Notice of Meeting

Council Overview & Scrutiny Committee

SURREY COUNTY COUNCIL

Date & time	**Place**	**Contact**	**Chief Executive**
Thursday, 2 October 2014 at **10.30 am**	Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN	Bryan Searle or Rianna Hanford Room 122, County Hall Tel 020 8541 9019 or 020 8213 2662	David McNulty

bryans@surreycc.gov.uk or rianna.hanford@surreycc.gov. uk

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>
> **This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Bryan Searle or Rianna Hanford on 020 8541 9019 or 020 8213 2662.**

Members

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

Ex Officio Members:

Mr David Munro (Chairman of the County Council) and Mrs Sally Ann B Marks (Vice Chairman of the County Council)

TERMS OF REFERENCE

The Committee is responsible for the following areas:

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

PART 1
IN PUBLIC

1   APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2   MINUTES OF THE PREVIOUS MEETING: 11 SEPTEMBER

Minutes of the meeting on 11 September to follow.

3   DECLARATIONS OF INTEREST

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

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

4   QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:
1. The deadline for Member's questions is 12.00pm four working days before the meeting (*Friday 26 September)*.
2. The deadline for public questions is seven days before the meeting (*Thursday 25 September)*.
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

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

There are no responses to report.

6   RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME   (Pages 1 - 20)

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

7   NEW MODELS OF DELIVERY PROGRAMME   (Pages 21 - 44)

Purpose of the report: Policy Development and Review

To update Members on the New Models of Delivery Programme and discuss how Members can best support the programme through the work of select committees.

8   **WELFARE REFORM TASK GROUP UPDATE**   (Pages 45 - 64)

Purpose of the report: Policy Development and Review, Scrutiny of Services

This report provides an update on the progress against recommendations made by the Welfare Reform Task Group.

9   **INTERNAL AUDIT REPORTS**   (Pages 65 - 88)

Purpose of the report: Scrutiny of Services

To review the Management Action Plan produced as a result of an internal audit review of:
- Manpower Agency Contract
- UNiCORN
- Grants to Voluntary Bodies 2014/15

10   **BUDGET MONITORING REPORT**   (Pages 89 - 120)

This report presents the revenue and capital budget monitoring up-date for August 2014.

11   **DATE OF NEXT MEETING**

The next meeting of the Committee will be held at 10.30am on Thursday 6 November.

David McNulty
Chief Executive
Published: Wednesday, 24 September 2014

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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Thank you for your co-operation

SURREY
COUNTY COUNCIL

Council Overview & Scrutiny Committee
3 October 2014

RECOMMENDATIONS TRACKER and FORWARD WORK PROGRAMME

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

Recommendations:

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

Next Steps:

The Committee will review its work programme and recommendations tracker at each of its meetings. Following the workshop on 11 September 2014, the Forward Work Programme will be updated and confirmed with the Chairman and Vice Chairman, before being presented to the Committee at its next meeting.

Report contact:
Helen Rankin, Scrutiny Manager

Contact details: 020 8541 9126, Helen.rankin@surreycc.gov.uk

Sources/background papers: None.

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www.surreycc.gov.uk

Council Overview & Scrutiny Committee – Forward Work Programme 2014/15

October 2014	• New Models of Delivery Programme • Welfare Reform
November 2014	• Appraisals • 'A Better Place to Work' discussions
December 2014	• Pay & Reward Strategy

Scrutiny Topics

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

This work is being undertaken by a Member Task Group throughout autumn 2013. There was an interim report back to Committee in January 2014, a final report was considered at the Committee meeting on 2 April 2014. A number of recommendations were made to Cabinet and an update will be presented to the Committee in October 2014.

An update on the project was presented to the Committee in September 2014. The next progress report is due in March 2015.

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

Feedback from informal sessions with staff was presented to the Committee. HR&OD agreed to report back in November 2014 with information about the 'Better Place to Work' programme, which covered a number of the same themes as the feedback staff had provided to COSC

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

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

The Committee reviewed the changes proposed to the Medium Term Financial Plan 2014-19, prior to agreement by Cabinet. Matters arising from recent select committee budget workshops were collated and reviewed by the Performance and Finance Sub Group, and a series of recommendations made to Cabinet. In September 2014, each Select Committee set up a Performance & Finance Sub Group to undertake targeted scrutiny of budgets.

Adult Social Care Committee looked at this topic in autumn 2013. Following this, Council Overview & Scrutiny Committee considered the topic in December 2013 and agreed to review progress in September 2014 through the Performance & Finance Sub-Group. The Adult Social Care Select Committee is now leading on this work.

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

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

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

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

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

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

The recommendations tracker allows Committee Members to monitor responses, actions and outcomes against their recommendations or requests for further actions. The tracker is updated following each Select Committee. Once an action has been completed, it will be shaded out to indicate that it will be removed from the tracker at the next meeting. The next progress check will highlight to members where actions have not been dealt with.

Recommendations made to Cabinet

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
2 April 2014 COSC 30	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	The Leader of the Council to write to the Secretary of State for Work and Pensions on simplifying the Universal Credit application process and exploring options for a common assessment for claimants across welfare benefits and support.	Leader of the Council	This recommendation was considered by Cabinet at their meeting on 22 April 2014. A response was included in the meeting papers on 30 April 2014. An update from the Welfare Reform Co-ordination Group to COSC is scheduled for October.	October2014
2 July 2014 COSC 51	CABINET MEMBER OBJECTIVES 2014/2015 [ITEM 8]	The Cabinet Member objectives to be amended to address the points agreed by COSC, and a more detailed version to be circulated to the Committee for information.	Cabinet Member for Business Services and New Models of Delivery	The updated objectives were amended and circulated to Members on 31 July 2014. The Cabinet Member will be invited to COSC to provide an update in early 2015	January 2015

Select Committee and Officer Actions

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
4 December 2013 COSC 14	**FAMILY, FRIENDS & COMMUNITY SUPPORT - SOCIAL CAPITAL IN SURREY [Item 7]**	That the Committee receives an update report regarding the implementation of Family, Friends & Community Support.	Strategic Director for Adult Social Care	The Performance & Finance Sub-Group considered financial information in relation to Family, Friends & Community Support at its meeting on 30 June 2014.	October 2014
5 March 2014 COSC 17	**BUDGET MONITORING REPORT & QUARTERLY BUSINESS REPORT [ITEM 6]**	That the Committee receive a further report outlining the options explored in relation to meeting the financial pressures created by flood-recovery.	Deputy Chief Finance Officer	This was dealt with by the Performance & Finance Sub Group at their meeting in September.	September 2014
2 April 2014 COSC 31	**BUDGET MONITORING REPORT & QUARTERLY BUSINESS REPORT [ITEM 7]**	That the information provided in response to the Section 19 request be brought to the Committee for discussion at the earliest opportunity: following discussion, the Committee to refer detailed issues to the Environment & Transport Select Committee for further consideration if necessary.	Assistant Director, Highways, Environment & Infrastructure	The Environment & Transport Select Committee received a presentation from the Environment Agency at its meeting in March 2014, at which Section 19 investigations were discussed in general	November 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				terms. Furthermore, the Select Committee's Flooding Task Group has met with the EA and Thames Water, and will include any specific issues of concern in its final report, as necessary.	
2 April 2014 COSC 18	**REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]**	Adult Social Care, Children Schools and Families, Libraries, Public Health and Finance teams to continue to monitor impacts of the welfare reforms on service users and services, and provide a joint update through the Welfare Reform Co-ordination Group to the Council Overview and Scrutiny Committee meeting in September 2014. Adult Social Care to include a summary of the impact of the welfare reforms on carers and Children Schools and Families to include a summary of the impact of the welfare reforms on care leavers in their updates.	Welfare Reform Co-ordination Group	This recommendation will be addressed through the update to the Council Overview & Scrutiny Committee in October 2014. The Welfare Reform Task Group reconvened in July 2014 to continue monitoring progress against recommendations.	October 2014

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Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
2 April 2014 COSC 19	**REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]**	The Welfare Reform Co-ordination Group be encouraged to continue to collate data on the impact of the reforms on residents and the cumulative impact of the reforms, and to share information and good practice within the group, and to report on progress to the Council Overview and Scrutiny Committee as part of the update report in September 2014.	Welfare Reform Co-ordination Group	This recommendation will be addressed through the update to the Council Overview & Scrutiny Committee in October 2014.	October 2014
2 April 2014 COSC 20	**REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]**	Surrey County Council's Organisational Development Team analyse training needs on welfare reform in the Council and explore how such training can be disseminated throughout affected council services and ensure consistency with training being delivered by partner organisations.	Organisational Development Team	This recommendation will be addressed through the update to the Council Overview & Scrutiny Committee in October 2014.	October 2014
2 April 2014 COSC 21	**REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]**	Surrey's Welfare Reform Co-ordination Group to work with the Head of Family Services to explore the potential for the Supporting Families Programme (which is being extended through the Public Services Transformation Network) to provide early help/intervention	Welfare Reform Co-ordination Group/ Head of Family Services	This recommendation will be addressed through the update to the Council Overview & Scrutiny Committee in October 2014.	October 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		to some of those families who are most severely impacted by the welfare reforms.			
2 April 2014 COSC 23	**REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]**	Shared services to provide an update on improvements to the LAS scheme and take up of the fund, as part of the update report to the Council Overview and Scrutiny Committee in September 2014.	Shared Services	This recommendation will be addressed through the update to the Council Overview & Scrutiny Committee in October 2014.	October 2014
2 April 2014 COSC 25	**REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]**	The Adult Social Care Committee to closely monitor the delivery of this service by getWIS£ and report back to the Council Overview and Scrutiny Committee as appropriate.	Adult Social Care Select Committee	The Adult Social Care Select Committee received a report on getWIS£ on 26 June 2014. The outcome was fed in to the work of the Welfare Reform Task Group when it reconvened in July 2014.	October 2014
2 April 2014 COSC 26	**REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]**	Surrey County Council's Adult Social Care Commissioners to work with Surrey's Welfare Reform Co-ordination Group, Public Health and getWI£E to:	Adult Social Care Commissioners/ Welfare Reform Co-ordination Group/Public Health	This recommendation will be addressed through the update to the Council Overview & Scrutiny	October 2014

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Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		(a) promote the getWiS£ advice and support service to all Surrey GPs through Surrey's 6 Clinical Commissioning Groups; and (b) continue to raise awareness of this service among key partners including District and Borough Housing and Benefits Officers and social housing providers; to ensure Surrey residents receive early help in dealing with the welfare reforms.		Committee in October 2014.	
2 April 2014 COSC 27	**REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]**	The Public Health team to report to the Council Overview and Scrutiny Committee with findings from their food access needs assessment, to inform the Committee's work around reviewing the impacts of welfare reform in Surrey.	Public Health	This recommendation will be addressed through the update to the Council Overview & Scrutiny Committee in October 2014.	October 2014
2 April 2014 COSC 28	**REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]**	Surrey County Council to work closely with the Department for Work and Pensions, District and Borough Councils, housing providers and the Voluntary, community and faith sector to prepare for the introduction of Universal Credit, taking into	Welfare Reform Co-ordination Group	This recommendation will be addressed through the update to the Council Overview & Scrutiny Committee in October 2014.	October 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		consideration the concerns and recommendations highlighted in this report, and report back to the Council Overview and Scrutiny Committee on progress. This preparation should include: (a) researching and understanding the need for digital access and support across Surrey; (b) the County Council better understanding the potential demand on IT resources as a result of the introduction of Universal Credit to enable Surrey to properly prepare for this, including reviewing budget provision; (c) reviewing the demand for money management advice and assessing existing service provision, in order to make evidence-based recommendations for sourcing the necessary support; and (d) lobbying central government to ensure that support to access			

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		Universal Credit is adequately funded.			
30 April 2014 COSC 36	**INTERNAL AUDIT: REVIEW OF APPRAISALS 2013/14 [ITEM 6]**	That HR investigate options to move towards a digital appraisal process as a means of improving both the quality of appraisals and the completion rates.	Head of HR	HR&OD have scheduled an update for the November meeting.	November 2014
30 April 2014 COSC 38	**REVIEW OF CENTRAL AND DIRECTORATE COMMUNICATIONS FUNCTIONS [ITEM 8]**	That the Head of Communications review the support and information provided to Members in their local role, both individually and through Local Committees, including the provision of a simplified version of the Annual Report (in printed form) for Members to share with constituents.	Head of Communications	A shorter, simplified version of the Annual Report has been published.	October 2014
4 June 2014 COSC 43	**YEAR-END FINANCIAL BUDGET OUT-TURN 2013/14**	That the following process be adopted for scrutiny of year-end performance results: • Each Select Committee to scrutinise year-end performance information for the priorities within their remit annually at their May/June meeting, with services providing written explanation of the reasons for any priority	Democratic Services	Arrangements have been made for this process to be adopted from May 2015.	June 2015

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		rated as red. • That the outcomes of the scrutiny be reported to the Council Overview & Scrutiny Committee annually at its meeting in July.			
4 June 2014 COSC 46	**YEAR-END FINANCIAL BUDGET OUT-TURN 2013/14**	Details to be provided about specific initiatives undertaken by the Adult Social Care Service to address the issue of significant vacancies in reablement and front-line teams.	HR Relationship Manager (Adults)	The Adult Social Care Select Committee considered this item at its meeting on 5 September. A recommendation has been made to Cabinet and was considered at the meeting on 23 September 2014.	September 2014
4 June 2014 COSC 47	**REWARD STRATEGY REVIEW 2014-18**	Historic data about trends in staff costs and benchmarking data for staff above level S8 to be circulated to Members of the Committee.	Head of HR and Organisational Development	At the Performance & Finance Sub Group meeting in September 2014, the HR Relationship Manager (Adults) advised that the Council were currently looking to	December 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				appoint a partner to undertake benchmarking. At present, benchmarking was completed on an ad-hoc basis, but there were no systematic checks. It was agreed that data would be shared as and when it became available and that the decision regarding the partner chosen for benchmarking would be announced to the Committee as part of their Pay & Reward update in December 2014.	
4 June 2014

COSC 48 | **DIGITAL STRATEGY UPDATE** | A list of names and biographies for the Digital Strategy Advisory Board to be circulated to the Committee. | Chief Digital Officer | This was circulated ahead of the September meeting. | September 2014 |
| 2 July 2014 | **FORWARD WORK PROGRAMME AND RECOMMENDATIONS** | That the Chairman write to the Chief Executive to request his support in ensuring that officers | Chairman of the Committee | The attached letter was sent to the Chief Executive on 12 | October 2014 |

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
COSC 49	**TRACKER**	respond in a timely fashion to requests for information by the Committee.		August 2014. The Chairman and Vice Chairman are meeting with the Chief Executive to discuss this matter.	
2 July 2014 COSC 50	**BUDGET MONITORING REPORT, MAY 2014**	That the Adult Social Care Select Committee consider the following issues as part of its review of the Family, Friends & Community Support programme in September 2014: • The availability of community support infrastructure in the County, both in terms of its ability to meet a diverse range of needs and its geographical spread. • The impact on community support capacity of a move by the Council towards contracts with community groups	Adult Social Care Select Committee	Adult Social Care Select Committee considered an item on Friends, Family & Community Support at their meeting on 5 September 2014. The Committee commended the enthusiasm among officers and practitioners for the FFC Support programme and made a number of recommendations, which can be seen in the minutes of that meeting.	September 2014.

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		instead of the payment of grants. • The variance in the availability of support between urban and rural areas in the County.			
11 September 2014 COSC 51	**DIGITAL TRANSFORMATION WITHIN SURREY COUNTY COUNCIL**	The principles for the project agreed to date be shared with the Committee.	Chief Digital Officer	This has been requested and will be communicated as soon as available.	October 2014
11 September 2014 COSC 52	**DIGITAL TRANSFORMATION WITHIN SURREY COUNTY COUNCIL**	That the Committee receive a further progress report on the digital transformation project in six months' time.	Chief Digital Officer	This has been scheduled for March 2015	March 2015
11 September 2014 COSC 53	**STAFF MORALE AND WELLBEING**	That the Head of IMT be invited to attend a future meeting of the Committee to provide an update on the Council's IT upgrade programme	Head of IMT	This will be dealt with as part of the 'Better Place to Work' report in November 2014.	November 2014
11 September 2014 COSC 54	**STAFF MORALE AND WELLBEING**	That the outcomes from the Council's 'Better Place to Work' consultation and the Committee's own staff workshop discussions be combined in a joint report by HR&OD, to include the actions	Head of HR&OD	This will be reported to the Committee in November 2014	November 2014

| Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		planned to address the key issues raised by staff			
11 September 2014 COSC 55	**STAFF MORALE AND WELLBEING**	That the Vice-Chairman write to the staff who attended the Committee's staff workshops to update them on the outcomes from the discussion, making specific reference to the concerns raised about the work pressures	Vice Chairman of the Council Overview & Scrutiny Committee		November 2014
11 September 2014 COSC 56	**STAFF MORALE AND WELLBEING**	That the forthcoming staff survey be used to seek views about the effectiveness of different methods of sharing information with staff	Head of HR&OD	Officers in HR&OD to confirm the questions in the staff survey that relate to communication.	November 2014
11 September 2014 COSC 57	**SCRUTINY ANNUAL REPORT**	That a report, subject to the amendments requested by the Committee be distributed to all Members, internal officers (via the S-Net) and stakeholders.	Scrutiny Manager	Amendments have been made to the report and it will be communicated in line with the Scrutiny Priority Plan.	November 2014

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Council Overview and Scrutiny Committee
2 October 2014

New Models of Delivery Programme

Purpose of the report: Policy Development and Review

To update Members on the New Models of Delivery Programme and discuss how Members can best support the programme through the work of select committees.

1. On 26 March 2013, the Cabinet considered a report on Models of Delivery, aimed at strengthening the Council's approach to Innovation.   This included a recommendation acknowledging the opportunities that a range of delivery models provides and welcoming future proposals (expressed as options appraisals and business cases) from services across the Council over the three-year period 2013-16.

2. To facilitate this process and help ensure a strategic approach was taken across the Council, the New Models of Delivery Programme was put in place to enable and assist service in identifying and assessing opportunities.

3. The primary objective of this approach is to deliver public value for Surrey residents and businesses; any profits generated for the Council through trading will be available to support the delivery of the Council's medium term financial plan, supporting service delivery within the authority, investing in new commercial ventures via the trading company and helping to keep Council Tax increases as low as possible in the future.

4. The programme follows the SHIFT "5D" approach to innovation:
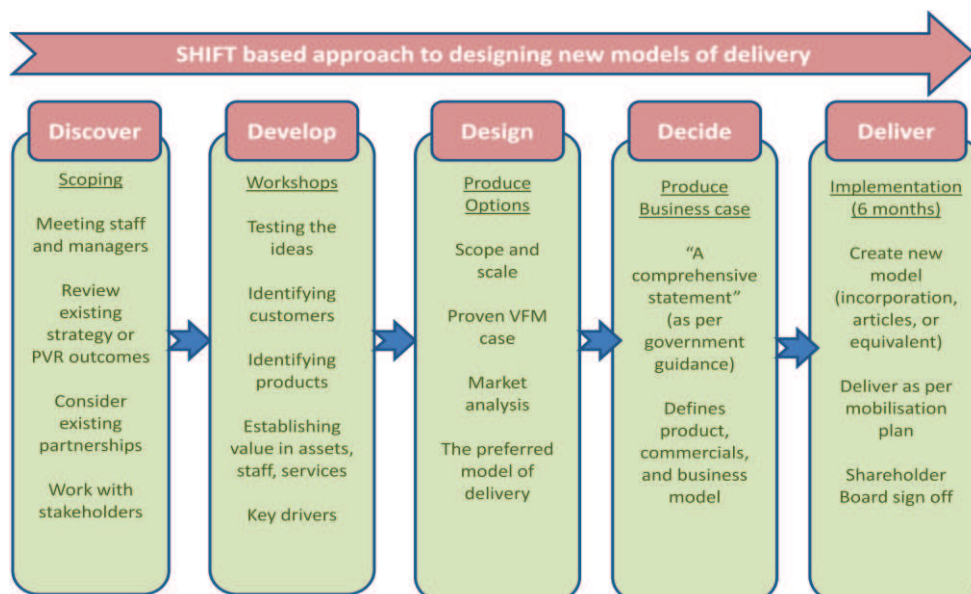
5. This approach introduces consistency to the appraisal of commercial opportunities and ensures strategic oversight across the Council. This in turn helps ensure that lessons are identified and shared, skills and competencies are developed among staff internally, and a central knowledge hub created to capture both internal good practice that can be shared and replicated as well as case studies and research on activities taking place elsewhere which could help inform our own thinking.

6. It is recognised that Members can and do make a valuable contribution throughout the 5D approach by identifying opportunities and challenging services to think more creatively; helping to test the ideas and encourage innovation; challenging the business cases to ensure they are robust and supporting the implementation phase.

7. In order to maximise the value added by Member, this item provides an update on the approach being used to date as well as suggestions on how Members can continue to challenge and support the various stages in the future. The attached presentation provides more detail on the programme as background for the discussion at select committee. There are some suggested questions at the end of the presentation although these are only intended as a guide to start the discussion.

Recommendation

The Committee continues to support the approach and recognises the contribution Members can make to the Programme through the select committees.

Next steps

New Models of Delivery Team to continue to work with services in developing Options Appraisals and Business Cases, involving the relevant select committees as appropriate.

Report contact:
Rachel Crossley, New Models of Delivery Lead
Email: rachel.crossley@surreycc.gov.uk

Sources/background papers:
Strengthening the Council's Approach to Innovation: Models of Delivery (Cabinet, 26 March 2013)
Investment & Trading (Council Overview & Scrutiny Committee, 12 September 2013

New Models of Delivery Programme

Rachel Crossley, Lead Manager

THE PROGRAMME

The Aim

In February 2013, the Council agreed the need to:

- Take steps to ensure that the Council maintains financial resilience and protects its long-term financial position.

- Explore and develop alternative sources of funding that reduce reliance on Government grants and Council Tax increases in the future.

This Programme aims to meet that challenge[1]

[1] Investment and Trading, Council Overview and Scrutiny Committee, 12 September 2013

Success means we will:

- Still able to deliver services that may otherwise be threatened by reduced resources.

- Have found different ways to fund and deliver them, allowing us to operate effectively with less grant and council tax.

- Have a sustainable and profitable trading portfolio by 2017

- Be seen as a systems leader

Legislation to support new models

- **Local Authorities (Goods and Services) Act 1970** – councils given the power to enter into agreements with other public bodies.

- **Local Government Act 2003** – enabled councils to trade in activities related to their functions on a commercial basis with a view to profit through a company.

- **Localism Act 2011** – extended this power to other authorities (e.g. Parishes) and introduced general power of competence, along with ability to charge for discretionary services on a cost recovery basis.

Alternative Delivery Vehicles

LATC

Joint Venture

Community Interest Company

Mutual

Shared Services

A N Other

Alternative Delivery Models

- **Local Authority Trading Company (LATC) -** a trading company which is wholly owned by a council (any profits generated may go back to the council through dividends or service charges.)

- **Joint Venture** – a company set up in partnership with an existing organisation (often a private sector partner, already established in the market.)

- **Community Interest Company (CIC)** - A limited company carrying on a social activity, which generates a surplus to support its activities and make a contribution to the community. Introduced as an effective legal form for a social enterprise.

- **Mutual** – a company separate from the Local Authority which might be predominantly owned by staff, for example, or in the case of a co-operative, where the members own the company (one member, one vote).

- **Shared Services** – provision of services from one public body to one or more others. Could be directly through a lead authority and joint committee and/or by agreement or contract or via a delivery vehicle such as a company.

Case Studies (1)

Essex Cares Ltd- a local authority trading company set up in 2009 by Essex County Council. The company has 900 staff and services include home care, supported employment, telecare and reablement. Turnover in 2012/13 was £38m with a post tax profit of £1.3m. Essex Cares has a contract to provide reablement services for West Sussex.

Kent County Trading Ltd– a local authority trading company set up by Kent County Council in 2005 (includes Commercial Services Trading Ltd and Kent Top Temps Ltd). Their services cover education supplies, recruitment, energy procurement and direct support services. Turnover in 2012/13 was £42m with a post tax profit of £260k.
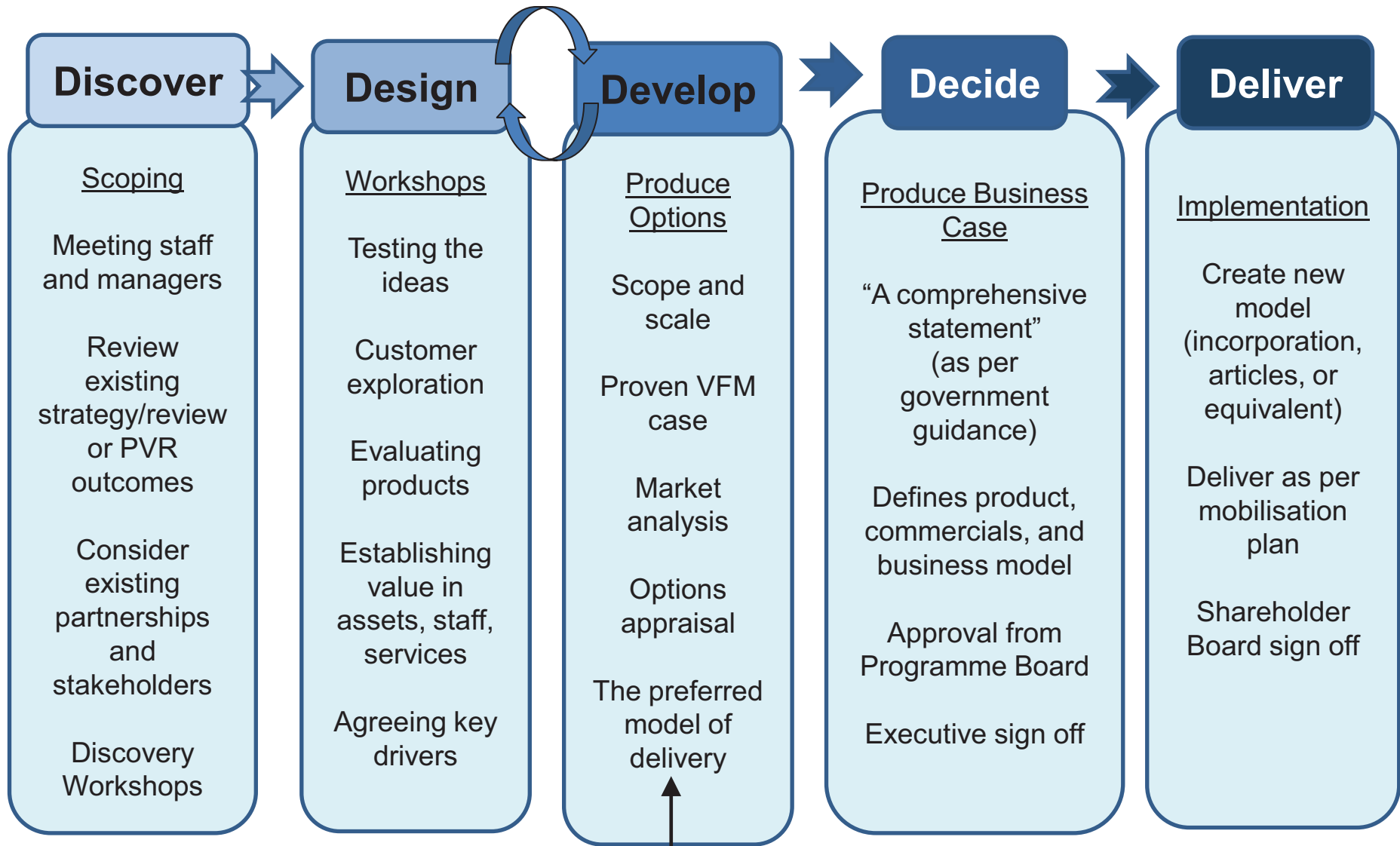
Case Studies (2)

explore york libraries & archives

Explore York – a libraries and archives mutual established by York City Council in 2013. Explore York is the first libraries mutual, and is part owned $^2/_3$ by the 100 staff and $^1/_3$ by the public.

Buckinghamshire Law Plus - an Alternative Business Structure created by Buckinghamshire County Council and Milton Keynes Fire Authority in 2014. They have combined their legal teams to provide legal advice to the public and charitable sector. Projected profit is £1.7m over the first 5 years.
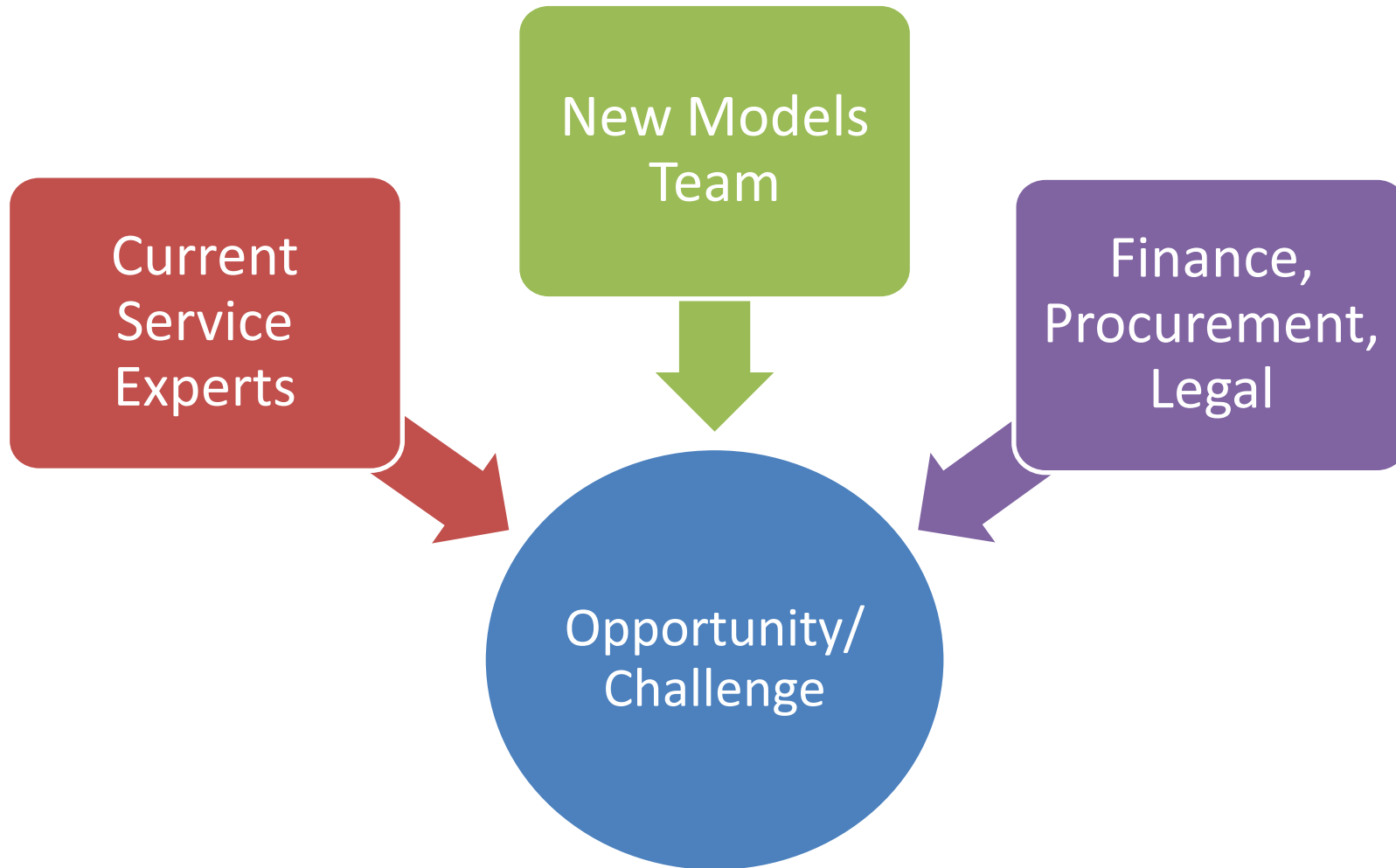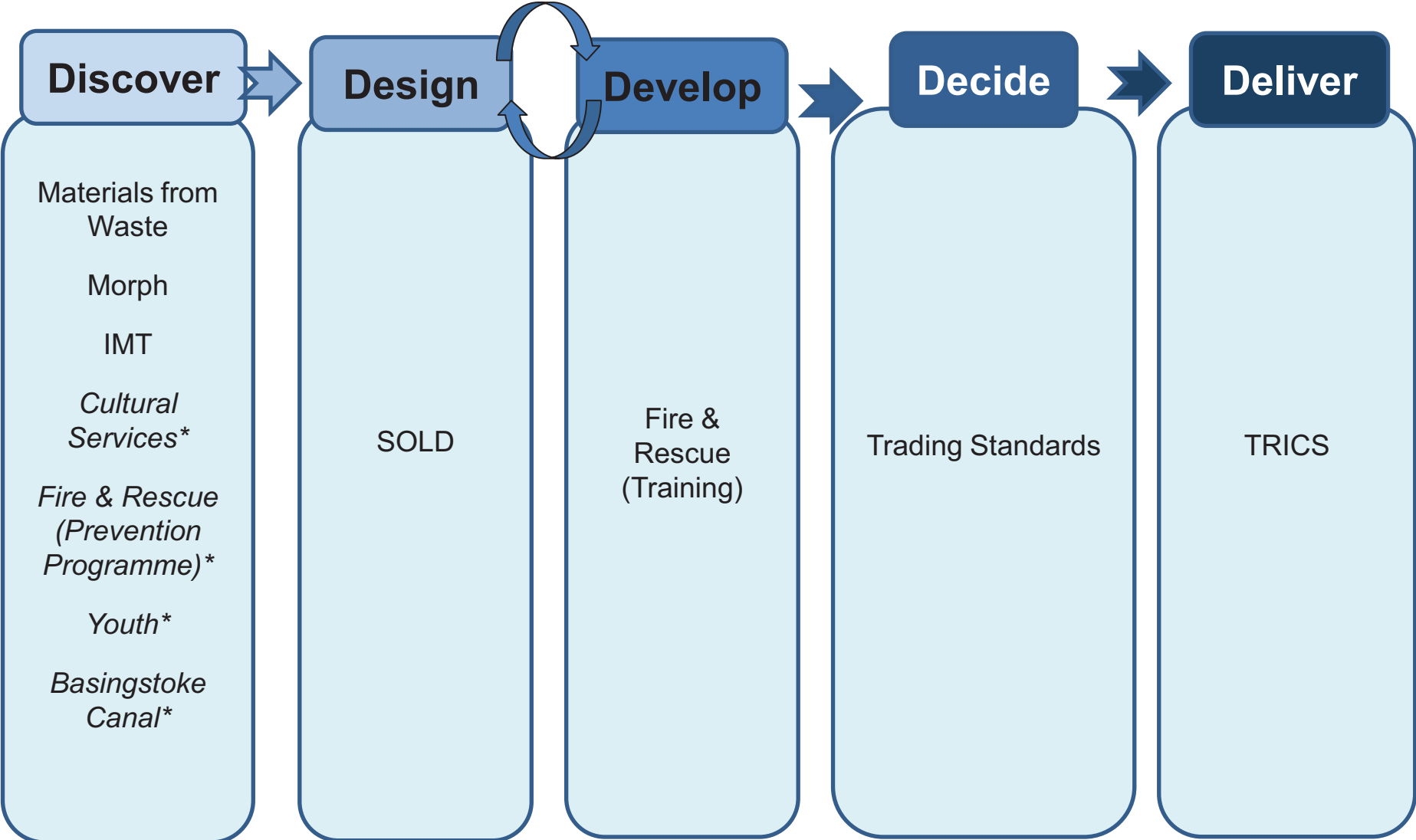
7

THE APPROACH

Discover

Scoping

Meeting staff and managers

Review existing strategy/review or PVR outcomes

Consider existing partnerships and stakeholders

Discovery Workshops

Design

Workshops

Testing the ideas

Customer exploration

Evaluating products

Establishing value in assets, staff, services

Agreeing key drivers

Develop

Produce Options

Scope and scale

Proven VFM case

Market analysis

Options appraisal

The preferred model of delivery

Decide

Produce Business Case

"A comprehensive statement" (as per government guidance)

Defines product, commercials, and business model

Approval from Programme Board

Executive sign off

Deliver

Implementation

Create new model (incorporation, articles, or equivalent)

Deliver as per mobilisation plan

Shareholder Board sign off

Form Follows Function

Decide where you want to go, then choose the right vehicle!

11

7

The Team

Current Workstreams
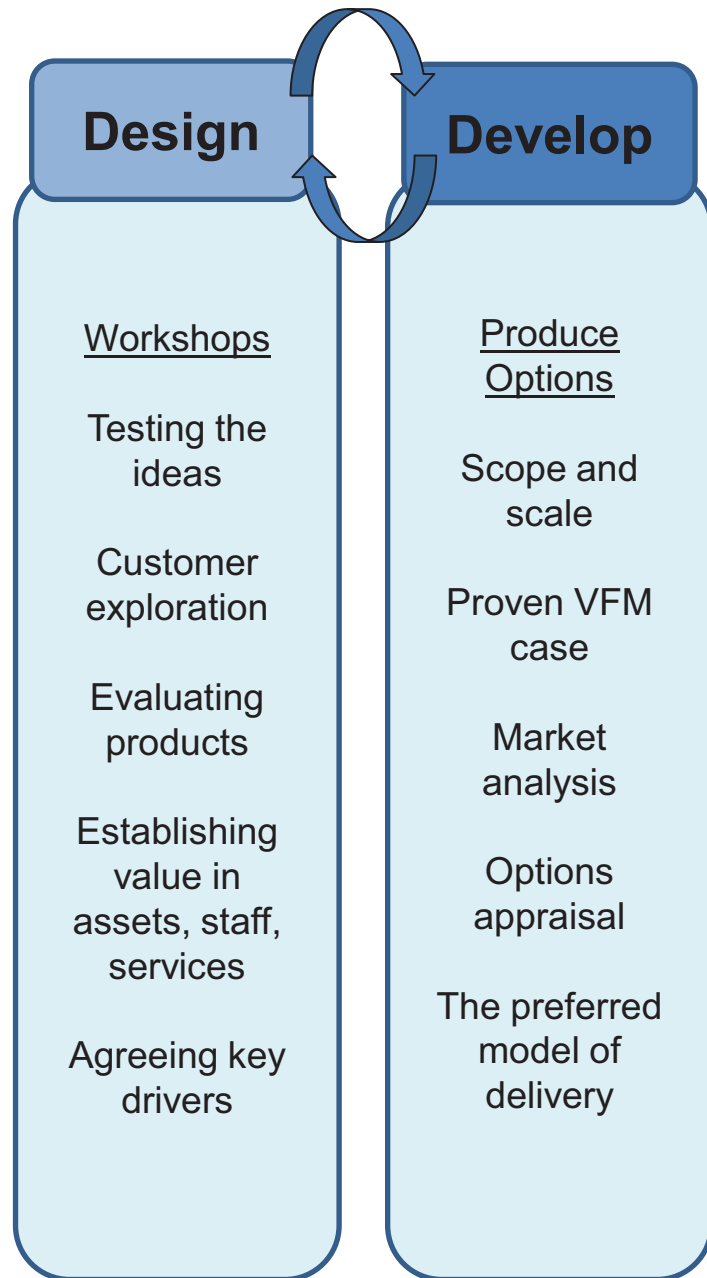
Discover
- Materials from Waste
- Morph
- IMT
- *Cultural Services**
- *Fire & Rescue (Prevention Programme)**
- *Youth**
- *Basingstoke Canal**

Design
- SOLD

Develop
- Fire & Rescue (Training)

Decide
- Trading Standards

Deliver
- TRICS

* Identified in the pipeline as possible areas for upcoming work.

13

7

Role of Select Committees

Discover

Members can help identify opportunities and challenge services to think more creatively.

Design / **Develop**

Members can help test the ideas and encourage innovation.

Decide

Members can challenge the business case to ensure it is robust.

Deliver

Members can support the implementation phase and monitor progress against the mobilisation plan.
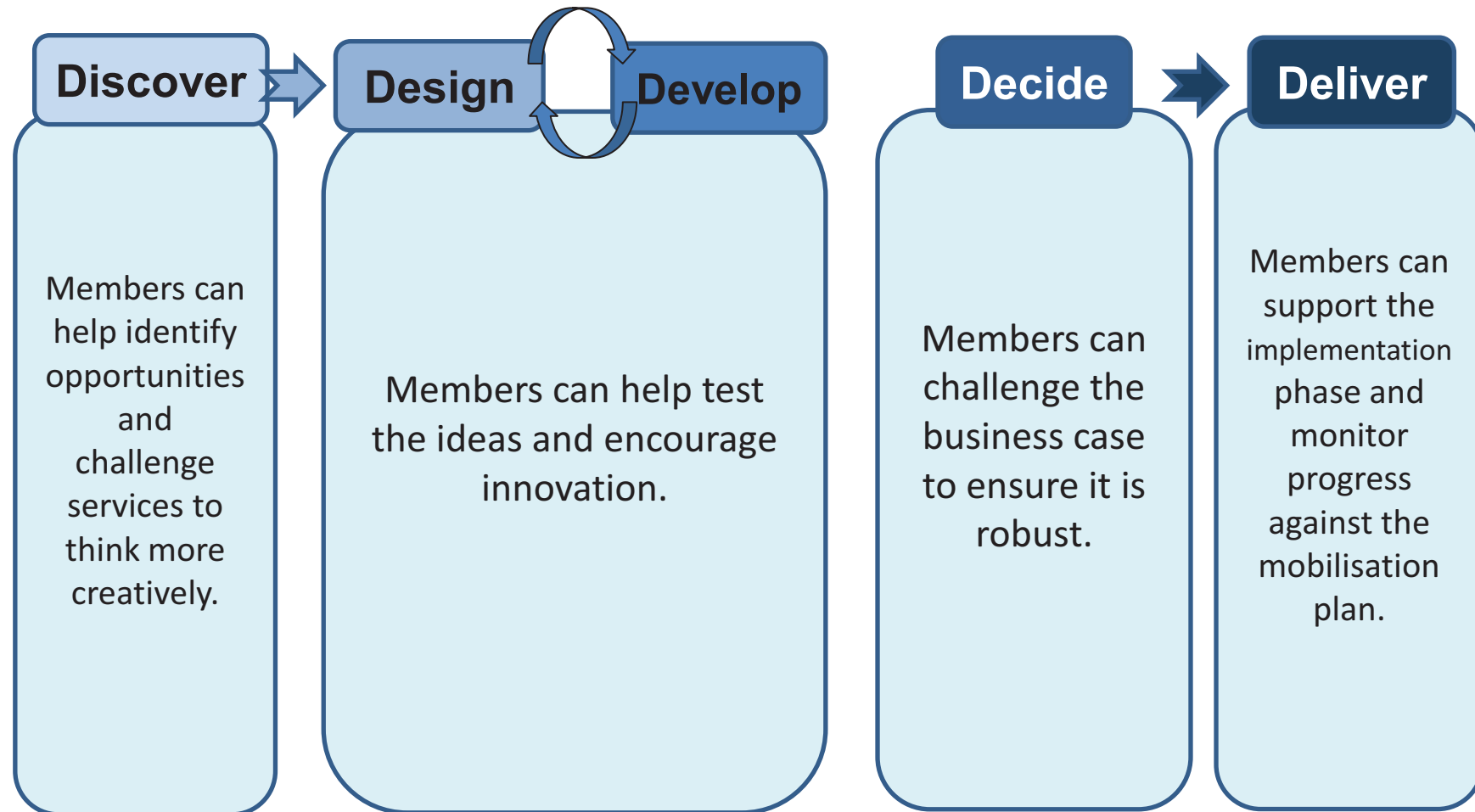
ASKING THE RIGHT QUESTIONS

Discover

Scoping

Meeting staff and managers

Review existing strategy/review or PVR outcomes

Consider existing partnerships and stakeholders

Discovery Workshops

Members can help identify opportunities and challenge services to think more creatively.

➢ Who are your customers now? Who might they be in 2018?

➢ What do your customers want and how do you know?

➢ Looking at your services and products, is there any potential to:

 ➢ generate an income/profit?

 ➢ recover costs?

 ➢ Develop innovative products?

 ➢ Facilitate new partnerships or joint ventures?

 ➢ Grow into new and developing market opportunities?

 ➢ Access other existing funding streams?

Design ⟲ Develop

Design

Workshops

Testing the ideas

Customer exploration

Evaluating products

Establishing value in assets, staff, services

Agreeing key drivers

Develop

Produce Options

Scope and scale

Proven VFM case

Market analysis

Options appraisal

The preferred model of delivery

Members can help test the ideas and encourage innovation.

➢ How is it different?

- Why would the customer buy from you?
- Is your proposition solving a problem?
- Are you filling a gap in the market, or building on an existing offering?

➢ Is there a market, and is it big enough?

➢ What's the business model?

  ➢ How will you charge, and what for?

  ➢ Any additional revenue streams?

➢ Do you have the experience, attitude and skills to pull it off?

➢ Is there scope for growth?

➢ What models or delivery vehicles would best support you in achieving the end goal?

7

Decide

Produce Business Case

"A comprehensive statement"
(as per government guidance)

Defines product, commercials, and business model

Approval from Programme Board

Executive sign off

Members can challenge the business case to ensure it is robust.

➢ Is the purpose clear?

➢ Does the strategy support this purpose?

➢ What do we need to invest and where is the return?

➢ What's the level of risk and how will this be managed?

➢ What if we didn't do anything/continued as is?

➢ Is it clear why we have chosen a particular model of delivery?

➢ What alternative delivery models have been put in place elsewhere

  ➢ How successful are they?

➢ Could anyone else deliver this function?

Deliver

Implementation

Create new model (incorporation, articles, or equivalent)

Deliver as per mobilisation plan

Shareholder Board sign off

Members can support the implementation phase and monitor progress against the mobilisation plan.

➢ Is the plan delivering to time?

➢ Are there any emerging challenges or barriers?

➢ Are the appropriate governance arrangements in place?

➢ How will the select committee(s) continue to contribute in the future?

➢ What lessons have been identified and how do we learn from these in the future?

SELECT COMMITTEE DISCUSSION

Questions

- Any areas for clarity in terms of the options open to the Council?

- Is the role of select committees clear and are there any other areas you feel Members could be challenging or questioning?

- From your own select committees and recent scrutiny, are there any opportunities or challenges you feel we should be prioritising on the work programme over the next six months?

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SURREY
COUNTY COUNCIL

Council Overview and Scrutiny Committee
2 October 2014

Welfare Reform Task Group – Update

Purpose of the report: Policy Development and Review, Scrutiny of Services

This report provides an update on the progress against recommendations made by the Welfare Reform Task Group.

Introduction:

1. The Welfare Reform Task Group was established in September 2013 to investigate and gather evidence from a range of stakeholders on the local impacts of welfare reform and key issues for Surrey County Council and its partners. The Task Group was chaired by David Harmer and its membership included Fiona White, Stephen Cooksey and Bob Gardner. The Task Group reported its findings and recommendations in April 2014 and subsequently agreed to continue in a monitoring role.

2. David Harmer stepped down as Chairman of the Task Group in order to concentrate on the Flooding Task Group of the Environment & Transport Select Committee, which he chairs. Bob Gardner was a appointed as the Welfare Reform Task Group Chairman and Margaret Hicks was added to the membership.

3. The Task Group met in July 2014 to review progress and actions against the recommendations. On 12 September 2014, the Task Group met and interviewed witnesses from the following Surrey County Council Services:
   - Finance
   - Adult Social Care
   - Children, Schools & Families
   - Libraries
   - Public Health

4. The Chairman will provide the Council Overview & Scrutiny Committee with a verbal summary of the findings of the witness sessions referred to in Paragraph 3.

5. An update on progress against each of the Task Group's recommendations is attached at **Annex A**, with a corresponding RAG status. A timeline of proposed work for the Task Group is included at **Annex B**.

Recommendations:

6.   The Committee are asked to note the progress reported by the Task Group and consider whether there are any further areas they recommend are reviewed.

Next steps:

- The Council Overview and Scrutiny Committee to schedule a further update for March 2015.

Report contact:
Helen Rankin, Scrutiny Manager
0208 5419 126
Helen.rankin@surreycc.gov.uk

Sources/background papers:

Report of the Welfare Reform Task Group, 2 April 2014.

No.	Recommendation	Response received from Cabinet	Comments	RAG
1	Adult Social Care, Children Schools and Families, Libraries, Public Health and Finance teams to continue to monitor impacts of the welfare reforms on service users and services, and provide a joint update through the Welfare Reform Co-ordination Group to the Council Overview and Scrutiny Committee meeting in October 2014. Adult Social Care to include a summary of the impact of the welfare reforms on carers and Children Schools and Families to include a summary of the impact of the welfare reforms on care leavers in their updates.	Although it is obviously for the COSC to determine its own work programme, I endorse these recommendations. As the report acknowledges, the impacts of welfare reform are expected to become more apparent over the next 12 months, as the initial reforms have embedded. Therefore it is sensible that the COSC continue to scrutinise this area, highlighting any issues or concerns with myself and the Cabinet as appropriate.	On 12 September the Task Group met with Service Leads and relevant Senior Managers to question them on the methods used to monitor the impacts of the welfare reforms and understand any initial impacts and outcomes. The Chairman will provide a short verbal update to the Council Overview & Scrutiny Committee at their meeting on 2 October 2014, to summarise the findings from these meetings.	A
2	The Welfare Reform Co-ordination Group be encouraged to continue to collate data on the impact of the reforms on residents and the cumulative impact of the reforms, and to share information and good practice within the group, and to report on progress to the Council Overview and Scrutiny Committee as part of the update report in October 2014.	As above	The Policy Team put together a first draft of the Welfare Reform Impact Report 2013/14. The first section of the report analyses the impacts of the specific benefit reforms and the second section analyses the cross cutting impacts of the reforms for 2013/14. The Impact Report brings together data from a combination of internal and external partners and for each individual section partners have	G

			provided their commentary on their figures for the year.	
3	Surrey County Council's Organisational Development Team analyse training needs on welfare reform in the Council and explore how such training can be disseminated throughout affected council services and ensure consistency with training being delivered by partner organisations.	Organisational Development officers have been analysing the training requirements of the welfare reform changes for SCC staff, particularly related to the forthcoming Care Bill, and have already put in place the following learning and development offer: • e-learning package on Welfare and Benefits • Introduction to Welfare Benefits and Reform • Personal Independent Payments • Adult Social Care Eligibility Training (which includes some aspects of the welfare reform and the benefits system) I fully support the Task Group's recommendation that the Organisational Development Team take this opportunity to work with wider SCC officers and external partners, particularly through the Welfare Reform Coordination Group, to ensure that this training offer is sufficiently comprehensive and reaching all staff that would benefit.	Members were particularly concerned about the very low take up of the training available, and the lack of visibility of training courses available to staff who might be dealing with or advising those affected by the reforms. The Chairman has written to the Strategic Directors for Adult Social Care and Children, Schools & Families and requested their support to work with officer in the Council's Organisational Development Team to raise the profile of training available on welfare benefits and reforms. The Strategic Director for Adult Social Care has advised that the current training offer is being over-hauled to make them fit for purpose. In the meantime, Financial Assessments and Benefits Advisers have been trained on Personal Independence Payments and Universal Credit directly from the Department for Work and Pensions. A formal response from Children, Schools & Families is awaited.	A
4	Surrey's Welfare Reform Co-	I welcome this recommendation. I believe that it is	Work is already underway with the	

	ordination Group to work with the Head of Family Services to explore the potential for the Supporting Families Programme (which is being extended through the Public Services Transformation Network) to provide early help/intervention to some of those families who are most severely impacted by the welfare	both sensible and proper that the Family Support Programme, which seeks to target the most vulnerable families, works with the Welfare Reform Co-ordination Group - particularly as we enter phase 2 of the programme.	expansion of the Supporting Families Programme to include a wider cohort of vulnerable families. An officer from the Supporting Families Programme will also be attending future Welfare Coordination Group meetings.	G
5	Any Local Assistance Scheme (LAS) funding left unallocated at the end of 2013/14 is ring-fenced and rolled over into 2014/15 and continues to be committed to supporting residents in crisis through the LAS.	Rather than carryover the unspent LAS funding from 2013/14 to 2014/15, I would like to place this money in an earmarked reserve. This would mean that should the government choose not to fund the scheme from 2015/16 onwards, there is still a provision for providing emergency support to residents within the council's budget for 2016/17.	The Task Group will continue to receive updates on LAS fund spending.	G
6	Shared services to provide an update on improvements to the LAS scheme and take up of the fund, as part of the update report to the Council Overview and Scrutiny Committee in October 2014.	In order to be in a strong position to lobby government, I believe that it is important that we ensure our scheme is operating as effectively as possible and that we can clearly demonstrate how it is helping residents in crisis. As the task group recognises, there is scope to improve access to and awareness of the scheme. Therefore, I endorse Recommendation 6 as a way of scrutinising the effectiveness of the scheme and ensuring it meets its full potential.	The Council has now 'gone live' with an online application to improve the accessibility to the scheme and reduce any strain being placed on Citizens Advice Bureau (CAB) offices. The online application has been operational since 16 July, and was introduced to CAB offices in a phased manner, followed by the wider public. It has been noted by Shared Services that the same people have been applying on numerous occasions to the LAS Scheme.	A

			Therefore, a review is being undertaken to ensure that the Scheme is not being used as a replacement for benefit payments that have been stopped. Surrey officers are working with external partners to start creating a business case/paper to look at the available options for this essential support, especially given that government funding will cease at the end of the financial year.	
7	Surrey County Council to continue lobbying central government to provide funding for emergency crisis support for residents (known as the Local Assistance Scheme in Surrey) beyond 2015.	I welcome the task group's support of the Local Assistance Scheme. When the Government disbanded the social fund, they stated that they felt the money could be better administered at a local level. We have proved that in Surrey. Rather than merely replicating the social fund we have developed a truly local scheme where applicants receive advice and support through the CAB, or furniture through a re-use scheme, rather than just a one-off payment. I recognise the Government's concerns about councils not yet using their full welfare assistance allocation, but I know that here in Surrey this is because we are making better use of the funding by adopting this early intervention approach. By seeking to tackle the root of the problem and signposting to other more appropriate forms of support, we have demonstrated that we can reduce demand on our own services and other agencies. That is why I have recently written to Brandon Lewis to invite him to a roundtable discussion looking at how	Response attached. PDF Lewis MP Local Welfare Provision 090	A

| 8 | The Adult Social Care Committee to closely monitor the delivery of this service by getWIS£ and report back to the Council Overview and Scrutiny Committee as appropriate. | As the report acknowledges, getWiS£ are working to improve awareness of their service - particularly in areas where referral rates have been low. However, it is important to continue this good work to ensure that all the residents who would benefit from this support know how to access it. I have discussed these recommendations with the Cabinet Member and Associate for Adult Social Care who are of the same view - therefore I support these recommendations. | Adult Social Care Select Committee received a report and update from Get Wise in June 2014. The Committee acknowledged that the first year of Get Wise had been successful, with 2,300 people supported and over £1.6m secured in benefits.

The Committee did note significant concerns regarding the delays in welfare reform delivery (such as the waiting times for benefit applications and appeals). Members were particularly worried that those waiting for applications to be processed might not be receiving benefits they needed. The Committee recommended that the Cabinet Member takes forward with the relevant government minister these significant concerns. Awaiting update. The Committee also requested that the service worked with Commissioners to ensure waiting lists were not created with rising demands. | A |

(Above row 8:)
to build an effective and sustainable welfare assistance support service from 2015 onwards (attached to this response as appendix 1). I hope this assures the committee that I will continue to lobby government to fund emergency crisis support as per recommendation 7.

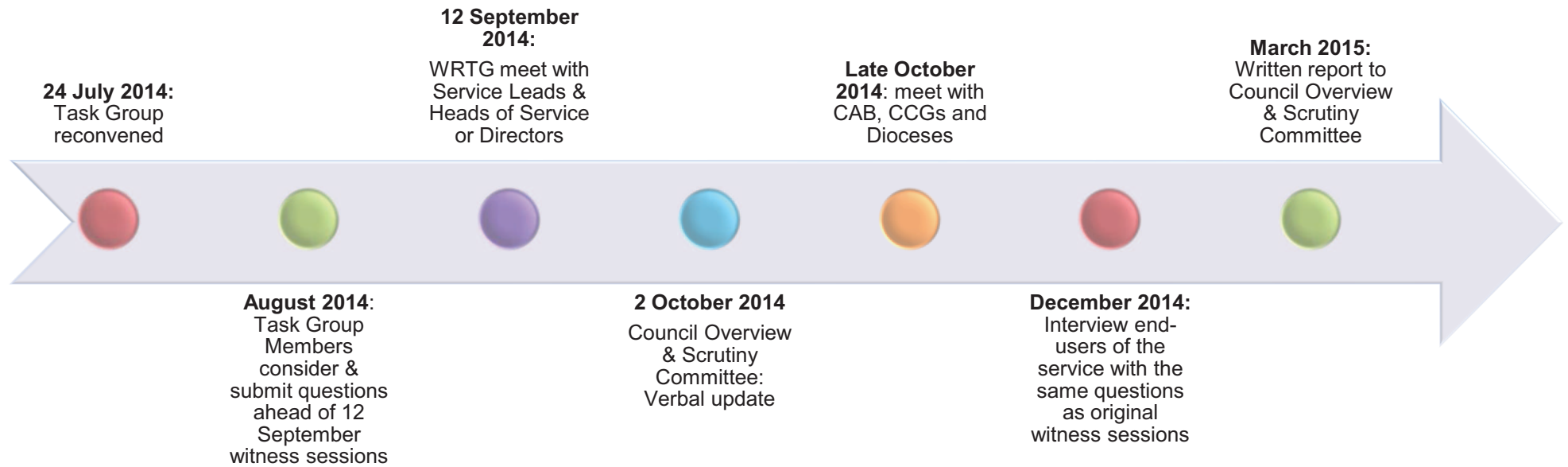|				
9	Surrey County Council's Adult Social Care Commissioners, to work with Surrey's Welfare Reform Co-ordination Group, Public Health and getWI£E to: (a) promote the getWiS£ advice and support service to all Surrey GPs through Surrey's 6 Clinical Commissioning Groups; and (b) continue to raise awareness of this service among key partners including District and Borough Housing and Benefits Officers and social housing providers; to ensure Surrey residents receive early help in dealing with the welfare reforms.	As above	a) The most appropriate method to raise awareness of the getWiS£ advice and support service to all Surrey GPs is to use the Health and Wellbeing Communications Group. Raising awareness of the service through this forum will ensure this information is disseminated to all Surrey GPs. The Adult Social Care Select Committee was very supportive of Get Wise and asked that the contact details for the service was circulated to all County Councillors, so they could help raise its profile. b) Senior Benefits Adviser Femi Sorinwa has been asked to attend the next Surrey Benefit Managers group meeting to talk about the service offered by GetWiS£.	
10	The Public Health team to report to the Council Overview and Scrutiny Committee with findings from their food access needs assessment, to inform the Committee's work around reviewing the impacts of welfare reform in Surrey.	The report highlights data which indicates that there has been a sharp rise in the number of people who are using food banks in Surrey. It is therefore timely that the Public Health team are carrying out a Food Access Needs Assessment to understand more about why people are accessing various forms of food aid. It seems sensible that COSC should review the outcomes of this work as part of their wider review into welfare reform.	Response attached Foodbank usage - welfare reform annua Foodbank usage Next steps.doc	**A**
11	Surrey County Council to work	I firmly support the key aims underpinning Universal	A working group for Universal	

	closely with the Department for Work and Pensions, District and Borough Councils, housing providers and the voluntary, community and faith sector to prepare for the introduction of Universal Credit, taking into consideration the concerns and recommendations highlighted in this report, and report back to the Council Overview and Scrutiny Committee on progress. This preparation should include: (a) researching and understanding the need for digital access and support across Surrey; (b) the County Council better understanding the potential demand on IT resources as a result of the introduction of Universal Credit to enable Surrey to properly prepare for this, including reviewing budget provision; (c) reviewing the demand for money management advice and assessing existing service provision, in order to make evidence-based recommendations for sourcing the necessary support; and (d) lobbying central	Credit of simplifying the benefits system and making work pay. I also welcome the recognition from the Department of Work and Pensions that local authorities should be an equal and lead partner with DWP in developing the support for people that will struggle to adapt to the new system. Universal Credit will not be introduced in Surrey until at least 2016, but I fully endorse the Task Group's recommendation that officers work closely with local partners to use the intervening period to understand the nature and demand for this support in Surrey, and plan how best to deliver it in order for all residents to be able to make the transition. I will ensure Surrey County Council continues to make the case for sufficient central government funding to be able to provide this locally tailored support.	Credit has been set up by Elmbridge Borough Council to work towards ensuring a smooth the implementation of Universal Credit in Elmbridge. The group which consists of representatives from County Council, Elmbridge Borough Council, DWP, CAB and Paragon Housing met back In April. The first task of the group has been to research and identify Universal Credit Numbers and build a profile of claimant types and needs. The working group met on 25/7 to discuss the progress so far and next steps. Elmbridge Borough Council are also in the process of putting together a formal project plan. Following recent meetings it has been established that the DWP have withdrawn all telephones from all Job Centres in the UK that were available for claimaints to use for CAB support. The Task Group are very concerned about this change and will be arranging meetings with CAB later in the year. The timeline for future work is set out in Annex B.	**A**	

	government to ensure that support to access Universal Credit is adequately funded.			
12	The Leader of the Council to write to the Secretary of State for Work and Pensions explaining the Task Group's concerns over the Employment and Support Allowance (ESA) process including the following recommendations: (a) That firms carrying out the medical work capability assessments (WCA) for benefit claimants, on behalf of DWP: 　　　(i) treat benefit claimants like customers; and 　　　(ii) ensure appropriately qualified persons carry out these medical assessments. (b) Bureaucracy within the ESA claims and appeals process be reduced. In particular: 　　　(i) DWP to provide information on the number of medical certificates posted by claimants but not	I would like to thank the task group for their detailed and thorough investigation into this area. They have clearly uncovered some concerning issues with the way that the Employment and Support Allowance is being administered. I have already had a helpful discussion with the task group Chairman regarding these issues and will be writing to the Secretary of State of Work and Pensions to follow them up.	This action is on hold while the LAS recommendations progress.	A

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

(c) DWP's benefit claim forms and decision letters to signpost claimants to advice and support services to enable claimants to seek early help, preferably locally based organisation, such as local authorities, housing providers and Citizens Advice Bureaus. (d) DWP to build a closer working relationship with partners in the Welfare Reform Co-ordination Group, to bring about pro-active information sharing and signposting particularly where claimants | | | |

	have been sanctioned by DWP decisions and therefore lost their passported benefits, such as housing benefit. (e) DWP to use lessons learned from the ESA process and apply this to the roll-out of the Personal Independence Payments.			
13	The Leader of the Council to write to the Secretary of State for Work and Pensions on simplifying the Universal Credit application process and exploring options for a common assessment for claimants across welfare benefits and support.	As above, I have already discussed these concerns with the task group Chairman and will be writing to the Secretary of State as recommended.	It has been agreed that the Task Group will wait to see how the Elmbridge Working group for Universal Credit meeting progresses on 25/7 and then the actions and progress of this project can be fed into the letter to the Secretary of State.	A

Welfare Reform Task Group – Timeline for monitoring outcomes

24 July 2014:
Task Group reconvened

August 2014:
Task Group Members consider & submit questions ahead of 12 September witness sessions

12 September 2014:
WRTG meet with Service Leads & Heads of Service or Directors

2 October 2014
Council Overview & Scrutiny Committee: Verbal update

Late October 2014: meet with CAB, CCGs and Dioceses

December 2014:
Interview end-users of the service with the same questions as original witness sessions

March 2015:
Written report to Council Overview & Scrutiny Committee

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Department for Communities and Local Government

Brandon Lewis MP
Parliamentary Under Secretary of State

Department for Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU

Cllr David Hodge
Leader of Surrey County Council
County Hall
Penrhyn Road
Kingston Upon Thames
Surrey
KT1 2DN

Tel: 0303 444 3430
Fax: 0303 444 3986
E-Mail: brandon.lewis@communities.gsi.gov.uk

www.gov.uk/dclg

Our Ref: BL/BL/011571/14

Received   0 9 MAY 2014

1 2 MAY 2014

Dear David   Leadership Office

Thank you for your follow up letter of 8 April regarding your concerns about specific funding for Local Welfare Provision (LWP).

As previously mentioned in my letter of 20 March, the Government's position on LWP *remains the same.* However you may be interested to know that DWP circulated a letter on Wednesday 30 April to the Leaders of the Local Authorities (LA) in England, to inform them, that the review of LWP is now active. As part of the review DWP are asking the LAs to complete a short questionnaire about how they have used their existing allocations and to draw out examples of different approaches to LWP. They anticipate that this will demonstrate the innovation and variety of partnerships that have been developed by councils to deliver support in their areas, and facilitate the sharing of good practice. The outcomes of this review will be included in a report to be made available for all LAs in the Autumn.

Rather than setting up a roundtable to discuss this, as you suggest in your letter, I would recommend you send any thoughts and suggestions you have directly to DWP so they can help inform the review.

The contact person at DWP is Andrew Jennings; he can be contacted at the following address:

Mr Andrew Jennings
DWP
Social Justice Directorate, Social Fund & Local Welfare Provision
1 Floor, Caxton *House, Tothill* Street, London, SW1H 9NA
andrew.jennings@dwp.gsi.gov.uk

BRANDON LEWIS MP

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Food bank usage

Commentary

The Surrey County Council Public Health team are currently undertaking a Food Access Needs Assessment which aims to understand the wider landscape of food bank and food aid provision across the county. The needs assessment is not yet completed, the following provides an update on the interim report findings.

The report has highlighted that there are 34 food banks in operation across Surrey. 26 of these are independently run whilst the remaining eight are part of the national Trussel Trust (TT) programme, operating the TT franchise model.

The role of food banks is rapidly evolving; this poses a challenge to the monitoring and evaluation of the use of food banks. At present there is no shared method of data collection or central reporting system, operating across both TT and independent food banks. Therefore, it is not possible to provide statistics on the number of food parcels provided or the nature of the crisis leading to a referral. It is hoped that the needs assessment will be able to report the number of food parcels provided during 2013/2014, and the reason for use, from wider range of food banks.

The TT franchise model does provide an online monitoring system which collates data across the Surrey TT food banks. During 2013/2014 6,787 people were fed by TT food banks, a 227% increase from 2012/2013 when 2,073 people were fed.

It is important to remember when analysing these results, these figures include repeat access and therefore it is likely a food parcel will have been received by an individual on a number of occasions. Even food banks overseen by the TT operating within the franchise model operate in very different ways. Each food bank is able to set their own referral criteria and make decisions on the amount of times a food parcel can be received by any one client.

Impact/Key Messages

- Both independent and TT food banks are rapidly increasing in numbers, not only through the creation of entirely new food banks but also through the expansion of existing food banks.
- There is a range of different food banks, many of which are expanding the range of support offered
- Many of the food banks consulted to date are looking to offer the service across multiple locations.
- TT statistics from 2013/2014 show:
  - The majority of people (2268) were fed by the Epsom and Ewell Food bank which was 33 per cent of the total people fed by the Trussel Trust Network in Surrey.

  - Three food banks based in Elmbridge Borough (Cobham area, East Elmbridge and Walton & Hersham) have fed a total of 1674 people.

- o Benefit related issues were the primary reasons why people had accessed the Trussel Trust food banks, as 'Benefit delay' (26 per cent) and 'Benefit changes' (15 per cent) combined together accounted for 2772 people (41 per cent) accessing the food banks.

- o 'Low income' was the second highest reason given of why people accessed the Trussel Trust Food banks with 1442 people (21 per cent).

Gaps and Response

There are many gaps which need to be considered when interpreting the data mentioned here. These include:

- Why has there has been such a sudden increase in the number of food banks across Surrey and if they are being developed in areas of need or for other reasons?
- How long food banks have been running and is there a relationship between the time running and number of food parcels given?
- Which referral agencies are referring individuals to food banks?
- What support is being provided to an individual when using a food bank?
- How common is it for an individual to receive more then three food parcels?

In response to these gaps the Public Health Team are carrying out a Food Access Needs Assessment with the following aims:

- To map existing activities to tackle food poverty in Surrey such as food banks, 'soup kitchens', etc.
- To explore the reasons why people are driven to access food banks and other food poverty activities
- To find out how people find out about/are referred to food banks e.g. which agencies refer, voucher schemes, etc.
- To examine what information people are given by food banks e.g. signposting to relevant services and further support
- To explore what additional services people attending food banks feel would be useful to support them to eat well on a low income e.g. cooking skills training, budgeting skills, etc.
- To provide recommendations on how people on low income can be better supported to enable them and their families/dependents to eat well

Predictions

It is thought that the use, expansion and development of new and existing food banks will continue to rise across Surrey as it is nationally.

The Food Access Needs Assessment recommendations will provide direction on how stakeholders can work together to ensure that clients are supported by alternative interventions so they do not become dependent on food banks.

Food Banks Needs Assessment - Next Steps

Completion by mid August

- Carry out focus group with BME groups

- Complete Survey with Food banks managers

- Complete Survey with food bank volunteers

Completion by end of August

- Analyse results and complete report.

- Send report out for consultation (welfare reform group)

Ongoing after August

Disseminate report and consider how to take forward recommendations.

8

Number of people given 3 days worth of emergency food by Trussell Trust foodbanks in Surrey

Foodbank	Adults	Children	Total
Caterham	62	34	96
Cobham Area	108	60	168
East Elmbridge	266	249	515
Epsom & Ewell	1289	979	2268
Farnham	781	566	1347
Runnymede	815	418	1233
Walton & Hersham	517	420	991
Woking	112	57	169
Total	**4004**	**2783**	**6787**

Data provided by Trussel Trust correct for 1/4/2013 – 31/3/2014

Type of crisis	Numbers Fed by type of crisis	% fed by type of crisis
Benefit changes	998	14.7
Benefit delay	1774	26.1
Child Hols Meals	204	3
Debt	595	8.7
Delayed Wages	151	2.2
Domestic Violence	165	2.4
Homeless	189	2.8
Low Income	1442	21.3
Other	466	6.9
Refused Crisis Loan	12	0.2
Refused SBTA	10	0.2
Sickness	240	3.5
Unemployment	541	8

SURREY
COUNTY COUNCIL

Council Overview & Scrutiny Committee
2 October 2014

Internal Audit Reports

Purpose of the report: Scrutiny of Services

To review the Management Action Plan produced as a result of an internal audit review of:
- Manpower Agency Contract
- UNiCORN
- Grants to Voluntary Bodies 2014/15

Introduction:

1. It has been agreed by the Chairmen of the Council's Select Committees that any relevant Internal Audit reports that have attracted an audit opinion of either "Major Improvement Needed" or "Unsatisfactory", and/or those with high priority recommendations, will be considered for inclusion on the Committee's work programme.

Context:

2. Internal Audit has recently undertaken the following audit reviews:
   2.1 Manpower Agency Contract (September 2014). The report produced as a result of this review attracted an audit opinion of Significant Improvement Needed. It also had 2 high priority recommendations. The Management Action Plan is attached at **Annex A**.
   2.2 Review of UNiCORN (July 2014). The report produced as a result of this review attracted an audit opinion of Some Improvement Needed. It had 2 high priority recommendations. The Management Action Plan is attached at **Annex B**.
   2.3 Grants to Voluntary Bodies (September 2014). The report produced as a result of this review attracted an audit opinion of Some Improvement Needed. There were 2 high priority recommendations. The Management Action Plan is attached at **Annex C**.

3. The supporting audit reports have previously circulated to committee members.

4. Officers from the service and Internal Audit will be available at the meeting, and the Select Committee is asked to review the actions being taken to address the audit recommendations made.

Recommendations:

5. That the Committee review the Management Action Plans and make recommendations as necessary.

Next steps:

The Committee will continue to have oversight of any relevant audit report that has attracted an audit opinion of either "Major Improvement Needed" or "Unsatisfactory", and/or those with high priority recommendations.

Report contact: Sue Lewry-Jones, Chief Internal Auditor

Contact details: 020 8541 9190

Sources/background papers: the Internal Audit reports referenced throughout this report

MANAGEMENT ACTION PLAN

Directorate:	Business Services
Audit report:	A01080/2014/15 - Agency Staff Contract
Dated:	31 July 2014

PRIORITY RATINGS

Priority High (H) - major control weakness requiring immediate implementation of recommendation

Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control

I agree to the actions below and accept overall accountability for their timely completion. I will inform Internal Audit if timescales are likely to be missed.

The auditor agrees that the actions set out below are satisfactory.

Lead Responsible Officer (HOS) Ken Akers, HR Relationship Manager

Auditor   Gary Kandinsky, Lead Auditor

Date   4 September 2014

Date   4 September 2014

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.1.10	SCC should ensure that that there are robust plans in place for a rapid implementation of the new MSTAR contract signed with Manpower in August 2014. These plans should include careful monitoring of the Panel Vendors' response to rate reductions and the new routes to market that procurement are establishing.	High Priority	Implementation plans have been agreed with Manpower on the MSTAR contract. Manpower has written to all Panel Vendors to confirm new rates under the new contract. Where exceptions happen, Manpower will gain confirmation from SCC on the appropriate course of action.	August 2014 September 2014	Laura Langstaff	Yes Yes

ANNEX B

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
	(cont.)		The overall effectiveness of the MSTAR contract will be reviewed at quarterly supplier meetings.	Quarterly until early 2015		Yes
5.1.11	Procurement, HR and other interested parties should continue to develop innovative options for an alternative to a framework contract solution to the recruitment of agency staff. In particular, further consideration should be given to the options for SCC to: • creating more specialist agency staff supply contracts where Services are able to take on the necessary overheads for contract management. • consider cost effective and innovative options for the future supply of agency staff taking into account any potential for wider regional collaboration and/or opportunities to generate income	High Priority	Identify and agree the problem areas through the Relationship Managers, Procurement and Manpower and Service Coordinators.	October 2014	Laura Langstaff, / Ken Akers / Caroline Budden	Yes
			Utilise operations meetings and strategy meetings to identify the project team to resource this.	December 2014		Yes
			Consider bringing in an additional resource to manage the options analysis.	Mid October 2014		Yes
			Have contract in place for directly sourced temporary CSF Social Workers. (Amy / Keith)	December 2014		Yes
			Options and costs paper	March 2015		Yes, but somewhat late.

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.2.6	Childrens Services should produce aspirational targets for the phased replacement of some of the long term locums in Children Services with permanent staff, along with a set of measures designed over a period of time to stimulate such change.	Medium Priority	Develop a strategic approach to workforce supply and retention which would deliver a sustained reduction in locums and achieve the right balance between flexible, employed and trainee skills. Project started with Service and HR.	October 2014 to outline strategic approach and aims.	Amy Bailey / Caroline Budden	Yes
			Make sure that are appropriate management arrangements in place for locum staff, including target setting, performance management and professional supervision.	March 2015 progress towards reduction in locum numbers began, and on-going monitoring established.		Yes
			Continue offering 'locum lunch' to target and communicate clear opportunities and to explain the approach of becoming permanent.	Next 'locum lunch' before Christmas 2014.		Yes
			Introduce total reward benefit illustrations to allow cost comparison between locums and permanent staff.	By April 2015.		Yes

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MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
	(cont.)		Improve the process for applying for and being selected for a permanent social worker using the SCC website.	Ongoing – to be reviewed in October 2014.		Yes
5.3.3	HR and Manpower should continue to work together to meet some of the specific concerns of Childrens Services on Manpower's performance, but particularly with regard to the quality and relevance of CV sent to managers and on the functionality of Manpower's system which lead to so many requests for the cancelation of orders.	Medium Priority	Strengthen operational management of the contract. Managers to raise issues through the issue log and for the issues log to be regularly reviewed and checked for appropriateness of response. Strengthen the process of feeding back to managers about expectations. .	Already in place and will be monitored on ongoing basis To be reviewed at operational meetings.	Ken Akers	Yes
5.4.7	Where Childrens Services need further flexibility on procurement arrangements, they should ensure that they use the procedures within SCC Procurement Standing Orders to request such flexibility and also ensure that there is adequate planning and co-ordination with other Departments on how changes are to be implemented.	Medium Priority	CSF will comply with SCC procurement rules. Where there are emergencies with the risk of major service failure, CSF will follow emergency waiver procedures to ensure sufficient skills are sourced to manage service delivery risks at short notice.	December 2014	Caroline Budden / Amy Bailey	Yes

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.5.5	Manpower should be asked to substantially reduce its mark-up on any hard to recruit staff that Children Services introduced to them.	Low Priority	Service to identify relevant staff and volumes.	December 2014	Ken Akers / Ian Banner	Yes
			Procurement and HR to meet with Manpower to establish whether an alternative charging mechanism can be added to the existing procurement terms.	December 2014	Keith Coleman	Yes
5.6.9	Where agency staff are working at more than one site, the management of their total working week should be the formal responsibility of Manpower and one nominated SCC Manager. Manpower's performance on ensuring that staff do not reasonably exceed a normal working week should be scored on the contract KPIs spreadsheet.	Low Priority	ASC and CSF Service Coordinators are monitoring the hours on a monthly basis and liaising with managers and Manpower. If a person working at more than one site breaches the weekly limit, then we ask a manager to take a lead role in making sure there is no repeat of this.	Monthly from August 2014	ASC/CSF Service Coordinators and Manpower	Yes
			Manpower also instructs all their workers not to work above 48 hours/week.		Manpower	
			We will review the hours regularly at our operational/service coordinators meetings.		Ken Akers	

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| | **MANAGEMENT ACTION PLAN** | | | | | |

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
	(Cont.)		Establish if individuals are given the option to opt out of WTD and if so, where is this information held / shared.		Manpower	
5.8.16	IMT should look at possible means of identifying possible IMT self-employed contractors that it can then refer on to Manpower, who can then work for SCC or even its partners at a much reduced mark-up. This may mean adopting novel approaches such as: • offering a finder's fee to SCC IMT staff and existing agency staff; • using someone in IMT part time to act as a recruitment executive; • maintaining a joint register of potential agency staff with Surrey Partners, particularly the Boroughs and Districts.	Low Priority	Alternative options for resourcing flexible IMT capacity with a range of skills needs to be discussed with HR, procurement and the IMT programme manager. The IMT programme manager will be the senior lead for recruitment. However a more junior member of staff may support them in this capacity. Maintaining records of trusted contractors and agency staff used by us and partners would be helpful.	New IMT Programme Manager not likely to be appointed until end of September, with subsequent start date depending on notice, likely to start this work in January 2015.	Paul Brocklehurst	Yes
5.8.17	IMT should ensure that it does not go off contract to secure agency staff in a way that breaches SCC procurement rules.	Medium Priority	IMT will comply with SCC procurement rules. Where there are emergencies with the risk of major IMT service/infrastructure failures, IMT will follow emergency waiver procedures to ensure	Immediate.	Paul Brocklehurst	Yes

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
	(Cont.)		sufficient skills are sourced to manage service delivery risks at short notice. The IT Programme Manager will review contractor placements to ensure resourcing is forecasted and planned.			
5.8.18	IMT Management and Procurement should give further consideration to the basis of the agency supplier mark-ups being paid on Manpower agency staff, and where mark ups could be negotiated down further based on the value and duration of the booking.	Low Priority	Agreed.	Quarterly meetings	Paul Brocklehurst / Keith Coleman/ HR	Yes
5.8.19	IMT management should give further, wide ranging consideration to where IMT support and specialist work typically provided from IMT contractors could be aggregated and put out to tender on a flexible basis.	Low Priority	The new IMT programme manager in conjunction with IMT SMT will be responsible for identifying projects in the pipeline that could be resourced as a tendered project rather than through individual contractors whilst still ensuring best value. However the reality of the labour market for IMT contractors may mean this is	New IMT programme manager not likely to be appointed until end of September, with subsequent start date depending on notice, likely to start this work in January 2015. In the interim to be considered by IMT SMT.	Paul Brocklehurst	Yes

MANAGEMENT ACTION PLAN

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Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
			not always an attractive approach to individuals with the necessary skills.			
5.8.20	IMT and Procurement to give further consideration as to the suitability of the MSTAR contract for IMT needs and whether alternative contractual arrangements would provide a better solution.	Low Priority	Options appraisal above will considering the needs of the services Alternative options for resourcing flexible IMT capacity with a range of skills needs to be discussed with Procurement and the IMT Programme Manager	31 March 2015	Paul Brocklehurst / Keith Coleman	Yes
5.8.21	The need for all IMT agency roles and the associated cost (and separately the agency mark-up) should be reviewed by the IMT Senior Management Team every three months.	Medium Priority	Agreed - for SMT agenda supported by regular reporting from manpower/HR	To start September 2014	Paul Brocklehurst	Yes
5.9.6	HR should raise for discussion, whether there is a need and a means by which the target for the percentage of agencies that pass Safeguarding inspections conducted by Manpower is increased.	Medium Priority	Agreed. HR will raise with Manpower at next strategic meeting in Autumn	End November 2014	Ken Akers / Monika Mullaney	Yes
5.9.12	Further consideration should be given to means of improving the percentage of orders filled for ASC and Childrens Services bookings.	Medium Priority	We will seek clarity around how the data is achieved so that we are satisfied that the reported rate of fulfilled	Ongoing and will be monitored at the Operational/Service Coordinators meeting	Manpower and HR Operational team / Service Managers	Yes

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
(contd)			orders is accurate. Where we are dissatisfied by the fill rate we will consider the options available to us prepared in the options paper.			
5.9.13	Improvements in the recording of the reasons for cancelled bookings should be sought so that Manpower and SCC practice can be considered and improved where necessary.	Low Priority	Manpower delivery team has been instructed not to choose the "cancelled" category even if the manager does not state the reason for cancellation. There will also be a separate category used for the orders which are cancelled by MP so it is clear which ones are cancelled by MP and which ones by our managers.	From middle of August 2014, and then ongoing.	Ken Akers	Yes
5.9.14	Services should look to further develop their long-stop contingency arrangements for out of hours orders. This may involve giving greater consideration to the requirements of the service when considering leave requests around bank holidays.	Low Priority	We will review roster patterns and review the practice of leave approval.	31 March 2015	Phillipa Alisiroglu / Ken Akers	Yes

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.9.15	HR should continue to monitor which managers are failing to manually authorise timesheets for agency staff and consider what escalation to Service management is appropriate.	Medium Priority	Agreed. We have been doing this together with Service Coordinators and the figures are decreasing.	Ongoing until the figures reach below 10% on regular basis.	Ken Akers	Yes
5.9.18	The monitoring arrangements for the new MSTAR contract and other routes to market need to be supported with effective measurements of the value for money being achieved.	Medium Priority	Discuss the new KPIs at the next Quarterly Strategy meeting with MP in October.	End November 2014	Ken Akers / Keith Coleman	Yes

MANAGEMENT ACTION PLAN

Directorate:	Change & Efficiency
Audit report:	A00880/2013/14 - UNICORN
Dated:	23 June 2014

PRIORITY RATINGS

Priority High (H) - major control weakness requiring immediate implementation of recommendation

Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control

I agree to the actions below and accept overall accountability for their timely completion. I will inform Internal Audit if timescales are likely to be missed.

The auditor agrees that the actions set out below are satisfactory.

Lead Responsible Officer (HOS) Paul Brocklehurst

Auditor   Lyle Lumsden

Date   14/07/2014

Date 14/07/2014

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
01	The IT Contracts team is dealing with the supplier in a sufficient but unstructured manner. Using a more structured method in regards to documenting arising issues and risks across all areas, will reduce the risk surrounding the process of negotiating with the supplier. This would increase resilience within	Low	IMT will add arising BAU risks to risks currently being actively managed as part of the extended project close out. These will be managed and reviewed monthly by the Unicorn Partnership Client and reported to the relevant Governance Groups.	September 2014.	Robin Carter	

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MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
	the team as well as possibly facilitate the briefing of the relevant committee when in place.					
02	In light of the timescales indicated in the contract for acknowledging and formalising change requests and the failing of the supplier to achieve those targets. The auditor recommends that a time frame, such as six months or less is agreed to allow for this process to develop. After which if the change process has not aligned with the Contract KPIs senior management formally challenge the supplier to improve.	High	IMT and BT have already agreed the list of outstanding CCN's and work has commenced. A more formal programme will be agreed, with aim of recovering the currently outstanding item by December 14.	December 14	Robin Carter	
03	In light of the possible impacts that the consultants may have on SCC's interpretation of data from the supplier. A commitment should be	Low	[*DN we do not fully understand the question, but have responded on the basis that the recommendation was referring to reporting data.*	Completed	Kasia Venus	

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
	undertaken to review a sample of historic data to ensure that SCC's position is up to date.		*If this is not the case, please clarify.*] 6 months historic reporting data was passed to specialist consultants (Spirit) in June 14 for independent review. Feedback is anticipated in July 14.			
04	In line with the recommendation in 5.1.7, issues with the supplier should be captured in an issues log, possibly supported with a key communications log. This will aid in issue escalation and monitoring.	High	IMT will add arising BAU issues to issues currently being actively managed as part of the extended project close out. These will be managed and reviewed monthly by the Unicorn Partnership Client and reported to the relevant Governance Groups.	September 2014.	Robin Carter	

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MANAGEMENT ACTION PLAN

Directorate:	Business Services
Audit report:	A01800/2014/15 - Grants to Voluntary Bodies
Dated:	19 August 2014

PRIORITY RATINGS

Priority High (H) - major control weakness requiring immediate implementation of recommendation

Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control

I agree to the actions below and accept overall accountability for their timely completion. I will inform Internal Audit if timescales are likely to be missed.

The auditor agrees that the actions set out below are satisfactory.

Lead Responsible Officer (HOS): Kevin Kilburn

Auditor: Elaine Hughes

Date: 04 September 2014

Date: 04 September 2014

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.5	GAFF Grant To reintroduce regular reviews to ensure that the service and outcomes in the Grant Agreement are delivered, these reviews be documented and that this be done before any more funding is released.	High	To add the GAF agreement to the IN-TEND system. To set out a KPI questionnaire linked to the intended outcomes of the agreement. To set the questionnaire up to be completed each term by GAF. Ensure that no further payments are made until the questionnaire is returned.	Data to be collected in this terms questionnaire relating to the last terms performance (April – August 2014) Questionnaire to be finalised during September 2014	Sue Turton, CSF/ Phil Osborne	Y

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.9	**GAFF Grant** It is recommended that the legal status of the funding agreement is clarified as soon as possible with assurance that the funding agreement documentation in place is legally compliant. Going forward when the new Grant Criteria Guide is in place, a formal authorised waiver shall be required whenever standard SCC grant application procedures are not followed or documentation not used.	High	Current agreement to be sent to legal for advice. From end of current agreement a waiver will be sought from procurement.	By end September 2014 document to be sent to legal services.	Sue Turton, CSF/ Phil Osborne	Y
5.13	**GAFF Grant** It is recommended that the market place be reviewed before further funding is released to determine whether any new providers have moved into the area.	Medium	Dependant on the children's centre central funding being sufficient to commission GAF to provide additional family support, the provision of the service will be reviewed.	By January 2015 to KPI related questionnaires will have been completed. The children's centre budget will be known by Jan 2015. Jan to March 2015 select the option to pursue.	Sue Turton, CSF/ Phil Osborne	Y
5.18	**LPF/EIKON Grant** It is recommended that Partnership meetings are	Medium	Second round of partnership meetings to be completed by the end of	31 October 2014	Jeremy Crouch and Leigh Middleton, Lead Youth Officers, CSF	Y

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
	held at the required frequency between EIKON and the Lead Youth Officers to discuss service performance and not just when there are concerns.		October 2014.			
5.19	LPF/EIKON Grant It is also recommended that clear records are kept of all the monitoring forums and organised so they are more easily retrievable for independent review.	Low	Task minute taker to support monthly Contract Partnership Meetings and six monthly Partnership Meetings.	31 October 2014	Jenny Smith, Senior Development Manager, CSF Jeremy Crouch and Leigh Middleton, Lead Youth Officers, CSF	Y
5.25	LPF/EIKON Grant It is recommended that it is established whether the provider receives any other SCC funding and/or has any other funders in respect of delivering this service.	Medium	Other sources of funding for this commission to be checked and clarified.	31 October 2014	Mike Nelson, Contracts and Finance Manager, CSF	Y
5.30	Waverley Hoppa Grant It is recommended that historic funding arrangements be market tested for new potential service providers as part of the annual review process	Low	The service will be moving away from grant funding to ensure that providers are less grant reliant and more contract reliant and business focused. If the Waverley Hoppa Dial a	01 April 2015	Cassandra Brewer, E&I	Y

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
	and that this is evidenced as having been done.		Ride funding arrangement continues as a grant, the recommendations made shall be adopted.			
5.35	SDDP Grant Consideration is given to carrying out periodic surveys of referral agencies, in addition to users themselves, to ask whether the advocacy service the user received made a positive difference.	Low	We have developed a "before and after" intervention tool, which asks people to describe how they feel before and after the service. This has been done starting from Q1 year 3 ie: April to June 2014 and the findings were sent to the Auditor.	Q1 2013/14 (i.e. wef 1.4.2014) data has been amended and the first meeting to review this additional data was on 28 August 2014	Norah Lewis, ASC	Y
5.42	Action for Carers Grant It is recommended that performance monitoring meetings are minuted to show when they were held, who attended, what performance data was reviewed and discussed together with any actions required.	Low	The recommendation has been accepted and all future monitoring meetings will be minuted as suggested.	All twice yearly monitoring meetings after 1 October 2014 will be recorded in this way.	John Bangs, ASC	Y
5.43	Action for Carers Grant It is also recommended that performance reporting expresses data by locality.	Low	The recommendation is accepted and arrangements have already been made to ensure that the data on young carer numbers is	With immediate effect so that the breakdown will be included for the return for the first six months of 2014/15.	John Bangs, ASC	Y

			MANAGEMENT ACTION PLAN			
Para Ref	**Recommendation**	**Priority Rating**	**Management Action Proposed**	**Timescale for Action**	**Officer Responsible**	**Audit Agree?**
			broken down by District/Boro as was suggested.			
5.52	RF and SADAS Grants Consideration be given to adding the quarter that the issue was originally raised to the table of issues to clarify the length of time it has been outstanding.	Low	We shall add an additional column to action notes to identify which quarter the issue was raised in.	From Q2 monitoring meetings (November 2014)	Jane Bremner, ASC	Y
5.53	RF and SADAS Grants Consideration is given to introducing a simple coding reference to link the areas being discussed at the quarterly monitoring meetings to the grant service specification.	Low	We shall add in coding references to link agenda/performance items to agreed outcomes/outputs identified in specification	From Q2 monitoring meetings (November 2014)	Jane Bremner, ASC	Y
5.54	RF and SADAS Grants It is recommended that a question is added as part of each referral to establish whether the service user is already in receipt of any SCC funded service for the same activities.	Low	We shall adapt the performance monitoring form to capture whether an individual using services provided by this grant is in receipt of any other SCC funded services.	For Q3 data- change performance monitoring form by October 2014.	Jane Bremner, ASC	Y

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.60	It is recommended that for all future grants applicants are asked to make a declaration of potential conflicts of interest, or confirm there are none, and records this on the grant application.	Medium	The new procedures for the award of grants and contracts to the voluntary sector already address this issue. These procedures have been approved by Cabinet and due to be launched via training in October for grant awards from 2015/16.	Revised process already drafted and approved for grant awards from April 2015	Nikki O'Connor	Y
5.61	It is also recommended that grant applicants are asked to say whether they are members of the Surrey Compact and not leave this to the final Grant Agreement signing stage.	Low	The new procedures for the award of grants and contracts to the voluntary sector already address this issue. These procedures have been approved by Cabinet and due to be launched via training in October for grant awards from 2015/16.	Revised process already drafted and approved for grant awards from April 2015	Nikki O'Connor	Y
5.66	It is recommended that a copy of the signed Grant Agreement is held by Finance before grant payments are made and that this is recorded on the Grant Register.	Medium	Due to the size and volume of the grant agreements relating to Adults Social Care & Childrens' Centres, there was a decision to stop holding these centrally. Finance were not adding any value to the process	Already in place	Nikki O'Connor	Y

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
			by merely storing the documents. No payment will be made in relation to these grants (or any other) without written consent from the relevant budget holder and so controls are in place to prevent grants being paid without the appropriate authorisation. Going forward central finance will continue to request budget holder approval before payment is made and in addition will request confirmation that he/she has seen a signed grant agreement.			
5.70	It is recommended that each grant is assigned a unique grant code and this is used to distinguish payments per grant per provider and on the Finance Grant Register.	Low	Agreed	Already in place for payments made after the 01 September 2014	Nikki O'Connor	

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Council Overview and Scrutiny Committee
3 October 2014

BUDGET MONITORING REPORT

Purpose of the report: This report presents the revenue and capital budget monitoring up-date for August 2014.

Introduction:

1. The August 2014 month end budget report was presented to the cabinet meeting on 23 August 2014.

2. This report presents the council's financial position at the end of August 2014. Details of the financial position are covered in the Annexes to this report.

3. This report will be considered by the Performance & Finance Sub Group at their meeting on 29 September 2014. A summary of their discussion will be reported to the Committeee

Recommendations

The Committee is asked to consider whether it wishes to make any recommendations regarding the Finance and Budget Monitoring Report for August 2014.

Report contact: Kevin Kilburn, Deputy Chief Finance Officer

Contact details:
kevin.kilburn@surreycc.gov.uk
020 8541 9207

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SURREY COUNTY COUNCIL

CABINET

DATE:　　　　**23 SEPTEMBER 2014**

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

LEAD OFFICER:　**SHEILA LITTLE, DIRECTOR OF FINANCE**

SUBJECT:　　**FINANCE AND BUDGET MONITORING REPORT FOR AUGUST 2014**

10

SUMMARY OF ISSUE:

The council takes a multiyear approach to its budget planning and monitoring, recognising that the two are inextricably linked. This report presents the council's financial position at the end of August 2014

The details of this financial position are covered in the Annexes to this report.

RECOMMENDATIONS:

Cabinet is asked to note the following:

1.　The council forecasts a +£2.4m overspent revenue position for 2014/15 (Annex 1, paragraph 2).

2.　Services forecast achieving £68.7m efficiencies and service reductions by year end (Annex 1, paragraph 53).

3.　The council forecasts investing £205m through its capital programme in 2014/15 (Annex 1, paragraph 58).

4.　Services' management actions to mitigate overspends (throughout this report).

Cabinet is asked to approve the following virements of further Government grants totalling £2.6m made for the following purposes (Annex 1, paragraph 19).

5.　SEND (special educational needs and disabilities) Implementation grant (£0.805m to Schools & Learning)

6.　KS2 (key stage 2)| Moderation and Phonics Funding (£0.034m to Schools & Learning)

7.　Adoption Reform grant (£0.493m to Children's Services)

8.　Staying Put grant (£0.138m to Children's Services)

9.　Troubled Families Payment by Results grant (£0.462m to Strategic Services)

10.　Troubled Families Co-ordinator grant (£0.102m to Strategic Services)

11.　Troubled Families Co-ordinator attachment fees (£0.549m to Strategic Services)

REASON FOR RECOMMENDATIONS:

This report is presented to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval and action as necessary.

DETAILS:

1. The Council's 2014/15 financial year commenced on 1 April 2014. This report includes the third (August 20104) budget monitoring report of the financial year.

2. The Council has a risk based approach to budget monitoring across all services. This 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. The annex to this report sets out the Council's revenue budget forecast year end outturn as at the end of August 2014. The forecast is based upon current year to date income and expenditure as well as projections using information available to the end of the month.

6. The report provides explanations for significant variations from the budget, with a focus on staffing and efficiency targets. As a guide, a forecast year end variance of greater than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so any variance over 2.5% may also be material.

Consultation:

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

Risk management and implications:

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

Financial and value for money implications

9. The 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

10. 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

11. There are no legal issues and risks.

Equalities and Diversity

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

Climate change/carbon emissions implications

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

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

WHAT HAPPENS NEXT:

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

Contact Officer:
Sheila Little, Director of Finance
020 8541 7012

Consulted:
Cabinet / Corporate Leadership Team

Annexes:
Annex 1 – the revenue and capital budget monitoring to the end of August 2014 and year end forecasts.

Sources/background papers:
None

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Budget monitoring period 5 2014/15 (August 2014)

Summary recommendations

Cabinet is asked to note the following.

1. The council forecasts a +£2.4m overspent revenue position for 2014/15 (paragraph 2).

2. Services forecast achieving £68.7m efficiencies and service reductions by year end (paragraph 53).

3. The council forecasts investing £205m through its capital programme in 2014/15 (paragraph 58).

4. Services' management actions to mitigate overspends (throughout this report).

Cabinet is asked to approve the following virements of further Government grants totalling £2.6m made for the following purposes (paragraph 19).

5. SEND (special educational needs and disabilities) Implementation grant (£0.805m to Schools & Learning)

6. KS2 (key stage 2) Moderation and Phonics Funding (£0.034m to Schools & Learning)

7. Adoption Reform grant (£0.493m to Children's Services)

8. Staying Put grant (£0.138m to Children's Services)

9. Troubled Families Payment by Results grant (£0.462m to Strategic Services)

10. Troubled Families Co-ordinator grant (£0.102m to Strategic Services)

11. Troubled Families Co-ordinator attachment fees (£0.549m to Strategic Services)

Revenue summary

Surrey County Council set its gross expenditure budget for the 2014/15 financial year at £1,652m. In line with the council's multi year approach to financial management which aims to smooth resource fluctuations over five years, Cabinet approved the use of £20.1m from previous years' underspends, £5.8m from other reserves to support 2014/15, £14.0m to support the Adult Social Care budget in 2014/15 and £5.5m revenue carried forward from 2013/14 to fund committed expenditure.

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

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

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

For the fourth year in succession, the council ended 2013/14 with a small underspend, demonstrating its tight grip on financial management. As at 31 August 2014, the council forecasts a +£2.4m overspend for 2014/15 after taking actions to mitigate any overspends.

In 2014/15, the council seeks further efficiency savings of over £72m in line with the corporate strategy of using our resources responsibly to plan for future years of financial uncertainty. In setting the 2014-19 MTFP, Cabinet required the Chief Executive and Director of Finance to establish a mechanism to track and monitor progress on the further development and implementation of robust plans for achieving the efficiencies across the whole MTFP period. The Chief Executive and Director of Finance have conducted support sessions with strategic directors and heads of service focusing on those areas of the MTFP presenting the biggest risks. These sessions are making progress in gaining assurances about the robustness of services' savings plans and in managing the risks in the MTFP. The support sessions will continue to be on-going and are additional to the council's existing challenge and scrutiny processes.

The Chief Executive and Director of Finance have and will continue to report progress at the council's regular briefings to all members and will integrate outputs, in terms of robust planning and implementation of savings programmes, into the medium term financial planning process. Cabinet will receive a progress report on the 2015-20 MTFP with the second quarter's budget monitoring report.

Continuously drive the efficiency agenda

A key objective of MTFP 2014-19 is to increase the council's overall financial resilience, including reducing reliance on government grants over the long term. The council plans to make efficiencies and reductions totalling £72.3m in 2014/15 (£253m for 2014-19). As at 31 August 2014, services forecast to achieve £68.7m efficiencies by year end. Most services are on track to achieve their planned efficiencies.

Maintain a prudent level of general balances and apply reserves appropriately

In addition to meeting on-going demand and funding pressures, the council ensures it is prepared for emergencies, such as the recent severe weather and flooding. Part of this preparedness is having adequate balances and reserves. The council currently has £21m in general balances.

Capital summary

Maximising our investment in Surrey

A key element of Surrey County Council's corporate vision is to create public value by improving outcomes for Surrey's residents. This vision is at the heart of the capital programme. In July 2014, Cabinet reprofiled the capital programme to increase it to £780m.

The council also wants to reduce its reliance on the council tax payer. To this end, it invested £40.2m in long term capital investment assets in 2013/14 and a further £5.2m in the first five months of 2014/15.

As at 31 August 2014, the council forecasts +£7.6m overspend against 2014/15's reprofiled capital budget. This includes the +£8.0m spend on long term capital investments.

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Revenue budget

1. In line with the council's multi year approach to financial management, which aims to smooth resource fluctuations over five years, Cabinet approved the use of £20.1m from the Budget Equalisation Reserve (including £13m contribution from 2013/14's unused risk contingency) plus £5.8m from other reserves to support 2014/15, £14m to support the Adult Social Care budget in 2014/15 and £5.5m revenue carried forward from 2013/14 to fund committed expenditure.

2. As at 31 August 2014, services forecast a +£2.4m overspent net revenue budget position.

Figure 1 Forecast 2014/15 net revenue position
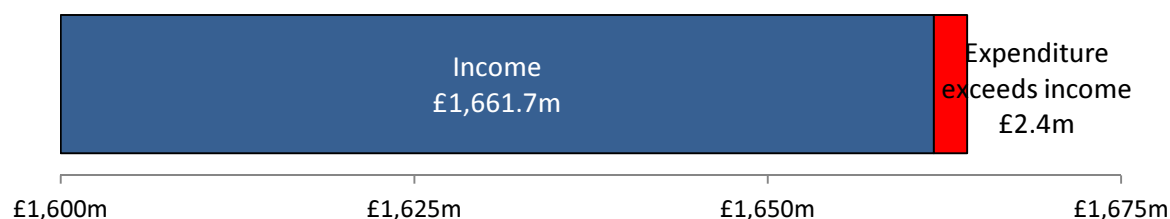
3. The forecast 2014/15 budget variance as at 31 August 2014 is +£2.4m overspent mainly due to the following variances:

    - Adult Social Care forecasts +£3.3m overspend, largely because it has not achieved £1.4m of efficiencies through renegotiating block contract arrangements and does not consider it feasible to replace these efficiencies in 2014/15 and forecasts +£2.1m overspend on the Family, Friends & Community support strategy;
    - Children's services forecasts a +£2.2m overspend net of income mainly on agency placements, pressures on fostering and adoption allowances and increases in numbers of care leavers and asylum seekers;
    - Environment & Infrastructure forecasts +£0.4m overspend due mainly to increases in insurance claims following flooding damage and under recovery of streetworks income;
    - Schools & Learning forecasts -£2.2m underspend on county funded central budgets, mainly for demographics and inflation, offset by an overspend on transport, mainly for children with SEN;
    - Business Services forecasts -£0.8m underspend in HR including underspends on the apprenticeship programme, training and early achievement of staffing efficiencies;
    - Chief Executive's Office forecasts -£0.5m underspend, mainly due to vacancies in Libraries and deferring improvements;
    - Central Income and Expenditure forecasts - £0.6m underspend mainly due to reductions in the costs of relocation allowances and protected pay as fewer employees receive them.

4. Table 1 shows the year to date and forecast year end net revenue position for services and the council overall. Net revenue position for services is gross expenditure less income from specific grants plus fees, charges and reimbursements.

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Table 1: 2014/15 Revenue budget - net positions

June Forecast variance £m		YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Aug – Mar remaining forecast £m	Full year forecast £m	Full year variance £m
0.7	Adult Social Care	138.3	137.1	-1.3	342.3	208.5	345.5	3.3
0.2	Children, Schools & Families	76.4	76.0	-0.4	186.2	110.8	186.8	0.6
0.0	Schools (gross exp £468m)	-6.4	-6.4	0.0	0.0	6.4	0.0	0.0
0.2	Customer & Communities	20.1	19.2	-0.9	47.5	28.3	47.5	0.0
0.4	Environment & Infrastructure	50.4	48.3	-2.1	129.3	81.5	129.7	0.4
-0.2	Business Services	32.6	30.7	-1.9	82.3	50.8	81.5	-0.8
-0.2	Chief Executive's Office	10.8	9.9	-0.8	26.0	15.6	25.5	-0.5
-1.1	Central Income & Expenditure	-172.1	-172.5	-0.4	-171.9	0.0	-172.5	-0.6
0.0	**Service net budget**	**150.1**	**142.3**	**-7.8**	**641.7**	**501.8**	**644.1**	**2.4**
0.0	Local taxation	-251.0	-251.0	0.0	-615.8	-364.8	-615.8	0.0
0.0	Revolving Infrastructure & Investment Fund		-0.2	-0.2		0.2		0
0.0	**Overall net budget**	**-100.9**	**-108.9**	**-8.0**	**25.9**	**137.2**	**28.3**	**2.4**

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

5.   Schools' funding is determined by an agreed formula under statute and expenditure decisions are the responsibility of each school's governing body.

6.   Figure 2 shows services' year to date and forecast revenue budget positions. Table App 3 in the appendix shows the overall income and expenditure for the year to date and year end forecast positions.

Figure 2: Year to date and forecast year end net expenditure variance
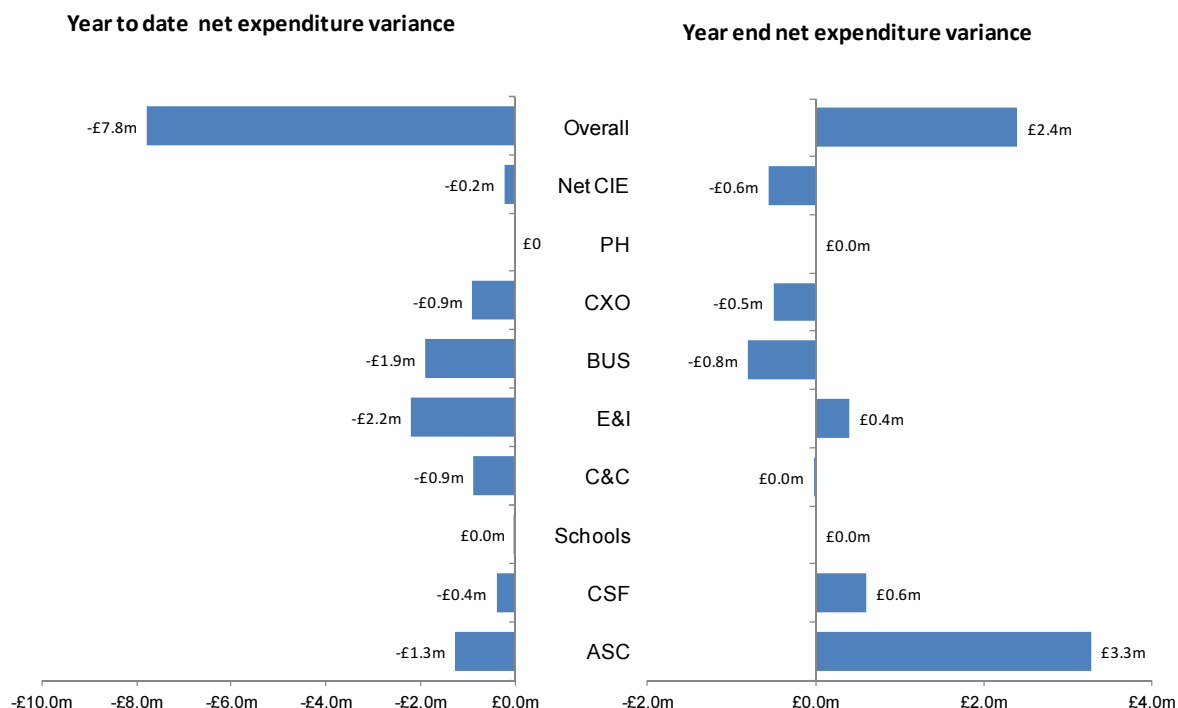
7.   Below, services summarise their year to date and forecast year end income and expenditure positions and financial information. These explain the variances, their impact and services' actions to mitigate adverse variances. The appendix gives the updated budget with explanations of budget movements.

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Adult Social Care

Table 2: Summary of Adult Social Care services' revenue position

	YTD budget £m	YTD actual £m	YTD variance £m	Full year revised budget £m	Sep -Mar forecast £m	Full year projection £m	Full year variance £m
Income	-28.0	-27.1	0.9	-73.8	-45.6	-72.7	1.1
Expenditure	166.4	164.2	-2.2	416.0	254.0	418.3	2.3
Net position	**138.3**	**137.1**	**-1.3**	**342.3**	**208.5**	**345.5**	**3.3**
Service summary							
Income	-28.0	-27.1	0.9	-73.8	-45.6	-72.7	1.1
Older People	67.6	65.6	-2.0	168.5	102.2	167.8	-0.7
Physical Disabilities	19.7	19.2	-0.5	48.2	28.7	47.9	-0.3
Learning Disabilities	50.3	50.5	0.2	130.0	81.0	131.5	1.5
Mental Health	4.3	3.4	-0.9	11.0	7.7	11.1	0.1
Other expenditure	24.5	25.5	1.0	58.3	34.4	59.9	1.6
Total by service	**138.4**	**137.1**	**-1.3**	**342.2**	**208.4**	**345.6**	**3.3**

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

8. As at 31 August 2014, Adult Social Care services (ASC) has a -£1.3m year to date underspend with a +£3.3m forecast overspend at year end.

9. ASC has a significant savings target of £42m plus a target to generate an additional of £4m income. Since the beginning of the year, ASC has incurred £2.9m of extra demand pressures, meaning it requires £44.9m total savings. ASC has made good progress in many of its savings actions and judges it has achieved or will achieve savings of £22.2m without needing further management action.

10. The year end efficiencies forecast as at 31 August 2014 relies on ASC implementing £19.2m of management actions. Table 4 outlines these actions.

11. The most significant element of ASC's savings plans in 2014/15 is the Family, Friends & Community (FFC) support strategy. ASC plans to achieve the FFC savings through three key streams.

   - First, an improved assessment process for individuals requiring new care packages, supported by a recalibration of the Resource Allocation System (RAS). ASC implemented this measure in mid-May.
   - Second, a programme of re-assessments of existing packages to ensure personalised support plans fully incorporate FFC. Locality teams have drawn up local project plans to deliver the re-assessments.
   - Third, identification of direct payments (DP) refunds to ensure ASC reclaims any surpluses and factors the impact into the re-assessment programme.

12. In addition to the three main streams of the FFC strategy, ASC is also working on plans to deliver £2.4m of other FFC related savings in order to offset in-year programme delays. Table 3 summarises performance of the programme streams.

Table 3: Financial performance of FFC programme streams

| | <--------------- Performance in 2014/15 ----------------> | | | | | Forecast future <----- performance -----> | | |
	2014/15 target £m	Achieved Apr - Jul £m	Forecast Aug - Mar £m	Full year forecast £m	2014/15 variance £m	Full year target £m	Full year effect £m	Full year variance £m
New packages	-3.9	0.8	-1.8	-1.0	2.9	-3.9	-5.2	-1.3
Reassessments	-6.4	-0.9	-2.9	-3.8	2.6	-6.4	-10.9	-4.5
FFC DP surplus	-3.0	-2.5	-1.5	-4.0	-1.0	0.0	0.0	0.0
FFC catch up	0.0	0.0	-2.4	-2.4	-2.4	0.0	0.0	0.0
Total	**-13.3**	**-2.6**	**-8.6**	**-11.2**	**2.1**	**-10.3**	**-16.2**	**-5.8**

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

13. It is apparent that new placements pressures have largely offset re-assessment savings. This can be attributed to the additional cost of transition for young people which is known to fluctuate unevenly throughout the year and is unlikely to be directly related to FFC. The year to date position for new placements, excluding transition, is a saving of £0.153m, indicating that action is at least preventing pressures building and leading to some savings though as yet below the original target.

14. Challenges remain in four other significant areas of planned savings.

- Securing £4m of social care benefit from the whole systems funds. Discussions continue as part of the joint local planning processes with CCGs which feed into that aim.
- Identification of £1.7m of additional savings. ASC originally hoped re-negotiation of the main block contract would contribute to this savings target, but this has not proved possible. ASC is working actively to identify other savings options. However, at 31 August 2014, ASC has no firm plans in place to delivery these savings, which are profiled for the second half of 2014/15.
- ASC anticipates the correct application of continuing health care arrangements will deliver £1.7m of savings in the remainder of 2014/15. Progress is improving in this savings stream but challenges remain in delivering the full value of savings.
- As outlined above ASC aims to delivery £2.4m of FFC catch up savings in the remainder of 2014/15 to offset slippage against the original savings target. As at 31 August 2014, ASC is still working through detailed plans for these savings to determine whether this is achievable.

15. In recognition of the challenges outlined above, a risk contingency of £2.6m has been included within the management actions to account for the possibility of an element of these risks materialising.

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Table 4: Summary of ASC management actions to achieve efficiency savings

	£m	£m
MTFP efficiency savings target		-42.0
Additional savings needed to meet demand pressures		-2.9
		-44.9
Total efficiency savings achieved (or needing no further management action) to date		-22.2
Efficiency savings forecast for the rest of the year through use of FFC	-7.1	
FFC applied to direct payments reclaims	-1.5	
Other efficiency savings for the rest of the year needing management actions	-10.6	-19.2
Total efficiency savings forecast in remainder of year		-41.4
Under(+)/over(-) performance against MTFP target		+3.3

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

Children, Schools & Families

Table 5: Summary of the revenue position for Children, Schools & Families services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Sep - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-56.3	-55.0	1.3	-150.6	-97.6	-152.6	-2.0
Expenditure	132.7	131.0	-1.7	336.8	208.4	339.4	2.6
Net position	**76.4**	**76.0**	**-0.4**	**186.2**	**110.8**	**186.8**	**0.6**
Service summary							
Income	-56.3	-55.0	1.3	-150.6	-97.6	-152.6	-2.0
Strategic Services	1.3	1.9	0.6	3.2	2.0	3.9	0.7
Children's Services	38.2	37.9	-0.3	91.7	56.6	94.5	2.8
Schools and Learning	81.6	80.0	-1.6	214	132.7	212.7	-1.3
Services for Young People	11.6	11.2	-0.4	27.9	17.1	28.3	0.4
Total by service	**76.4**	**76.0**	**-0.4**	**186.2**	**110.8**	**186.8**	**0.6**

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

16. As at 31 August 2014 Children, Schools & Families services (CSF) has a -£0.4m year to date underspend and a forecast +£0.6m year end overspend.

17. CSF's transformation plans account for the overspend on strategic services. This includes the final phase of the public value programme.

18. Otherwise CSF's pattern of spend remains similar to that previously reported with overspends in Children's Services being offset by an underspend on the central budget held in Schools and Learning. However, there has been a further reduction in the Children's Services overspend of 0.3m.

Grant related virement requests

19. Since the MTFP and Budget for 2014/15 were set in February further government grants have been announced for Surrey. CSF requests £2,582,888 virements of the non-ringfenced grants below for the following purposes.

- SEND Implementation grant (£805,175 to Schools & Learning)
  This is a further grant specifically to support implementation of the SEND (special educational needs and disabilities) reforms from September 2014. Schools & Learning have developed a business case setting out the planned activity to be

met through the grant. This includes replacing special educational needs (SEN) statements and learning disability assessments with the new education health and care plans (EHCP) introduction of personal budgets and publication of the local SEN offer. The SEND Governance Board will oversee implementation of the reforms and use of the grant.

- KS2 Moderation and Phonics Funding (£33,653 to Schools & Learning)
  This is a small grant to support new statutory requirements for local authorities to monitor key stage 2 (KS2) teacher assessments and key stage 1 phonics screening. Schools & Learning will use the grant to fund the statutory assurance including arranging monitoring visits in line with national guidance.

- Adoption Reform Grant (£493,100 to Children' Services)
  This is the final balance on the 2013/14 adoption reform grant that Children's Services did not require in 2013/14 but will use in 2014/15 to continue to improve adoption services.

- Staying Put grant (£138,060 to Children's Services)
  This grant is to meet the extra burden on local authorities of the new requirement for young people who were looked after children (LAC) to remain with their foster carers until the age of 21. Children's Services will use the grant to offset the cost of additional fostering allowances incurred due to the extension of the county's responsibilities.

- Troubled Families Payment by results grant (£462,000 to Strategic Services)
  The council has received further payment by results grants of £462,000 relating to the original DCLG Troubled Families Programme.

- Troubled Families Co-ordinator grant (£102,000 to Strategic Services)
  Surrey is one of the authorities chosen to lead the next stage of the Troubled Families Programme and has been awarded £102,000 additional co-ordinator grant.

- Troubled Families Co-ordinator attachment fees (£549,000 to Strategic Services)
  As a troubled families co-ordinator, the council is eligible for attachment fees of up to £1,000 for each family recruited. The service will use the resources to continue the partnership working with boroughs and districts into the second phase of the national programme.

20. CSF seeks approval to incorporate the additional activities' expenditure and income relating to these grants in the budgets indicated above for 2014/15.

Children's Services

21. For Children's Services the forecast overspend is now +£2.2m net of income compared to +£2.6m at 30 June 2014.

22. The overspend mainly relates to care provided for children who are of have been in the care of Surrey:

- +£0.4m agency placements, although numbers have stabilised at a similar level to last year there are three young people in high cost secure accommodation exerting particular pressure on this budget;
- +£0.5m continuing pressures on fostering allowances and cost of adoption allowances;
- +£0.8m for leaving care and asylum seekers, as the number of care leavers continues at a similar level to that experienced in 2013/14 when an overspend also

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occurred and the number of asylum seekers continues to rise and is higher than at this point last year.

23. In addition CSF expects a +£0.4m overspend in services for children with disabilities mainly due pressure on care packages and increasing complexity. The -£0.4m efficiency is on track to be achieved following the short breaks tendering exercise.

Schools and Learning

24. Overall Schools and Learning forecasts a -£2.2m underspend (net of income) on county funded services at 31 August 2014. The main underspend is on the demographics and inflation budget, offset by an overspend on transport, mainly for children with SEN.

Delegated schools budget

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

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Sep-Mar forecast £m	Full year projection £m	Full year variance £m
Income	-212.7	-206.3	6.4	-468.2	-261.9	-468.2	0.0
Expenditure	206.3	199.9	-6.4	468.2	268.3	468.2	0.0
Net position	**-6.4**	**-6.4**	**0.0**	**0.0**	**6.4**	**0.0**	**0.0**

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

25. The delegated schools budget shows a balanced year to date position and forecasts a balanced year end position.

Customer & Communities

Table 7: Summary of the revenue position for Customer & Communities services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Sep - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-5.1	-5.4	-0.3	-12.2	-7.0	-12.4	-0.2
Expenditure	25.2	24.6	-0.6	59.7	35.3	59.8	0.2
Net position	**20.1**	**19.2**	**-0.9**	**47.5**	**28.3**	**47.5**	**0.0**
Summary by service							
Fire & Rescue	15.1	14.8	-0.3	35.5	20.7	35.5	0.0
Customer Services	1.4	1.3	-0.1	3.3	2.0	3.3	0.0
Trading Standards	0.9	0.9	0.0	2.1	1.2	2.1	0.0
Community Partner & Safety	1.6	1.2	-0.4	3.7	2.6	3.8	0.1
County Coroner	0.5	0.5	0.0	1.2	0.7	1.2	0.0
C&C Directorate Support	0.6	0.5	-0.1	1.7	1.1	1.6	-0.1
Total by service	**20.1**	**19.2**	**-0.9**	**47.5**	**28.3**	**47.5**	**0.0**

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

26. As at 31 August 2014 Customer & Communities services (C&C) has a -£0.9m year to date underspend and forecasts a balanced position at year end.

27. The forecast balanced position includes staffing savings due to secondments and retirements, offset by the potential unfunded costs of administering DCLG's Repairs

and Renewals grant scheme for which the council has yet to finalise cost sharing arrangements with districts and boroughs.

28.   Fire & Rescue service has implemented plans to achieve part of its increased income target and is actively pursuing several opportunities and seeking further savings, which it expects to be sufficient to mitigate this pressure in 2014/15.

Environment & Infrastructure

Table 8: Summary of the revenue position for Environment & Infrastructure services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year revised budget £m	Sep - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-10.0	-8.9	1.1	-24.1	-15.3	-24.2	-0.1
Expenditure	60.4	57.1	-3.3	153.4	96.8	153.9	0.5
Net	**50.4**	**48.3**	**-2.1**	**129.3**	**81.5**	**129.7**	**0.4**
Summary by service							
Environment	32.4	32.2	-0.2	82.1	49.7	81.9	-0.2
Highways	17.1	14.8	-2.3	45.2	31.0	45.8	0.6
Other Directorate Costs	0.9	1.3	0.4	2.0	0.7	2.0	0.0
Total by service	**50.4**	**48.3**	**-2.1**	**129.3**	**81.5**	**129.7**	**0.4**

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

29.   As at 31 August 2014 Environment & Infrastructure services (E&I) has a -£2.1m year to date underspend and forecasts +£0.4m overspend at year end.

30.   The forecast overspend is in highways services and includes:

*   increases in insurance claims following flooding damage; and
*   under recovery of streetworks income.

Business Services

Table 9: Summary of the revenue position for Business Services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year revised budget £m	Sep - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-6.0	-6.7	-0.7	-16.5	-10.1	-16.8	-0.3
Expenditure	38.6	37.4	-1.2	98.8	60.9	98.3	-0.5
Net	**32.6**	**30.7**	**-1.9**	**82.3**	**50.8**	**81.5**	**-0.8**
Summary by service							
Property	12.0	11.6	-0.4	32.0	20.3	31.9	-0.1
Information Management & Technology	9.9	9.6	-0.3	25.0	15.4	25.0	0.0
Human Resources & OD	3.8	2.7	-1.1	9.1	5.7	8.4	-0.7
Finance	3.7	3.7	0.0	8.9	5.2	8.9	0.0
Shared Services	1.8	1.7	-0.1	4.0	2.3	4.0	0.0
Procurement & Commissioning	1.4	1.4	0.0	3.3	1.9	3.3	0.0
Total by service	**32.6**	**30.7**	**-1.9**	**82.3**	**50.8**	**81.5**	**-0.8**

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

31. As at 31 August 2014 Business Services has a -£1.9m year to date underspend and forecasts a -£0.8m underspend at year end.

32. Of the year to date underspend -£1.1m is in HR, including -£0.6m for apprenticeships & training and £0.5m for leadership development programmes and staffing. The full year effect of the apprenticeships underspend is -£0.4m, of which HR would like to carry forward £0.2m to ensure it meets the target of 50 apprentices a year. HR expects leadership development volumes to rise later in the year to leave a small underspend. The rest of the forecast underspend relates to early achievement of staffing efficiencies.

Chief Executive's Office

Table 10: Summary of the revenue position for Chief Executive's Office services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year revised budget £m	Sep - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-17.4	-15.5	1.9	-42.6	-27.6	-43.1	-0.5
Expenditure	28.1	25.4	-2.7	68.6	43.2	68.6	0.0
Net	**10.8**	**9.9**	**-0.8**	**26.0**	**15.6**	**25.5**	**-0.5**
Summary by service							
Strategic Leadership	0.2	0.2	0.0	0.4	0.2	0.4	0.0
Magna Carta	0.1	0.0	-0.1	0.3	0.3	0.3	0.0
Emergency Management	0.2	0.2	0.0	0.5	0.4	0.6	0.1
Communications	0.9	0.7	-0.2	2.1	1.4	2.1	0.0
Legal & Democratic Services	3.8	3.7	-0.1	9.1	5.3	9.0	-0.1
Policy & Performance	1.1	1.1	0.0	2.7	1.6	2.7	0.0
Cultural services	4.4	4.0	-0.4	10.6	6.1	10.1	-0.5
Public Health	0.0	0.0	0.0	0.3	0.3	0.3	0.0
Total by service	**10.8**	**9.9**	**-0.8**	**26.0**	**15.6**	**25.5**	**-0.5**
Public Health – income	-11.8	-9.7	2.1	-28.9	-19.3	-28.9	-0.1
Public Health - expenditure	11.8	9.7	-2.1	29.2	19.6	29.3	0.1
Public Health - net expenditure	**0.0**	**0.0**	**0.0**	**0.3**	**0.3**	**0.3**	**0.0**

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

33. As at 31 August 2014 Chief Executive's Office (CEO) has a -£0.8m year to date underspend and forecasts a -£0.5m underspend at year end.

34. CEO's forecast underspend is mainly due to vacancies in Libraries and deferring improvement projects, partly offset by Emergency Management's costs of responding to flooding (which it will include as part of Surrey's Bellwin Scheme claim).

35. The issue of the £3.3m misallocated genitourinary medicine (GUM) funding has now been satisfactorily resolved, with the six Clinical Commissioning Groups (CCGs) passing the necessary funds across to Public Health (PH) for 2014/15. As a result, PH management has reviewed expenditure plans for the remainder of the year to ensure it now undertakes projects it had put on hold until funds were secured.

36. The £0.3m difference between the full year income and expenditure budgets is for the SADAS (Surrey Alcohol & Drug Advisory Service) contract jointly funded by ASC and PH. PH is the lead service and holds the net expenditure budget.

37.　In 2014/15, PH is on target to spend its core government grant fully and to achieve £0.5m efficiency savings by using grant to fund the activities shown in Table 11.

Table 11 – Efficiency savings planned through Public Health activities

Description	Value	Service	Public Health area
New HENRY programme (Health, Exercise and Nutrition for the Really Young)	£32,000	CSF services	Obesity
Healthy Schools - Babcock 4s	£88,000	CSF services	Children 5-19
Eat Out Eat Well scheme	£24,379	Trading Standards	Obesity
CAMHS school nursing (Children and Adolescents Mental Health Service)	£100,000	CSF services	Children 5-19
Substance misuse adults	£255,621	ASC services	Substance misuse
	£500,000		

Central Income & Expenditure

Table 12: Summary revenue position

Central Income & Expenditure	YTD budget £m	YTD actual £m	YTD variance £m	Full year revised budget £m	Sep - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-176.9	-177.9	-1.0	-229.9	-52.0	-229.9	0.0
Expenditure	4.8	5.4	0.6	58.0	52.0	57.4	-0.6
Net	**-172.1**	**-172.5**	**-0.4**	**-171.9**	**0.0**	**-172.5**	**-0.6**
Local Taxation	-251.0	-251.0	0.0	-615.8	-364.8	-615.8	0.0
Total net	**-423.1**	**-423.5**	**-0.4**	**-787.7**	**-364.8**	**-788.3**	**-0.6**

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

38.　As at 31 August 2014 Central Income & Expenditure (CIE) has a -£0.4m year to date underspend and forecasts a -£0.6m year end underspend.

39.　The year to date underspend is mainly due to the net interest receivable from the long-term capital strategy investment properties, offset by an overspend on voluntary redundancy, which will reduce in the latter half of the year.

40.　The forecast -£0.6m full year underspend is mainly due to reductions in the costs of relocation allowances and protected pay as fewer employees receive them.

41.　The council has received additional government grant income not known when setting the Medium Term Financial Plan. These grants are not ringfenced and include:

- -£0.8m Special Educational Needs (SEN) Reform Grant; and
- -£0.1m Fostering New Burdens Grant.

Revolving Infrastructure & Investment Fund

Table 13: Summary revenue and capital expenditure positions

Revenue expenditure summary	YTD actual £m	Full year forecast £m
Income	-1.3	-3.3
Expenditure	0.1	0.3
Net income before funding	-1.2	-3.0
Funding	1.0	2.4
Net income after funding	**-0.2**	**-0.6**
Capital expenditure	**5.2**	**8.0**

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

42. As at 31 August 2014 Revolving Infrastructure & Investment Fund (RIIF) has year to date net income -£0.2m and forecasts net income of -£0.6m at year end (after deducting funding costs).

43. RIIF is generating this net income through the joint venture project to regenerate Woking town centre and various property acquisitions for future service delivery. It is anticipated the council will reinvest the net income in the Revolving Infrastructure and Investment Fund at the year-end.

44. Capital expenditure for the year to date is on the purchase of 61 High Street, Staines (£3.8m) and loans to the Woking Bandstand Joint Venture company (£1.4m). The forecast year end position of £8.0m assumes an additional £2.2m in loans to the joint venture company.

Staffing costs

45.   The council employs three categories of staff.

- Contracted staff are employed on a permanent or fixed term basis and paid through the council's payroll. These staff are contracted to work full time, or part time.
- Bank staff are contracted to the council and paid through the payroll but have no guaranteed hours.
- Agency staff are employed through an agency with which the council has a contract.

46.   Bank and agency staff enable managers to manage short term variations in service demand, or contracted staff vacancies. This is particularly the case in social care.

47.   A sensible degree of flexibility in the staffing budget is good, as it allows the council to keep a portion of establishment costs variable. The current level is approximately 92% of costs are due to contracted staff.

48.   The council sets its staffing budget based upon the estimated labour required to deliver its services. This is expressed as budgeted full time equivalent staff (FTEs) and converted to a monetary amount for the budget. This budget includes spending on all three categories of staff and is the key control in managing staffing expenditure.

49.   The council's total full year budget for staffing is £306.5m based on 8,081 budgeted FTEs. The year to date budget to 31 August 2014 is £129.1m and the expenditure incurred is £126.9m. At 31 August 2014, the council employed 7,348 FTE contracted staff.

50.   Table14 shows the staffing expenditure and FTEs for the period to 31 August 2014 against budget, analysed across services for the three staff categories. It includes the transfer of 532 funded FTE cultural services posts from Customer and Communities to Chief Executive's Office. The table includes staff costs and FTEs that are recharged to other public services for example: other councils, NHS Trusts, outsourced to South East of England Councils or capital funded (super fast broadband). The funding for the recharges is within other income.

Table 14: Staffing costs and FTEs to 31 August 2014

| | Staffing budget to Aug 2014 £m | Staffing spend by category | | | | | August 2014 | |
		Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m	Budget FTE	occupied contracted FTE
Adult Social Care	**29.7**	26.8	1.4	1.0	**29.3**	**-0.5**	2,145	1,876
Children Schools & Families	**44.5**	39.3	1.8	1.7	**42.8**	**-1.7**	2,828	2,531
Customer and Communities	**15.5**	14.4	0.3	0.6	**15.3**	**-0.2**	922	876
Environment & Infrastructure	**9.0**	9.2	0.3	0.2	**9.7**	**0.7**	501	493
Business Services and Central Income & Expenditure	**17.3**	15.8	1.4	0.0	**17.3**	**-0.0**	900	822
Chief Executive's Office	**13.1**	11.4	0.1	1.1	**12.6**	**-0.5**	785	750
Total	**129.1**	**116.9**	**5.4**	**4.6**	**126.9**	**-2.2**	**8,081**	**7,348**

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

51. Table 15 shows there are 539 "live" vacancies, for which active recruitment is currently taking place, with 409 of these in social care. Many vacancies are covered on a temporary basis by either agency or bank staff, the costs of which are shown in Table 14. The number of temporary staff does not translate easily into an FTE number as these may be for a few hours only, part time etc. The easiest way to measure this is to look at the actual expenditure as shown in Table 14 (agency staff and bank & casual staff)

Table 15: full time equivalents in post and vacancies

	August FTE
Budget	8,081
Occupied contracted FTE	7,348
"Live" vacancies (i.e. actively recruiting)	539
Vacancies not occupied by contracted FTEs	194

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52. Occupied contracted FTEs has increased by 24 since June. Live vacancies have reduced again following completion of the large adult social care campaign in June 2014.

Efficiencies

53.   The council's overall efficiencies target is £72.3m. Against this, the council forecasts achieving £68.7m by year end, a -£3.6m under achievement.

54.   The appendix to this annex includes services' efficiencies and a brief commentary on progress. Services have evaluated efficiencies on the following risk rating basis:

- RED – significant or high risk of saving not being achieved, as there are barriers preventing the necessary actions to achieve the saving taking place;
- AMBER - a risk of saving not being achieved as there are potential barriers preventing the necessary actions to achieve the saving taking place;
- GREEN – Plans in place to take the actions to achieve the saving;
- BLUE – the action has been taken to achieve the saving; and
- PURPLE – additional one off savings found during the year to support the programme, but are not sustainable in subsequent years.

55.   Figure 3 and Table 16 show most services are on track for achieving their planned efficiencies. ASC, E&I and Fire services plan to supporting their programmes with £1.6m additional one off efficiencies. The appendix to this annex gives further details.
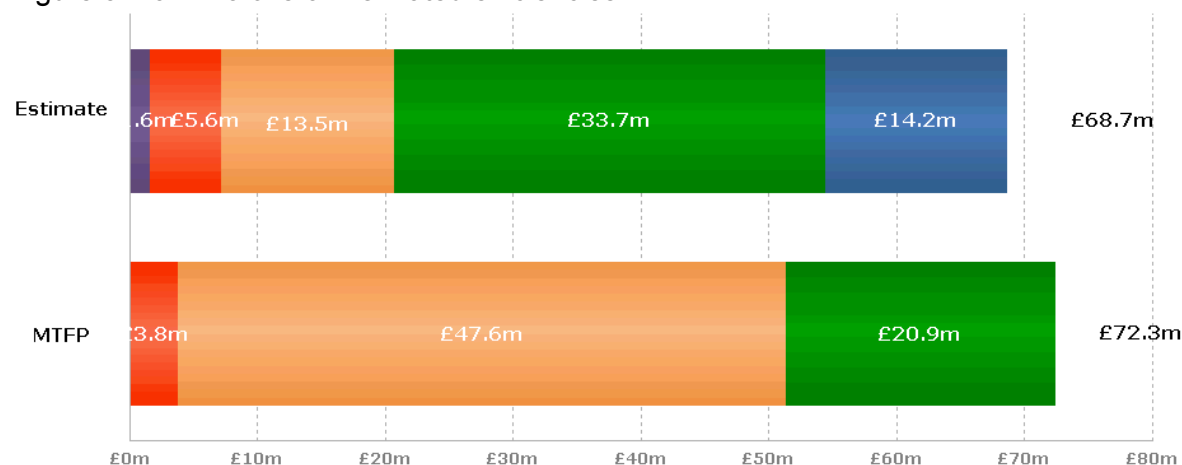
Figure 3: 2014/15 overall risk rated efficiencies

Table 16: 2014/15 Efficiency programme forecasts

	MTFP £m	Forecast £m	Additional £m	Variance £m
Adult Social Care	45.8	42.2	0.3	-3.3
Children, Schools & Families	9.6	9.6	0.0	0.0
Customer & Communities	1.9	1.0	0.9	0.0
Environment & Infrastructure	4.0	3.2	0.4	-0.4
Business Services	2.2	2.4	0.0	+0.2
Chief Executive's Office	1.2	1.2	0.0	0.0
Central Income & Expenditure	7.6	7.5	0.0	-0.1
Total	**72.3**	**67.1**	**1.6**	**-3.6**

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

Capital

56. By planning significant capital investment as part of MTFP 2014-19, the council demonstrated its firm long term commitment to supporting Surrey's economy.

57. The council initially approved the 2014/15 capital expenditure budget at £217m and the 2014-19 MTFP capital programme at £759m. On 22 July 2014 Cabinet approved reprofiling of the capital programme as shown in Table 17.

Table 17: Reprofiled capital programme 2014-19

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
MTFP	217	164	150	122	106	**759**
Carry forward	14	13	8	-3	1	**33**
Re-profile	-34	15	3	0	18	**2**
Grant changes	-2	-3	-3	-3	-3	**-14**
Reprofiled capital programme	**195**	**189**	**158**	**116**	**122**	**780**

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

58. Table 18 shows current forecast expenditure for the service capital programme and long term investments of £204.6m against a budget of £197.0m. There are no significant variances to report on the service capital programme. Approved investment strategy spending is expected to be £8.0m in 2014/15. Cabinet will receive further investment project proposals for spending approval during the year. The capital budget for 2014/15 has increased by £1.1m due to school expenditure funding capital.

Table 18: Forecast capital expenditure 2014/15

	Revised full year budget £m	Apr - Aug actual £m	Sep - Mar projection £m	Full year forecast £m	Full year variance £m
Adult Social Care	**1.4**	0.3	0.9	**1.2**	**-0.2**
Children, Schools & Families	**5.5**	2.3	3.2	**5.5**	**0.0**
Customer & Communities	**5.7**	0.7	4.9	**5.6**	**-0.1**
Environment & Infrastructure	**70.8**	52.1	65.7	**70.8**	**0.0**
School Basic Need	**54.3**	29.4	24.8	**54.2**	**-0.1**
Business Services	**47.0**	14.0	33.0	**47.0**	**0.0**
Chief Executive Office	**12.3**	7.2	5.1	**12.4**	**0.0**
Service capital programme	**197.0**	**106.0**	**90.6**	**196.6**	**-0.4**
Long term investments	**0.0**	**5.2**	**2.8**	**8.0**	**8.0**
Overall capital programme	**197.0**	**111.2**	**93.4**	**204.6**	**7.6**

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

Appendix to Annex

Contents

Corporate performance scorecard – finance

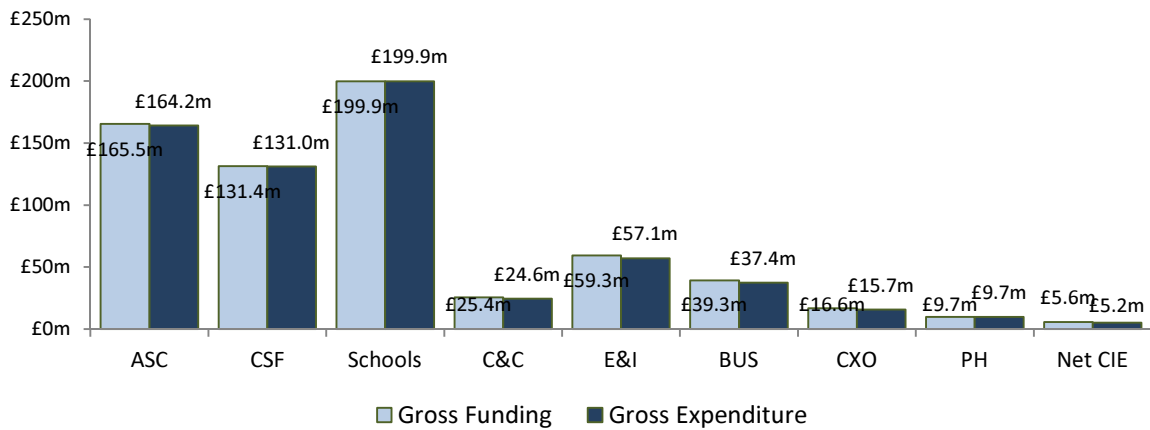Efficiencies & service reductions

Updated budget - revenue

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Corporate performance scorecard – finance

App 1. Figure App 1 shows the gross funding and expenditure for the council for the year to 31 August 2014. Gross funding for a service is its receivable income plus its budgeted share of funding from the council's overall resources. The difference between gross funding and gross expenditure is the net budgetary variance. Net CIE comprises Central Income & Expenditure, local taxation and the Revolving Infrastructure & Investment Fund.

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

Figure App 1: Year to date revenue position

App 3. Figure App 2 shows services' forecast position.

Figure App 2: Services' year end forecast revenue position


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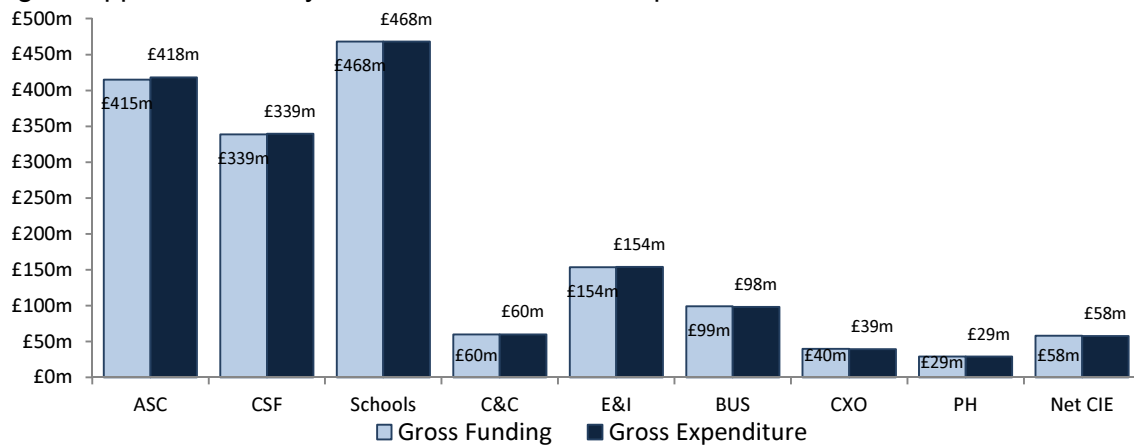
Efficiencies and service reductions

App 4.   The graphs below track progress against MTFP 2014-19's ragged expenditure efficiencies and service reductions over the first four months of 2014/15.

App 5.   All the graphs use the same legend:
Red – At risk, Amber – Some issues, Green – Progressing, Blue – Achieved.
Purple - additional one-off efficiency projects to those planned in the MTFP

App 6.   Each graph is based on the appropriate scale and so they are not directly comparable one against another.

Adult Social Care
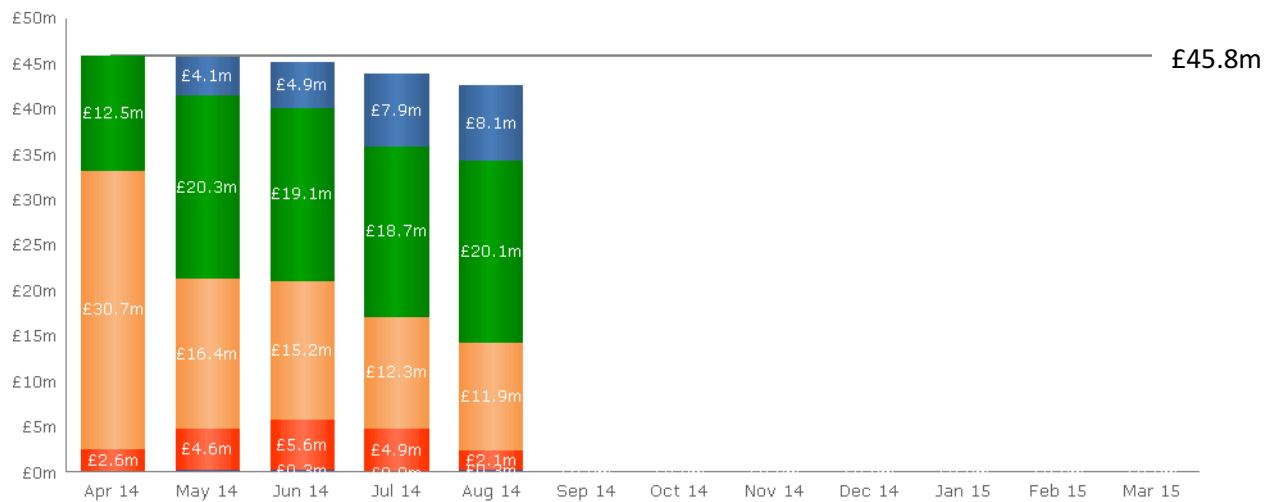
App 7.   ASC forecasts a shortfall of -£3.3m against its £45.8m efficiencies target. ASC has already achieved savings of £8.1m by 31 August 2014 and is on target to achieve a further £20.1m by year end. Issues remain with £11.9m of efficiencies and £2.1m is at risk.

Children, Schools & Families
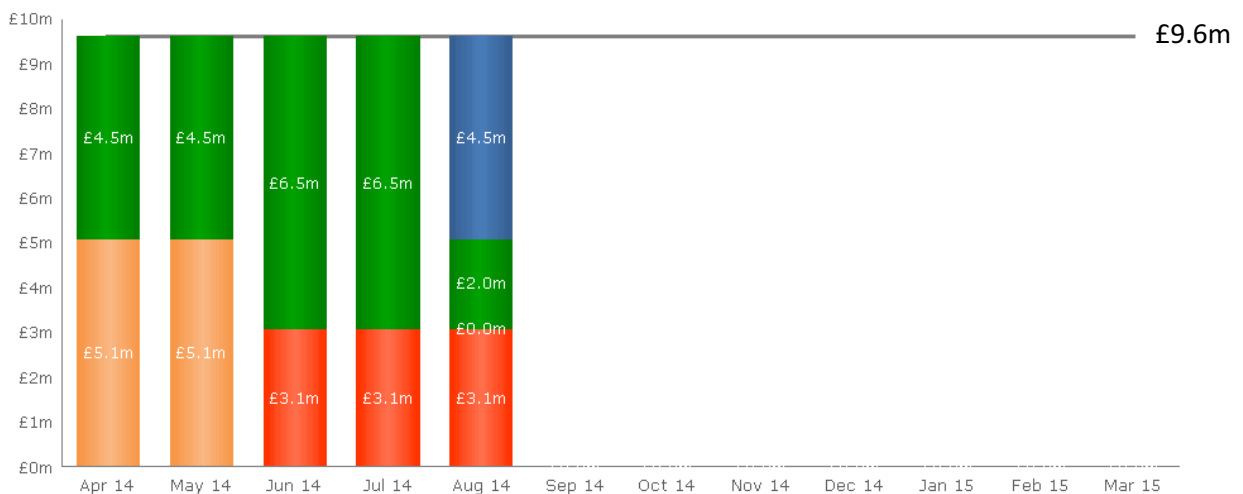
App 8.   CSF forecasts to meet its £9.6m efficiencies target. About one third of CSF efficiencies are at risk as Children's Services has not been able to contain spending within its budget.

Customer & Communities
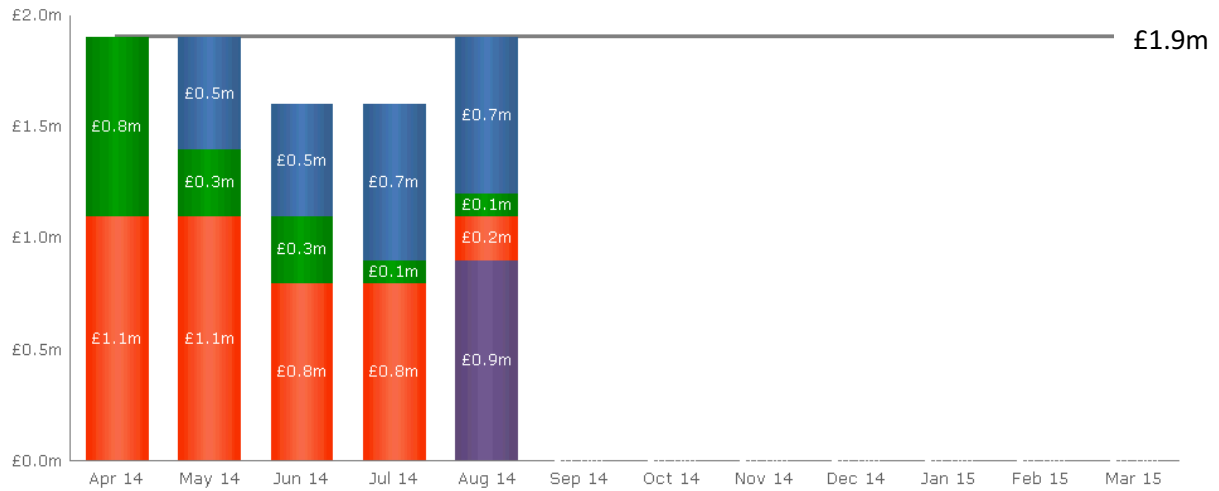
App 9.   C&C forecasts to meet its efficiencies target after including £0.9m one-off savings to balance the current financial year. Fire has plans in place to achieve part of its increased income target which leaves an estimated £0.25m shortfall for 2014/15. Delays to the fire station reconfiguration efficiency leave a £0.65m shortfall in 2014/15 (it is expected to be completed in 2015/16). C&C has either achieved or expects to achieve all its other efficiencies.

Environment & Infrastructure
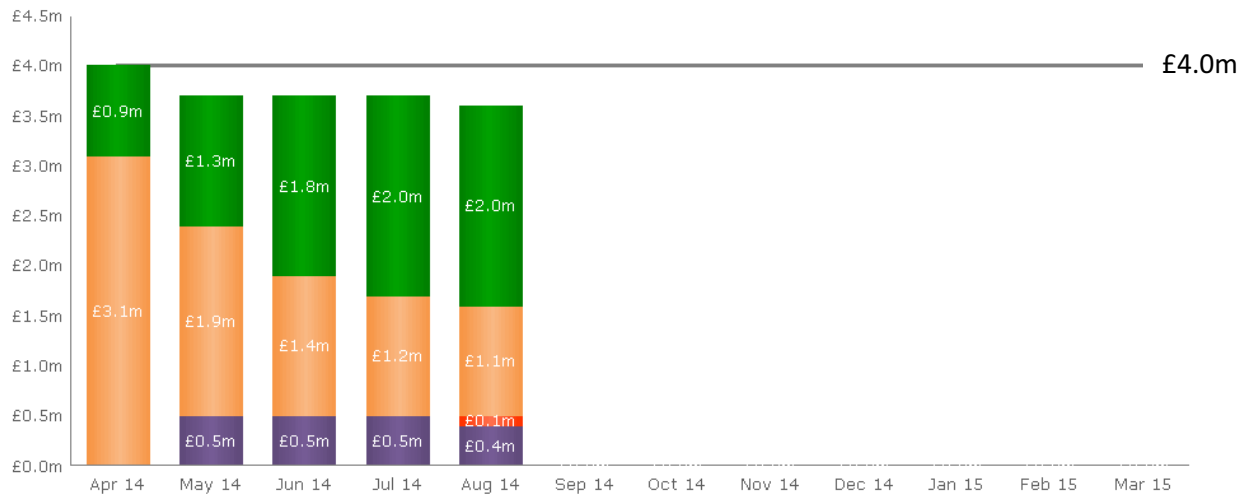
App 10. E&I forecasts a shortfall of -£0.4m against its efficiencies target, after taking into account compensating one-off savings. E&I has established a Savings & Efficiency Panel to oversee the delivery of its efficiencies. The panel scrutinises efficiencies plans to ensure they are robust and stretching and is examining several risks. The panel will continue to investigate the shortfall in 2014/15 and the potential for other offsetting savings.

Business Services
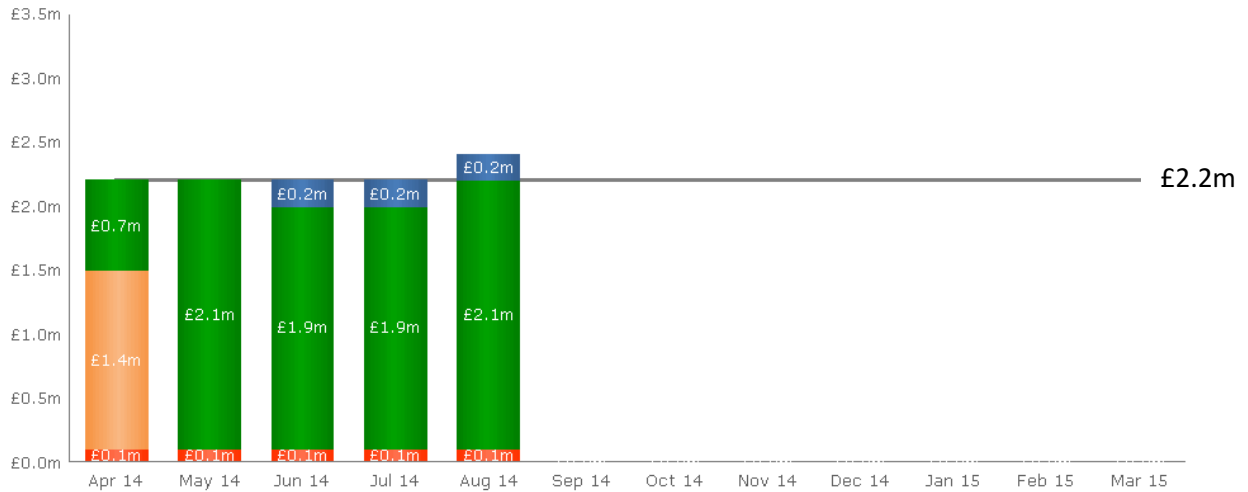
App 11. Business Services' budget includes £2.2m efficiency savings and increased income targets. It has achieved £0.2m of these efficiencies and is on target to achieve another £2.1m savings. The Managed Print Service efficiency (£0.1m) is subject to close monitoring and implementation is back on track. New devices have been installed in Merrow and the installation is likely to be complete by the end of June 2015. Business Services' largest single saving is property maintenance (£0.8m) and it has made plans to achieve this.
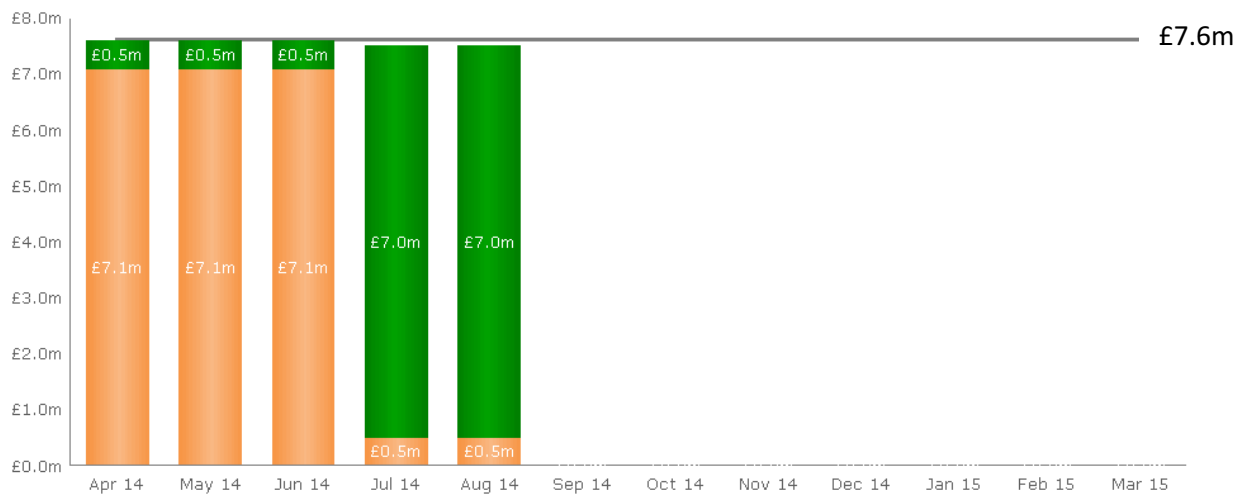
Chief Executive's Office
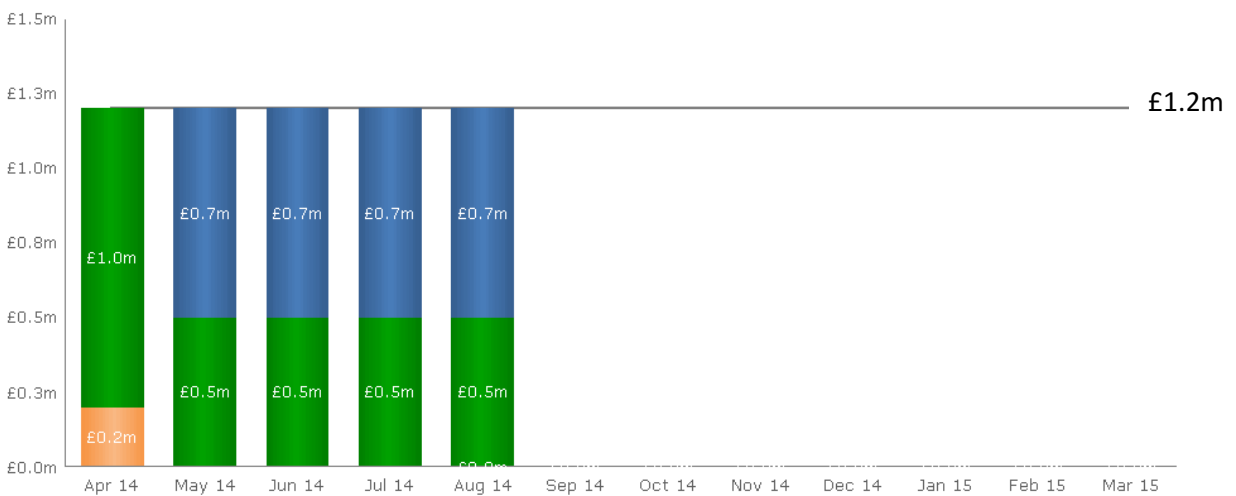
App 12. CEO is on target to achieve its £1.2m planned efficiencies in 2014/15.

Central Income & Expenditure

App 13. CIE forecasts a -£0.1m shortfall against its £7.6m efficiencies target. The communications review has identified £0.4m efficiencies against its £0.5m efficiency target in 2014/15. The shortfall also means the £0.5m efficiencies planned for 2015/16 are at risk. The likely continuation of the council's internal borrowing strategy in 2014/15 means a further £6.6m efficiencies are on track.

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Updated budget - revenue

App 14. The council's 2014/15 revenue expenditure budget was initially approved at £1,651.8m. Adding virement changes in quarter one decreased the expenditure budget as at 30 June to £1,651.6m. In July and August 2014, the council made 91 virements as summarised in Table App 1. These increased the budget to £1,659.5m.

Table App 1: Movements in 2014/15 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m	Total £m	Number of Virements
Original MTFP	-1,625.9	1,651.8	0.0	0.0	**25.9**	
Quarter 1 changes	0.2	-0.2	0.0	0.0	0.0	94
Updated budget - June 2014	-1,625.7	1,651.6	0.0	0.0	25.9	94
July & August 2014 changes						
Severe Weather and capital funding virement	-6.3	6.3			**0.0**	2
In year reallocation of CHC saving target	-1.2	1.2				1
Transfers of income and expenditure	0.9	-0.9			**0.0**	87
Surrey Choices transfer	-1.3	1.3			**0.0**	1
Updated budget - August 2014	**-1,633.6**	**1,659.5**	**0.0**	**0.0**	**25.9**	**185**

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

App 15. When council agreed MTFP 2014-19 in February 2014, some government departments had not determined the final amount for some grants. So, services estimated their likely grant. The general principle agreed by Cabinet was any changes in final grants, whether higher or lower, would be reflected in the service's income and expenditure budget.

App 16. In controlling the budget during the year, budget managers occasionally need to transfer, or vire, budgets from one area to another. In most cases these are administrative or technical in nature, or of a value approved by the Director of Finance.

App 17. Virements above £250,000 require the approval of the relevant Cabinet Member, except where they are in accordance with prior Cabinet approval. There were four virements above £250,000 in July and August.

- £6,331,087 net figure for the severe weather and flooding damage as approved by Cabinet in July (two virements),
- £1,236,604 increases Adult Social Care for the reallocation of saving for the continuing health care service savings targets.
- £1,293,300 virements to create the local authority trading company (LATC) Surrey Choices, following Cabinet approval in December 2013 and start of business in August 2014. These vire budgets transferring between services and recognise services being supplied to the LATC in order to create the commissioning budget required to purchase the agreed services from Surrey Choices.

Table App 2: 2014/15 updated revenue budget – August 2014

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-73.8	416.0	342.3
Children, Schools & Families	-150.6	336.8	186.2
Schools	-468.2	468.2	0.0
Customers and Communities	-12.2	59.7	47.5
Environment & Infrastructure	-24.1	153.4	129.3
Business Services	-16.5	98.8	82.3
Chief Executive's Office	-42.6	68.6	26.1
Central Income & Expenditure	-845.7	58.0	-787.7
Service total	-1,633.6	1,659.5	25.9

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

App 18. Table App 3 shows the year to date and forecast year end revenue position supported by general balances.

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Table App 3: 2014/15 Revenue budget forecast position as at 31 August 2014

	YTD budget £m	YTD actual £m	YTD variance £m	Full year budget £m	Sep - Mar forecast spend £m	Outturn forecast £m	Forecast variance £m
Income:							
Local taxation	-251.0	-251.0	**0.0**	-615.8	-364.8	-615.8	**0.0**
Government grants	-451.5	-432.1	**19.5**	-859.2	-427.4	-859.4	**-0.2**
Other income	-61.0	-70.6	**-9.6**	-158.5	-90.0	-160.6	**-2.1**
Income	-763.5	-753.6	**9.9**	-1,633.6	-882.3	-1,635.9	**-2.3**
Expenditure:							
Staffing	129.1	126.9	**-2.2**	306.5	180.8	307.7	**1.2**
Service provision	327.1	317.9	**-9.2**	884.8	570.3	888.2	**3.4**
Non schools sub-total	456.2	444.8	**-11.4**	1,191.3	751.1	1,195.9	**4.6**
Schools expenditure	206.3	199.9	**-6.4**	468.2	268.3	468.2	**0.0**
Total expenditure	662.6	644.7	**-17.9**	1,659.5	1,019.4	1,664.1	**4.6**
Movement in balances	**-100.9**	**-108.9**	**-8.0**	**25.9**	**137.2**	**28.3**	**2.4**

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

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