young people with good experiences are more likely to be effective and used. Based upon this, clear quality criteria for adolescent-friendly health services were developed, validated and published by the DH in 2007 – You're Welcome. Local authority commissioned drug and alcohol services need to be sensitive to both the needs of young men and women. This means being confidential, the the right place, open at accessible times and well publicised to reduce the stigma of asking for help and encourage young people to seek early advice (Report of the Children and Young Peoples Health Outcome Forum, 2013)</p> <p><u>National Institute of Clinical Excellence (NICE)</u> (NICE quality standards are a set of specific, concise statements that act as markers of high quality, cost effective patient care, covering the treatment and prevention of different diseases and conditions)</p> <ul style="list-style-type: none"> - PH4 : Interventions to reduce substance misuse among vulnerable young people; - PH3 : Prevention of sexually transmitted infections and under 18 conceptions; - PH20 : Social and emotional wellbeing in secondary education; - PH43 : Hepatitis B and C: ways to promote

⁵ More information on the definitions of these groups can be found [here](#).

EQUALITY IMPACT ASSESSMENT TEMPLATE

	<p>which most adults but only a small minority of young people require;</p> <ul style="list-style-type: none"> • Most young people need to engage with specialist drug and alcohol interventions for a short period of time, often weeks, before continuing with further support elsewhere, within an integrated young people's care plan. <p>Early interventions are proven to be effective in preventing problematic substance use/misuse.</p> <p>Approaches to young people need to reflect that there are intrinsic differences between adults and children and between children of different ages. Services delivered by the Provider will have the appropriate policies and guidelines as well as competent staff to identify the following as a part of service delivery:</p> <ul style="list-style-type: none"> - differences in legal competence; - age appropriateness; 		<p>and offer testing to people at increased risk of infection;</p> <ul style="list-style-type: none"> - CG51: Drug misuse – psychosocial interventions; - QS11 : Alcohol dependence and harmful alcohol use quality standard; - CG110 : Pregnancy and complex social factors; - CG120 : Psychosis with coexisting substance misuse; - QS23 : Drug use disorders.
--	--	--	---

EQUALITY IMPACT ASSESSMENT TEMPLATE

	<ul style="list-style-type: none"> - parental responsibility; - confidentiality; - “risk” and “significant harm”; - Involving the family. 			
Page 199	Disability	<p>Improvement in health and well-being, self-esteem and confidence.</p> <p>The new service will be accessible and attractive to all young people without any discrimination. The service will need to reflect the age, culture, gender, ethnicity, sexual orientation, religious beliefs and any form of disability of the target groups.</p> <p>Particular consideration will be given to the accessibility of services to young people, particularly opening times, location and age appropriate publicity.</p>	None	<p>The overall welfare of the child is paramount The service will ensure that this is reflected in every aspect of their work with children and young people. Policies, guidance and protocols with other agencies will be in accordance with the Children Act 1989 and 2004 and the UN Convention on the Rights of the Child.</p> <p>The services will co-operate with the local authority in carrying out its responsibilities towards children and young people; in particular it will work in partnership with the local authority in carrying out its legal responsibilities and duties to children. The passing of the Children Act 2004 establishes a statutory duty on all services, both voluntary and statutory, to safeguard and promote children’s wellbeing.</p>
	Gender reassignment	<p>Improvement in health and well-being, self-esteem and confidence.</p>	<p>No evidence that the changes will disproportionately affect young people who have undergone gender reassignment.</p>	<p>The service will co-operate with the local authority in carrying out its responsibilities towards children and young people; in particular it will work in partnership with the local authority in carrying out its legal responsibilities and duties to children. The passing of the Children Act 2004 establishes a statutory duty on all services, both voluntary and statutory, to safeguard and promote children’s wellbeing.</p> <p>The service will work alongside schools, youth</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

			<p>services and other relevant organisations which have the greatest potential to impact on LGBTQ young peoples' lives.</p> <p>Young people need a learning environment which is tolerant of their sexuality and gender and does not attach a social stigma to it. Schools can support this through adopting explicit anti-homophobic bullying policy, taking action against homophobic bullying and promoting greater awareness of lesbian and gay issues.</p> <p>LGBTQ young people are more likely to be able to handle the factors associated with poor outcomes if they have a strong support network in place. Youth services can improve young people's resilience towards the unique pressures they face through supporting them in building networks of support that they can rely on.</p> <p>LGBTQ young people also have specific health needs. Health services need to be able to provide relevant information and contact details of support organisations for young LGBT people, their families and friends. Health professionals need to possess the skills to enable them to facilitate disclosure by young LGBT people, and understand the importance of confidentiality for this group. Health services also need to offer provision that reflects some of the outcomes that are more prevalent within this cohort, such as suicide and self-harm.</p> <p>It will be expected of the new service to work to the standards set out above.</p>
--	--	--	--

EQUALITY IMPACT ASSESSMENT TEMPLATE

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 201</p> <p>Pregnancy and maternity</p>	<p>Improvement in health and well-being, self-esteem and confidence.</p> <p>The new service will deliver a range of interventions aimed at addressing risky behaviours. This will include preventative measures aimed at promoting safe sex and contraception.</p> <p>The service will work alongside relevant agencies to support pregnant young women and young mothers as part of a holistic approach to responding to their needs.</p>	<p>None</p>	<p><u>National Institute of Clinical Excellence (NICE)</u> <i>(NICE quality standards are a set of specific, concise statements that act as markers of high quality, cost effective patient care, covering the treatment and prevention of different diseases and conditions)</i></p> <ul style="list-style-type: none"> - PH4 : Interventions to reduce substance misuse among vulnerable young people; - PH3 : Prevention of sexually transmitted infections and under 18 conceptions; - PH20 : Social and emotional wellbeing in secondary education; - PH43 : Hepatitis B and C: ways to promote and offer testing to people at increased risk of infection; - CG51: Drug misuse – psychosocial interventions; - QS11 : Alcohol dependence and harmful alcohol use quality standard; - CG110 : Pregnancy and complex social factors; - CG120 : Psychosis with coexisting substance misuse; - QS23 : Drug use disorders.
<p>Race</p>	<p>The service will be expected to deliver interventions in a way which improve the engagement and retention in treatment of clients from an ethnic background.</p> <p>In 2011/12 81.3% of clients accessing treatment were identified as White British</p>	<p>No potential negative impacts have been identified.</p>	<p>Evidence shows that services which are culturally and ethnically aware provide better treatment outcomes for their clients.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

	<p>which is slightly lower than for the overall Surrey population (83.5% in the 2011 Census). All groups will benefit from improvement in health and well being, self esteem and confidence.</p>		
<p>Page 202</p> <p>Religion and belief</p>	<p>Improvement in health and well-being, self-esteem and confidence.</p> <p>The new service will be accessible and attractive to all young people without any discrimination. The service will need to reflect the age, culture, gender, ethnicity, sexual orientation, religious beliefs and any form of disability of the target groups. Particular consideration will be given to the accessibility of services to young people, particularly opening times, location and age appropriate publicity.</p>	<p>No evidence that changes to services will disproportionately affect those of a specific religious background / belief.</p>	<p>The service will co-operate with the local authority in carrying out its responsibilities towards children and young people; in particular it will work in partnership with the local authority in carrying out its legal responsibilities and duties to children. The passing of the Children Act 2004 establishes a statutory duty on all services, both voluntary and statutory, to safeguard and promote children's wellbeing.</p>
<p>Sex</p>	<p>Improvement in health and well-being, self-esteem and confidence.</p> <p>Young people that are LGBTQ experience several inequalities when accessing and using</p>	<p>An average of 63.7% of young people in treatment were male and 36.3% were female suggesting that women may benefit less from improvements to services.</p>	<p>The service will co-operate with the local authority in carrying out its responsibilities towards children and young people; in particular it will work in partnership with the local authority in carrying out its legal responsibilities and duties to children. The passing of the Children Act 2004 establishes a statutory duty on all services, both voluntary and statutory, to safeguard and promote children's wellbeing.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

	<p>public services, including:</p> <ul style="list-style-type: none"> • Facing barriers to accessing health care – many young people feel that health care professionals treated LGBTQ people differently which has prevented them from visiting regularly. Specific services for transgender young people are particularly oversubscribed. • Greater likelihood of being bullied at school • Poorer health outcomes than their peers – through the effects of bullying and social stigma associated with their sexuality, and through adoption of risky behaviours that are often used as a coping strategy. <p>The new service will be accessible and attractive to all young people without any discrimination. The service will need to reflect the age, culture, gender, ethnicity, sexual orientation, religious beliefs and any form of disability of the target groups.</p>		<p>The service will work alongside schools, youth services and other relevant organisations which have the greatest potential to impact on LGBTQ young peoples' lives.</p> <p>Young people need a learning environment which is tolerant of their sexuality and does not attach a social stigma to it. Schools can support this through adopting explicit anti-homophobic bullying policy, taking action against homophobic bullying and promoting greater awareness of lesbian and gay issues.</p> <p>LGBTQ young people are more likely to be able to handle the factors associated with poor outcomes if they have a strong support network in place. Youth services can improve young people's resilience towards the unique pressures they face through supporting them in building networks of support that they can rely on.</p> <p>LGBTQ young people also have specific health needs. Health services need to be able to provide relevant information and contact details of support organisations for young LGBT people, their families and friends. Health professionals need to possess the skills to enable them to facilitate disclosure by young LGBT people, and understand the importance of confidentiality for this group. Health services also need to offer provision that reflects some of the outcomes that are more prevalent within this cohort, such as suicide and self-harm.</p> <p>It will be expected of the new service to work to the standards set out above.</p>
--	--	--	--

EQUALITY IMPACT ASSESSMENT TEMPLATE

	<p>Particular consideration will be given to the accessibility of services to young people, particularly opening times, location and age appropriate publicity.</p>		
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 204</p> <p style="text-align: center;">Sexual orientation</p>	<p>Improvement in health and well-being, self-esteem and confidence.</p> <p>Young people that are LGBTQ experience several inequalities when accessing and using public services, including:</p> <ul style="list-style-type: none"> • Facing barriers to accessing health care – many young people feel that health care professionals treated LGBTQ people differently which has prevented them from visiting regularly. Specific services for transgender young people are particularly oversubscribed. • Greater likelihood of being bullied at school • Poorer health outcomes than their peers – through the effects of bullying and social stigma associated with 	<p>No evidence of changes to services to disproportionately affect sexual orientation</p>	<p>The service will co-operate with the local authority in carrying out its responsibilities towards children and young people; in particular it will work in partnership with the local authority in carrying out its legal responsibilities and duties to children. The passing of the Children Act 2004 establishes a statutory duty on all services, both voluntary and statutory, to safeguard and promote children’s wellbeing.</p> <p>The service will work alongside schools, youth services and other relevant organisations which have the greatest potential to impact on LGBTQ young peoples’ lives.</p> <p>Young people need a learning environment which is tolerant of their sexuality and does not attach a social stigma to it. Schools can support this through adopting explicit anti-homophobic bullying policy, taking action against homophobic bullying and promoting greater awareness of lesbian and gay issues.</p> <p>LGBTQ young people are more likely to be able to handle the factors associated with poor outcomes if they have a strong support network in place. Youth services can improve young people’s resilience towards the unique pressures they face through supporting them in building networks of support that they can rely on.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

Page 205

	<p>their sexuality, and through adoption of risky behaviours that are often used as a coping strategy.</p> <p>The new service will be accessible and attractive to all young people without any discrimination. The service will need to reflect the age, culture, gender, ethnicity, sexual orientation, religious beliefs and any form of disability of the target groups. Particular consideration will be given to the accessibility of services to young people, particularly opening times, location and age appropriate publicity.</p>		<p>LGBTQ young people also have specific health needs. Health services need to be able to provide relevant information and contact details of support organisations for young LGBT people, their families and friends. Health professionals need to possess the skills to enable them to facilitate disclosure by young LGBT people, and understand the importance of confidentiality for this group. Health services also need to offer provision that reflects some of the outcomes that are more prevalent within this cohort, such as suicide and self-harm.</p> <p>It will be expected of the new service to work to the standards set out above.</p>
<p>Marriage and civil partnerships</p>	<p>The new service will be accessible and attractive to all young people without any discrimination. The service will need to reflect the age, culture, gender, ethnicity, sexual orientation, religious beliefs and any form of disability of the target groups.</p>	<p>The marital status is not a criteria considered to access substance misuse services</p>	<p>The service will co-operate with the local authority in carrying out its responsibilities towards children and young people; in particular it will work in partnership with the local authority in carrying out its legal responsibilities and duties to children. The passing of the Children Act 2004 establishes a statutory duty on all services, both voluntary and statutory, to safeguard and promote children's wellbeing.</p>
<p>Children in Care / Care Leavers</p>		<p>Within Surrey, 4.4% of Looked After Children have a substance misuse problem (2012). Children in care and care</p>	<p>It is essential to ensure clear signposting to national and local resources working closely with social services and schools to raise awareness of services available and how to access substance misuse services if needed.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

		leavers are more at risk of substance misuse than those who are not in care and are likely to be disproportionately affected by any changes in substance misuse services.	
Young Offenders		39% of Young People accessing substance misuse services in Surrey last year were referred by the Youth Justice. Youth offenders tend to be overrepresentative users of substance misuse services and are therefore likely to be disproportionately affected by changes.	As above

7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Age	Non-discriminatory workplace	None	It is required of the new service to be compliant with the new Equality Act which came into force on 1 November 2010. The Equality Act brings together over 116 separate pieces of legislation into one single Act. Combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and

EQUALITY IMPACT ASSESSMENT TEMPLATE

			advance equality of opportunity for all.
Disability	Non-discriminatory workplace	None	<p>It is required of the new service to be compliant with the new Equality Act which came into force on 1 November 2010.</p> <p>The Equality Act brings together over 116 separate pieces of legislation into one single Act. Combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and advance equality of opportunity for all.</p>
Gender reassignment	Non-discriminatory workplace	None	<p>It is required of the new service to be compliant with the new Equality Act which came into force on 1 November 2010.</p> <p>The Equality Act brings together over 116 separate pieces of legislation into one single Act. Combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and advance equality of opportunity for all.</p>
Pregnancy and maternity	Non-discriminatory workplace	None	<p>It is required of the new service to be compliant with the new Equality Act which came into force on 1 2010.</p> <p>The Equality Act brings together over 116 separate pieces of legislation into one single Act. Combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and advance equality of opportunity for all.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

			<p>It is required of the new service to be compliant with the new Equality Act which came into force on 1 November 2010.</p> <p>The Equality Act brings together over 116 separate pieces of legislation into one single Act. Combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and advance equality of opportunity for all.</p>
<p>Page 208</p> <p>Religion and belief</p>	<p>Non-discriminatory workplace</p>	<p>None</p>	<p>It is required of the new service to be compliant with the new Equality Act which came into force on 1 November 2010.</p> <p>The Equality Act brings together over 116 separate pieces of legislation into one single Act. Combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and advance equality of opportunity for all.</p>
<p>Sex</p>	<p>Non-discriminatory workplace</p>	<p>None</p>	<p>It is required of the new service to be compliant with the new Equality Act which came into force on 1 November 2010.</p> <p>The Equality Act brings together over 116 separate pieces of legislation into one single Act. Combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and advance equality of opportunity for all.</p>
<p>Sexual orientation</p>	<p>Non-discriminatory workplace</p>	<p>None</p>	<p>It is required of the new service to be compliant with the new Equality Act which came into force on 1 November 2010.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

			<p>The Equality Act brings together over 116 separate pieces of legislation into one single Act. Combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and advance equality of opportunity for all.</p>
<p>Marriage and civil partnerships</p>	<p>Non-discriminatory workplace</p>	<p>None</p>	<p>It is required of the new service to be compliant with the new Equality Act which came into force on 1 November 2010.</p> <p>The Equality Act brings together over 116 separate pieces of legislation into one single Act. Combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and advance equality of opportunity for all.</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

8. Amendments to the proposals

Change	Reason for change
N/A	N/A

9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
Change of service and provider for some people might be difficult for existing clients however it is expected that the staff will be TUPE over	Transition planning between new and existing providers has been built in to enable a smooth transfer of individuals	By the beginning of the contract : 1 st November 2013	New and existing providers to report to the commissioner
<p>The most vulnerable young people are appropriately signposted and have good access to substance misuse services.</p> <p>Improved levels of awareness of how and where to access substance misuse services</p>	<p>Ensure there is clear signposting to national and local services through partner agencies (Social Services; Schools; Police; Health; Non-maintained independent schools; etc)</p> <p>Clearly communicate changes to service to service users / families / communities / stakeholders</p> <p>Work with schools to ensure that preventative messages and signposting takes place, including in PSHE lessons.</p> <p>Ensure strong links to ensure a smooth transition between children and adult substance misuse services</p>	From beginning of new contract 1 st November 2013	Provider working with lead commissioner and commissioning stakeholders
Monitoring performance indicators to track effectiveness of early intervention and prevention in addressing substance misuse and effectiveness of remaining	Any negative impacts are identified and appropriate action taken to help address.	From beginning of new contract 1 st November 2013	Public Health Commissioner

EQUALITY IMPACT ASSESSMENT TEMPLATE

substance misuse service.			
---------------------------	--	--	--

10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
Clients and TUPE staff may take time to adapt to new arrangements beyond the transitional period	ALL

11. Summary of key impacts and actions

Information and engagement underpinning equalities analysis	<p>The service change has come about as a result of the following analysis :</p> <ul style="list-style-type: none"> - Quarterly performance review; - JSNA - Review of existing service user profile - best practice review / comparison with statistical neighbours - Service user feedback; - Work with colleagues within and outside the Public Health commissioning team.
Key impacts (positive and/or negative) on people with protected characteristics	<p>Positive impact for all categories with a particular emphasis on :</p> <ul style="list-style-type: none"> - Age - Disability; - LGBT; - Race. <p>Negative impacts will be minimal although for some clients they may need time to acclimatise to the new service.</p>
Changes you have made to the proposal as a result of the EIA	
Key mitigating actions planned to address any outstanding negative impacts	Transition planning between new and existing provider has been built in to enable people time to adapt to a new provider and arrangements if this is needed, to enable a smooth transfer of clients.
Potential negative impacts that cannot be mitigated	Clients and TUPE staff may take time to adapt to new arrangements beyond the transitional period

This page is intentionally left blank

1. Topic of assessment

EIA title:	Re-tender of Surrey's Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, including Housing Support
-------------------	---

EIA author:	Heather Ryder, Senior Public Health Lead, Public Health Cyril Haessig, Public Health Lead
--------------------	--

2. Approval

	Name	Date approved
Approved by¹	Ruth Hutchinson, Acting Deputy Director	04/07/13

3. Quality control

Version number		EIA completed	
Date saved		EIA published	

18

4. EIA team

Name	Job title (if applicable)	Organisation	Role
Heather Ryder	Senior Public Health Lead	Public Health, SCC	Project sponsor
Cyril Haessig	Public Health Lead	Public Health, SCC	Project group member
Donal Hegarty	Senior Commissioner	Adult Social Care, SCC	Project group member
Peter Floyd	Commissioning Manager	Adult Social Care, SCC	Project group member
Karl Smith	Service User and Carer Involvement Development Officer	Public Health, SCC	Project group member

¹ Refer to earlier guidance for details on getting approval for your EIA.

EQUALITY IMPACT ASSESSMENT TEMPLATE

5. Explaining the matter being assessed

<p>What policy, function or service is being introduced or reviewed?</p>	<p>The Coalition drug strategy sets out a “fundamentally different approach to tackling drugs and an entirely new ambition to reduce drug use and dependence. It sets out that services must be more integrated. Power and accountability must sit at the lowest possible level. There is a shift of responsibility for recovery on to the individual to be accountable for their actions and work with those who are there to support them to tackle and overcome their dependence, drawing on the support from those who have already overcome their own drug and alcohol dependence.</p> <p>The provision of a tier 2/tier 3 substance misuse service, incorporating housing support and assertive outreach for people displaying complex needs in association with substance misuse, is being re-tendered. These 3 elements are currently commissioned as separate services between Public Health and Adult Social Care and the re-tendering of the core contract is allowing for the services to be aligned and commissioned as one, thereby reducing overheads and adopting a seamless approach across services.</p> <p>The key outcomes for the service are to:</p> <ul style="list-style-type: none"> • prevent problematic substance misuse • reduce drug and alcohol related crime • enable and support the long-term recovery, rehabilitation and social reintegration of people in Surrey affected by substance misuse. <p>This is not a statutory service but seeks to form part of a range of provision for substance misuse treatment available. People will be able to access the service through a number of different routes including primary care, social services, housing services and self referrals.</p>
<p>What proposals are you assessing?</p>	<p>The retendered service will work in partnership with the commissioners to :</p> <ul style="list-style-type: none"> • Reduce the harm that illicit drug and alcohol use causes to the individual, their family and the community at large. <p>In order to achieve the above the service will be require to deliver the following outcomes :</p> <ul style="list-style-type: none"> • Freedom from dependence on drugs and alcohol • Reduction in substance misuse related offending • Improved mental and physical health and wellbeing, including social functioning and personal relationships • Reduction in substance misuse within the community • Reduction of substance related harm to service users/

18

EQUALITY IMPACT ASSESSMENT TEMPLATE

	<p>offenders, public and others</p> <ul style="list-style-type: none"> • Reduction of substance misuse related deaths • Reduction in blood borne viruses • Improved relationships with family members, partners and friends, including the ability to be an effective parent • Improve tenancy sustainability • Reduce substance misuse related homelessness • Prevent homelessness and sustain tenancies <p>The Key Outcome Performance Indicators (KPIs) for the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service are determined by the NTA (National Treatment Agency) current Dataset as detailed in <i>Appendix 1</i>. The delivery of these targets will be assessed on a quarterly basis. In addition, the Service Provider will comply with the NTA outcome monitoring tool (TOPS – treatment outcome profiles). A robust Substance Misuse Service Performance Outcome Framework based on this structure and targets will be agreed once the contract is awarded.</p> <p>As part of this we will be engaging with service users to understand their experience of substance misuse services which will inform ongoing commissioning.</p> <p>The joint-commissioning of the new service will involve :</p> <ul style="list-style-type: none"> - Public Health Team (Surrey County Council); - Adult and Social Care Services (Surrey County Council); - Supporting People (Surrey County Council).
<p>Who is affected by the proposals outlined above?</p>	<p>The Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service is for adults (aged 18 years and over) resident within Surrey and experiencing problematic substance misuse issues, including the use of opiates, stimulants, hallucinogens and alcohol as well as their families, carers or partners. Flexibility will be given to work with those aged 16 or 17 years old where this is an appropriate response to the presenting need.</p> <p>Individuals requiring Tier 3 structured care-planning and clinical interventions must be resident within Surrey and have a GP based within Surrey.</p> <p>Changes in the provision of a the new service may impact on the following:</p> <ul style="list-style-type: none"> • Service users and their carers or families; • External organisations that refer into the organisation; • Adult and Social Care Directorate, Supporting People who share similar targets and will work in partnership with the new service.

EQUALITY IMPACT ASSESSMENT TEMPLATE

6. Sources of information

Engagement carried out
<p>The updated service specification has been informed by the following processes :</p> <ul style="list-style-type: none">- quarterly performance reviews undertaken by Public Health with the current providers;- informal engagement with service users;- review of best practice working with statistical neighbours and through liaison with NTA Regional representative- Distilling findings from JSNA- the proposal has been worked through with colleagues within the commissioning team from Public Health, Adult and Social Care and Supporting People and co-ordinated by SCC procurement.
Data used
<p>The following data sets were used :</p> <ul style="list-style-type: none">- DOMES reports;- TOPS;- Contract performance management framework for each of the current contracts;- Service user feedback;- Service user consultation;- NTA commissioning guidance (JSNA support pack for commissioners);- DTMU Adult profiles;- Surrey JSNA.

18

7. Impact of the new/amended policy, service or function

EQUALITY IMPACT ASSESSMENT TEMPLATE

7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic ²	Potential positive impacts	Potential negative impacts	Evidence
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 217</p> <p>Age</p>	<p>The age range the most represented in treatment was 35 to 44 (1364 – 33%) followed by 25 to 34 (1121 – 27%) and 45 to 54 (972 – 23%). Again this is a similar picture compared to the previous year.</p> <p>The Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service will respond positively to the needs of all groups who have a protected characteristic within the Equality Act 2010. These characteristics include race, religion or belief, sexual orientation, pregnancy and maternity, age, disability, gender and gender identity. The Service Provider is expected to engage with these groups through all necessary means to ensure inclusion is in a positive and meaningful way.</p> <p>In addition the benefits of the new service on users is that it</p>	<p>No evidence of changes to services to disproportionately affect this group.</p>	<p>All persons, irrespective of race, gender, disability, age, ethnicity, religion or sexual orientation should be able to secure access to the same substance misuse treatment services as the rest of the population.</p> <p>In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.</p> <p>In the delivery of any services commissioned on behalf of the Surrey County Council, the Service Provider must demonstrate awareness and be responsive to the accessibility and needs of groups described above either in services or attempting to access services.</p>

² More information on the definitions of these groups can be found [here](#).

EQUALITY IMPACT ASSESSMENT TEMPLATE

	will rationalise previously fragmented provisions (T2 outreach, complex needs, housing support) into one service thus making it more efficient to respond to multiple needs.		
Disability	As above.	No evidence of changes to services to disproportionately affect this group.	As above. Accessibility relates to (but is not limited to); physical and mental impairment, communication needs, those with either a hearing or sight impairment, translation / interpretation if English is not a first language, the expectation with regards to acceptance of individuals defined under gender identification, respect of faith and beliefs.
Gender reassignment	As above.	No evidence of changes to services to disproportionately affect this group. It is however expected of the new service to promote itself and deliver interventions in a way which enables transgender clients to be more confident in accessing the service.	All persons, irrespective of race, gender, disability, age, ethnicity, religion or sexual orientation should be able to secure access to the same substance misuse treatment services as the rest of the population. In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees. In the delivery of any services commissioned on behalf of the Surrey County Council, the Service

EQUALITY IMPACT ASSESSMENT TEMPLATE

			<p>Provider must demonstrate awareness and be responsive to the accessibility and needs of groups described above either in services or attempting to access services.</p> <p>Several studies show that drug prevention and treatment services need to be more accurately attuned to the needs of the LGBT population. For this to happen, more evidence is required so that the appropriate service provision can be commissioned. Specifically, qualitative data on recreational drug use (e.g. use not solely relating to 'addiction'), on the different drugs used by LGBT groups, and evidence relating to inhibiting factors for those who do not access services are required in order to better understand service needs</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 219</p> <p>Pregnancy and maternity</p>	<p>As above.</p>	<p>No evidence of changes to services to disproportionately affect this group.</p>	<p>All persons, irrespective of race, gender, disability, age, ethnicity, religion or sexual orientation should be able to secure access to the same substance misuse treatment services as the rest of the population.</p> <p>In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.</p> <p>In the delivery of any services commissioned on behalf of the Surrey County Council, the Service Provider must demonstrate awareness and be</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

			responsive to the accessibility and needs of groups described above either in services or attempting to access services.
Race	As above. Similarly to last year's figure the vast majority of clients in treatment were White British (3778 - 91%) which is in line with Surrey's ethnic breakdown.	No evidence of changes to services to disproportionately affect this group.	Evidence shows that services which are culturally and ethnically aware provide better treatment outcomes for their clients. The service will be expected to deliver interventions in a way which improve the engagement and retention in treatment of clients from an ethnic background.
Religion and belief	As above.	No evidence that changes to services will disproportionately affect those of a specific religious background / belief.	All persons, irrespective of race, gender, disability, age, ethnicity, religion or sexual orientation should be able to secure access to the same substance misuse treatment services as the rest of the population. In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be "exercising public functions" for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities' as a provider to service users and as an employer to its employees. In the delivery of any services commissioned on behalf of the Surrey County Council, the Service Provider must demonstrate awareness and be responsive to the accessibility and needs of groups described above either in services or attempting to access services.

EQUALITY IMPACT ASSESSMENT TEMPLATE

<p>Sex</p>	<p>As above.</p>	<p>No evidence of changes to services to disproportionately affect Male or Female clients.</p> <p>It is however expected of the new service to deliver interventions in a way which enables female clients to be more confident in accessing the service as traditionally women are under-represented in substance misuse treatment .</p>	<p>All persons, irrespective of race, gender, disability, age, ethnicity, religion or sexual orientation should be able to secure access to the same substance misuse treatment services as the rest of the population.</p> <p>In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.</p> <p>In the delivery of any services commissioned on behalf of the Surrey County Council, the Service Provider must demonstrate awareness and be responsive to the accessibility and needs of groups described above either in services or attempting to access services.</p>
<p>Sexual orientation</p>	<p>As above.</p>	<p>No evidence of changes to services to disproportionately affect sexual orientation</p>	<p>All persons, irrespective of race, gender, disability, age, ethnicity, religion or sexual orientation should be able to secure access to the same substance misuse treatment services as the rest of the population.</p> <p>In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

			<p>users and employees. The Service Provider has responsibilities' as a provider to service users and as an employer to its employees.</p> <p>In the delivery of any services commissioned on behalf of the Surrey County Council, the Service Provider must demonstrate awareness and be responsive to the accessibility and needs of groups described above either in services or attempting to access services.</p>
<p>Page 222</p> <p>Marriage and civil partnerships</p>	As above.	<p>The marital status is not a criteria considered to access substance misuse services</p>	<p>All persons, irrespective of race, gender, disability, age, ethnicity, religion or sexual orientation should be able to secure access to the same substance misuse treatment services as the rest of the population.</p> <p>In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be "exercising public functions" for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities' as a provider to service users and as an employer to its employees.</p> <p>In the delivery of any services commissioned on behalf of the Surrey County Council, the Service Provider must demonstrate awareness and be responsive to the accessibility and needs of groups described above either in services or attempting to access services.</p>

7b. Impact of the proposals on staff with protected characteristics

Protected	Potential positive	Potential negative	Evidence
-----------	--------------------	--------------------	----------

EQUALITY IMPACT ASSESSMENT TEMPLATE

characteristic	impacts	impacts	
Age	Non-discriminatory workplace	None	In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.
Disability	Non-discriminatory workplace	None	In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.
Gender reassignment	Non-discriminatory workplace	None	In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.

EQUALITY IMPACT ASSESSMENT TEMPLATE

<p>Pregnancy and maternity</p>	<p>Non-discriminatory workplace</p>	<p>None</p>	<p>In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.</p>
<p>Race</p>	<p>Non-discriminatory workplace</p>	<p>None</p>	<p>In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.</p>
<p>Religion and belief</p>	<p>Non-discriminatory workplace</p>	<p>None</p>	<p>In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees. In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

			Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.	
Page 225	Sex	Non-discriminatory workplace	None	In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.
	Sexual orientation	Non-discriminatory workplace	None	In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities’ as a provider to service users and as an employer to its employees.
	Marriage and civil partnerships	Non-discriminatory workplace		In delivering the Adult Tier 2 and Low Threshold Tier 3 Substance Misuse Treatment Service, the Service Provider will be “exercising public functions” for the

EQUALITY IMPACT ASSESSMENT TEMPLATE

			<p>purposes of section 149(2) of the Equality Act 2010. As such, the Service Provider is required to pay due regard to the Public Sector Equality Duty under section 149(1) of that Act and to deliver the Services accordingly. The Equality Act 2010 relates to service users and employees. The Service Provider has responsibilities' as a provider to service users and as an employer to its employees.</p>
--	--	--	---

EQUALITY IMPACT ASSESSMENT TEMPLATE

8. Amendments to the proposals

Change	Reason for change
N/A	N/A

9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
Change of service and provider for some people might be difficult for existing clients however it is expected that the staff will be TUPE over	Transition planning between new and existing providers has been built in to enable a smooth transfer of individuals	By the beginning of the contract : 1 st October 2013	New and existing providers to report to the commissioners
More integrated service delivery to clients who present with multiple needs (Mental Health issues, Housing issues). The new contract will bring together 4 previously separate contracts and treatment provisions under one umbrella.	<p>Ensure there is clear signposting to national and local services through partner agencies (Social Services; Schools; Police; Health; Non-maintained independent schools; etc)</p> <p>Where appropriate review referral and moving-on protocols to and from the service;</p> <p>Develop peer support networks within the new service;</p> <p>Identify and appoint a service user lead to feedback service delivery to the commissioners from a customer point of view.</p>	From the beginning of the contract	The commissioners

EQUALITY IMPACT ASSESSMENT TEMPLATE

10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
Clients and TUPE staff may take time to adapt to new arrangements beyond the transitional period	ALL

11. Summary of key impacts and actions

Information and engagement underpinning equalities analysis	<p>The service change has come about as a result of the following analysis :</p> <ul style="list-style-type: none"> - quarterly performance reviews undertaken by Public Health with the current providers; - informal engagement with service users; - review of best practice working with statistical neighbours and through liaison with NTA Regional representative - Distilling findings from JSNA - the proposal has also been worked through with colleagues within the commissioning team from Public Health, Adult and Social Care and Supporting People and co-ordinated by SCC procurement.
Key impacts (positive and/or negative) on people with protected characteristics	<p>Positive impact for all categories with a particular emphasis on :</p> <ul style="list-style-type: none"> - Gender; - LGBT; - Race. <p>Negative impacts will be minimal although for some clients they may need time to acclimatise to the new service.</p>
Changes you have made to the proposal as a result of the EIA	
Key mitigating actions planned to address any outstanding negative impacts	Transition planning between new and existing provider has been built in to enable people time to adapt to a new provider and arrangements if this is needed, to enable a smooth transfer of clients.
Potential negative impacts that cannot be mitigated	Clients and TUPE staff may take time to adapt to new arrangements beyond the transitional period

EQUALITY IMPACT ASSESSMENT TEMPLATE

Further guidance

- [Government Equality Office: Equality Act guidance](#)
- [Equality and Human Rights Commission: *Guidance on the Equality Duty*](#)
- [Equality and Human Rights Commission: *Making fair financial decisions*](#)
- [Equality and Human Rights Commission: *Meeting the Equality Duty in policy and decision making*](#)
- [TUC: *Equality Toolkit*](#)

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank