

Notice of Meeting

Council Overview & Scrutiny Committee



Date & time
Thursday, 6
November 2014
at 10.30 am

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

Contact
Bryan Searle or Rianna
Hanford
Room 122, County Hall
Tel 020 8541 9019 or 020
8213 2662

Chief Executive
David McNulty

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

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

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

PART 1 IN PUBLIC

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING: 2 OCTOBER

(Pages 1
- 8)

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

3 DECLARATIONS OF INTEREST

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

Notes:

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

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (*Friday 31 October*).
2. The deadline for public questions is seven days before the meeting (*Thursday 30 October*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

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

(Pages 9
- 10)

FINANCE AND BUDGET MONITORING REPORT FOR AUGUST 2014
(considered by COSC on 2 October 2014)

6 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME

(Pages
11 - 30)

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

7 APPRAISAL COMPLETION UPDATE REPORT FOR 2013/14

(Pages
31 - 36)

Purpose of the report: Performance Management

To provide an update on the progress made towards the recommendations from this Committee, Wednesday 30 April 2014 (Item 35/14)

8 BETTER PLACE TO WORK PROJECT

(Pages
37 - 44)

Purpose of the report: The purpose of this report is to share feedback from the Better Place to Work Project which primarily focused on resolving immediate IMT and facilities issues in the workplace. This links to the issues highlighted in the previous report to the Committee of the 11 September on Improving Staff Morale and Wellbeing.

9 BUDGET MONITORING REPORT

(Pages
45 - 82)

Purpose of the report: This report presents Council's financial position at the end of September 2014 (second quarter of 2014/15), including the Council's balance sheet as this is the end of Quarter 2.

10 DATE OF NEXT MEETING

The next meeting of the Committee will be held at 10.30am on Wednesday 3 December.

**David McNulty
Chief Executive**

Published: Wednesday, 29 October 2014

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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Thank you for your co-operation

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

These minutes are subject to confirmation by the Committee at its meeting on Thursday, 6 November 2014.

Members:

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

Ex-officio Members:

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

Present:

* = present

74/14 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Zully Grant-Duff, David Ivison and Denise Saliagopoulos.

Denis Fuller substituted for Zully Grant-Duff

75/14 MINUTES OF THE PREVIOUS MEETING: 11 SEPTEMBER [Item 2]

The minutes of the previous meeting were deferred for consideration at the next meeting.

76/14 DECLARATIONS OF INTEREST [Item 3]

No declarations of interest were received.

77/14 QUESTIONS AND PETITIONS [Item 4]

No questions or petitions were received.

78/14 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

There were no referrals to Cabinet at the last meeting, so there were no responses to report.

79/14 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME [Item 6]**Declarations of Interest:**

None.

Witnesses:

None.

Key points raised during the discussion:

1. The Vice-Chairman informed the Committee that he had recently met with the Chief Executive. They discussed the agreement that Council Overview & Scrutiny Committee would be consulted on the new mechanisms to track and monitor progress on the development and implementation of robust plans for achieving efficiencies in the Medium-Term Financial Plan. The Chief Executive apologised that the Committee had not been consulted as agreed with the Leader, but assured the Vice-Chairman that the process was working well. In addition, the Vice-Chairman provided specific examples of when Committees or Task Groups had not received information in a timely manner from Officers. The Chief Executive noted these examples. In relation to identifying future savings, the Vice-Chairman and Chief Executive agreed that this was a role for the Performance & Finance Sub Groups and that Select Committees should continue to focus on challenging whether current efficiencies are realistic and on target for the Medium Term Financial Plan (MTFP).
2. The Chairman informed the Committee that he had also arranged to meet with the Chief Executive. It was noted that the Leader had specifically tasked Members with finding saving options and they should be reported back to each Select Committee. It was added that the way in which this was tackled would be the decision of each Select Committee Chairman. In order to make this achievable certain aspects needed to be addressed by the Sub-Groups such as the current years savings and whether they would be achieved, potential of further savings and the consideration of selected cross-cutting issues. Select Committee Chairmen were responsible for reporting their findings back to Council Overview & Scrutiny Committee. The

Committee discussed the importance of its policy development role and felt that Cabinet Members should be attending Select Committees on a rotational basis to look at cross-cutting issues such as Public Service Transformation.

Actions/Further information to be Provided:

None.

Recommendations:

None.

Select Committee Next Steps:

The Chairman to meet with the Chief Executive about the role of Select Committees and report back at a future meeting.

80/14 NEW MODELS OF DELIVERY PROGRAMME [Item 7]

Witnesses:

Rachel Crossley, New Models of Delivery Lead

Key Points raised during the discussion:

1. The New Models of Delivery Lead introduced the report and advised that Cabinet had set up the New Models of Delivery Programme in 2013 to ensure the Council maintains financial resilience and protects its long-term financial position. For the first year of the Programme setting up Surrey Choices, an Adult Social Care Local Authority Trading Company, was the main focus. Currently potential opportunities were being considered across all services including income generation, different funding opportunities and different models of delivering services. The New Models of Delivery Lead asked the Committee to think about the role of Select Committees and which areas should be looked at in the discovery phase.
2. Members felt it was important to ensure the full costs as well as profits, including set up and support functions, were considered when looking at models operating elsewhere and officers confirmed that this was the case.
3. Members queried the methodology for benchmarking risk when assessing a proposal. It was reported that this was done on a case-by-case basis, looking at what we could predict internally, but also experiences from other authorities to ensure we managed risk effectively.
4. The Committee pointed out examples of where partnership working had resulted in shared skills and expertise, such as the work with South East 7. It was, however, noted that previous outsourcing had not been effective and that those experiences must be learnt from.
5. It was noted that a Local Authority Trading Company could be scrutinised in the same method as partners and external contracts. In

addition, the Council Overview & Scrutiny Committee could hold the shareholder board to account. The Committee was informed that most of the work would sit within individual Select Committees, Task Group and Local Committee remits. Members particularly felt there should be involvement from Select Committees at Discovery Workshops and the development of ideas about new ways of working.

6. The Committee was concerned about the impact on staff if a trading company should lose its contract with the County Council. Members were reminded of the Teckal exemption and also the potential for a trading company to gain work from other authorities or sectors. In the case where services were brought back in-house or a trading company ceased to operate then re-deployment could be possible but officers offered to provide more detailed information on how this might work in the various scenarios, taking into account TUPE.
7. The Committee expressed support for the approach and emphasised the input they could give to the New Models of Delivery Programme. The concern of the rights of staff was re-visited and the Committee requested further details be provided as offered.
8. Members queried how different types of models were selected for specific projects. The New Models of Delivery Lead explained that it was essential to be clear on what the Council is trying to achieve by changing the way it delivers services: consideration needed to be given to who we wanted to trade with and the benefits or otherwise of the various models. Members emphasised that quality and delivery of services were as important as savings.

Actions/Further Information to be provided:

New Models of Delivery Lead to provide the committee with further information about the impact on staffing should a trading company cease trading.

RESOLVED:

- That the approach set out in the New Models of Delivery Programme be supported.

Select Committee Next Steps:

An update will be provided in 6 months.

81/14 WELFARE REFORM TASK GROUP UPDATE [Item 8]

It was agreed that the Chairman of the Welfare Reform Task Group would circulate his update by email, and Members were invited to respond to him with any comments.

Agency Staff Contract

Witnesses:

Carmel Millar, Head of HR
Ken Akers, HR Relationship Manager
Keith Coleman, Category Manager
Penny McKinnon, Area Head of Service
Amy Bailey, Strategic Change and Efficiency Manager
Sue Lewry-Jones, Chief Internal Auditor

Key points raised during the discussion:

1. The Chief Internal Auditor informed the Committee that the Internal Audit on Agency Staff Contracts had resulted in the opinion of 'significant improvement needed'. As a result of this two high priority recommendations were identified, which included the delay in signing the contract which should have been in place by 1 April 2014 but instead was not signed until August 2014. The second high priority recommendation was regarding targets for Children's Services and reliance on agency staff within teams.
2. The late signing of the contract was considered unacceptable by both Internal Audit and the accountable officers. Officers explained that measures had been put in place to ensure it did not occur again. Officers noted that there were many factors leading to the contract not being signed, including a lack of focus on the transition to the new contract. A contract management system had now been put in place which would highlight any areas of slippage. It was added that at this stage it was not possible to quantify the cost to the Council as a result of the delay, and it was agreed that officers would come back to the Committee with an with this information.
3. The Committee was informed that a new role within the Directorate was being introduced for 'Head of Workforce' adding to the 'Strategic Relationship Managers'. These roles would ensure a strong leadership team with responsibility for tracking progress every week, as well as identifying and mitigating against future issues. It was added instead of one person being responsible for the Manpower contract; a strong team would surround it in the future.
4. The Committee was informed that work was underway to improve recruitment and retention of social workers, which was a problem at a national level. It was added that three major projects were underway including the Social Work Reform project which looked at retention and recruitment schemes, a specific recruitment project about applicant experience and new strategies that had been recognised nationally for example the Social Work Academy and growing in-house social workers.
5. The Committee was informed that robust plans for the implementation of the new MSTAR contract with Manpower had been agreed and the new rates were being worked towards. It was added that more flexible

arrangements were put in place and would be completed by the end of October 2014.

6. Members noted that the current contract only ran until March 2015 and queried whether there was a timetable agreed for re-signing or procuring a new contract. It was agreed that the financial information relating to the contract and the process for awarding the contract be shared with the Committee.
7. The Committee were reminded that a follow up audit on this would take place as it had received a judgement of 'Significant Improvement Needed', and this would be reported back to Members through the regular process.

Unicorn

Witnesses:

Sue Lewry-Jones, Chief Internal Auditor
Robin Carter, Contract Manager

Key Points raised during the discussion:

1. The Committee was informed that there were two high priority recommendations in the report. The first was a back log of outstanding change control notes (CCN's) relating to work undertaken, officers noted that at the time of audit the service was in migration mode and things were changing fast. It was added that extensive activity to document this work was planned for October 2014 and the Committee was assured that the timescales set out in the recommendation would be met.
2. Officers explained that the second issue was the lack of a risk and issues log, this was due to the status still being in project implementation mode. It was noted that the service now had a business as usual log in place and circulated to key stakeholders.
3. The Committee was informed that these recommendations were on track and complete and if all was not completed by December 2014 then the service would report back to Committee.

Grants to Voluntary Bodies

Witnesses:

Sue Lewry-Jones, Chief Internal Auditor
Nikki O'Connor, Finance Manager (Assets & Accounting)
Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Committee was informed that two high priority recommendations were highlighted regarding Children's Services. The service had been contacted and Auditors were informed that both recommendations had been completed. It was noted that officers would come back to Committee at a later date with further information about the Intend system but Key Performance Indicators (KPI's) had been agreed, a

questionnaire sent out and the grant agreement had been sent to Legal Services for comment.

2. It was noted that payments would be managed by being made when the grant agreement was signed and at the beginning of the year, it would be ensured that grants were not automatically rolled over.
3. It was concluded that there was confidence this would be completed but if the issue was not resolved then would come back to the Committee.

Actions/Further Information to be Provided:

Manpower

Officers would report back to the Committee on the cost to the Council of the delay in signing the new contract with Manpower for the supply of agency staff.

- The process for awarding the future agency staff contract to be shared with the Committee

RESOLVED:

The Committee

- thanked the Audit & Governance Committee for directing the Internal Audit reports to their attention
- noted the unacceptability of the Agency Staffing contract not being signed
- noted the arrangements put in place by the Service as a result of the Internal Audit report
- requested that officers report back to the Committee if any of the high priority recommendations would not be achieved by the agreed management action date

Committee next steps:

None.

83/14 BUDGET MONITORING REPORT [Item 10]

Witnesses:

Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Committee was informed that there was anticipated to be a £2.4 million overspend by the end of the year, the Performance & Finance Sub Group had recommended that the contingency budget of £5m be carried over to next year to balance the budget instead of being used to cover service overspends. It was noted that reserves and balances would have to be used to cover an overspend and the only way to maintain reserves and balances was for services to meet their budgets. The Committee suggested that the budget be realigned as

trends in expenditure show some services consistently overspend while some consistently under spend.

2. The Chairman provided an update on the work of the Performance & Finance Sub Group. It was noted that at the most recent meeting, much of the discussion related to the individual Select Committees sub-groups. It was emphasised that the sub-groups should be challenging the assumptions in the Medium Term Financial Plan (MTFP). Members had requested that a full set of assumptions be circulated to individual committees. The COSC Sub-Group had also requested staff and fuel costs and high level organisational charts of relevant departments.
3. The Committee noted a 10% cut in staffing costs at a senior level could be looked at to meet savings targets and officers were asked to research and inform the Committee how this would be achieved. The Committee added that 6% could be more realistic, Officers were asked to look at salary reductions for both 10% and 6% and report back what savings though would achieving those reductions.
4. The Committee noted that £40m was supplied as grants to the voluntary sector including a large amount for non-statutory services. It was agreed that this would be an area for Sub-Groups to consider when planning their work over the next few months.

RECOMMENDED (to Cabinet):

That the full risk contingency budget of £5M contained within the Central Income & Expenditure budget be carried forward to 2015/2016.

Hazel Watson left the meeting at 12.57pm

84/14 DATE OF NEXT MEETING [Item 11]

The date of the next Council Overview and Scrutiny Committee will be held at 10.30am on Thursday 6 November 2014.

Meeting ended at: 1.05 pm

Chairman

CABINET RESPONSE TO COUNCIL OVERVIEW AND SCRUTINY COMMITTEE

FINANCE AND BUDGET MONITORING REPORT FOR AUGUST 2014
(considered by COSC on 2 October 2014)

COMMITTEE RECOMMENDATION:

The Committee recommends that the full risk contingency budget of £5m contained within the Central Income & Expenditure budget be carried forward to 2015 / 2016.

RESPONSE:

The council takes a multi-year approach to its budget management, which has served it well in meeting and managing the budget pressures it has faced. As a part of this approach, the council has successfully balanced its budget each year and been able to carry forward the risk contingency each year. The council has achieved this by considering the use of reserves and balances, along with the carry forward of budgets, as a part of a coordinated approach to budget planning. In doing so, the council is aware that the use of carry forwards and reserves are only a one-off measure, and that ultimately, the council must achieve a sustainable budget through achieving on-going savings and, or increases in income.

The budget monitoring for the end of September 2014, which is on the agenda for today's meeting, is forecasting that the council will have a balanced budget for the current financial year. The forecast is for an overspending of £400,000. While this is positive and welcome, there are still risks ahead.

The option of carrying forward the risk contingency budget to help off-set pressures in the next financial year is only achievable if revenue budget does not overspend. Officers are working on plans to achieve a balanced budget and the Chief Executive and the Director of Finance are continuing their supportive challenge sessions with budget managers to ensure the Medium Term Financial Plan is delivered. If successful, the council can look to carry forward the risk contingency budget to be used as the motion recommends when it considers the budget outturn.

David Hodge
Leader of the Council
21 October 2014

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

November 2014

- Appraisals
- 'A Better Place to Work' discussions

December 2014

- Pay & Reward Strategy
- Carbon and Energy Policy

January 2015

- Cabinet Member Objectives

Scrutiny Topics

6

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

This work is being undertaken by a Member Task Group throughout autumn 2013. There was an interim report back to Committee in January 2014, a final report was considered at the Committee meeting on 2 April 2014. A number of recommendations were made to Cabinet and an update was circulated to the Committee after the October 2014 meeting. A further and more detailed report is due in March 2015.

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 received 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?

An update on the New Models of Delivery Programme was provided in October 2014. An update report is due back in April 2015, to include information on the impact of staffing.

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**toCOUNCIL 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 was provided as part of the agenda papers for October 2014. A further written update is planned for March 2015.	March 2015
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

Date of meeting and reference	Item	Recommendations	To	Response	Progress Check On
2 October 2014	BUDGET MONITORING	That the full risk contingency budget of £5m contained within the Central Income & Expenditure budget be carried forward to 2015/16	Cabinet		

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. Adult Social Care Select Committee have identified this topic as a priority for 2014/15 and will continue to receive reports throughout	October 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				the year.	
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 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.	November 2014
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	Welfare Reform Co-ordination Group	An update was provided as part of the agenda papers for October 2014. A further written update is planned for March	March 2015

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		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.		2015.	
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	An update was provided as part of the agenda papers for October 2014. A further written update is planned for March 2015.	March 2015
2 April 2014 COSC 20	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF	Surrey County Council's Organisational Development Team analyse training needs on welfare reform in the Council and explore	Organisational Development Team	An update was provided as part of the agenda papers for October 2014. A	March 2015

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
	WELFARE REFORM IN SURREY [ITEM 6]	how such training can be disseminated throughout affected council services and ensure consistency with training being delivered by partner organisations.		further written update is planned for March 2015.	
2 April 2014 COSC 21	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	Surrey's Welfare Reform Co-ordination Group to work with the Head of Family Services to explore the potential for the Supporting Families Programme (which is being extended through the Public Services Transformation Network) to provide early help/intervention to some of those families who are most severely impacted by the welfare reforms.	Welfare Reform Co-ordination Group/ Head of Family Services	An update was provided as part of the agenda papers for October 2014. A further written update is planned for March 2015.	March 2015
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	An update was provided as part of the agenda papers for October 2014. A further written update is planned for March 2015.	March 2015
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	March 2015

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				fed in to the work of the Welfare Reform Task Group when it reconvened in July 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: (a) promote the getWi£E advice and support service to all Surrey GPs through Surrey's 6 Clinical Commissioning Groups; and (b) continue to raise awareness of this service among key partners including District and Borough Housing and Benefits Officers and social housing providers; to ensure Surrey residents receive early help in dealing with the welfare reforms.	Adult Social Care Commissioners/ Welfare Reform Co-ordination Group/Public Health	An update was provided as part of the agenda papers for October 2014. A further written update is planned for March 2015.	March 2015
2 April 2014 COSC 27	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF	The Public Health team to report to the Council Overview and Scrutiny Committee with findings from their food access needs assessment, to	Public Health	An update was provided as part of the agenda papers for October 2014. A	March 2015

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
	WELFARE REFORM IN SURREY [ITEM 6]	inform the Committee's work around reviewing the impacts of welfare reform in Surrey.		further written update is planned for March 2015.	
2 April 2014 COSC 28	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	<p>Surrey County Council to work closely with the Department for Work and Pensions, District and Borough Councils, housing providers and the Voluntary, community and faith sector to prepare for the introduction of Universal Credit, taking into consideration the concerns and recommendations highlighted in this report, and report back to the Council Overview and Scrutiny Committee on progress. This preparation should include:</p> <p>(a) researching and understanding the need for digital access and support across Surrey;</p> <p>(b) the County Council better understanding the potential demand on IT resources as a result of the introduction of Universal Credit to enable Surrey to properly prepare for this, including reviewing budget</p>	Welfare Reform Co-ordination Group	An update was provided as part of the agenda papers for October 2014. A further written update is planned for March 2015.	March 2015

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		<p>provision;</p> <p>(c) reviewing the demand for money management advice and assessing existing service provision, in order to make evidence-based recommendations for sourcing the necessary support; and</p> <p>(d) lobbying central government to ensure that support to access Universal Credit is adequately funded.</p>			
30 April 2014 COSC 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

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
4 June 2014 COSC 43	YEAR-END FINANCIAL BUDGET OUT-TURN 2013/14	<p>That the following process be adopted for scrutiny of year-end performance results:</p> <ul style="list-style-type: none"> • 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 rated as red. • That the outcomes of the scrutiny be reported to the Council Overview & Scrutiny Committee annually at its meeting in July. 	Democratic Services	Arrangements have been made for this process to be adopted from May 2015.	June 2015
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	September 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				meeting on 23 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 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	December 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				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 COSC 49	FORWARD WORK PROGRAMME AND RECOMMENDATIONS TRACKER	That the Chairman write to the Chief Executive to request his support in ensuring that officers respond in a timely fashion to requests for information by the Committee.	Chairman of the Committee	The Vice Chairman provided a response at the meeting in October, which is noted in the minutes of that meeting. The Chairman is due to provide the Committee with an update following his own meeting with the Chief Executive in November 2014.	November 2014
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:	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.	September 2014.

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
		<ul style="list-style-type: none"> • 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 instead of the payment of grants. • The variance in the availability of support between urban and rural areas in the County. 		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.	
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

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
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 planned to address the key issues raised by staff	Head of HR&OD	This will be reported to the Committee in November 2014	November 2014
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	The Vice Chairman of the Council has written to staff who attended the Committee's workshops and given them overview of the work undertaken by the Committee and	November 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				future agenda items on this topic.	
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
3 October 2014 COSC 58	INTERNAL AUDIT REPORTS	Officers would report back to the Committee on the cost to the Council of the delay in signing the new contract with Manpower for the supply of agency staff	Head of HR&OD	This has been requested and will be communicated as soon as available.	November 2014
3 October 2014 COSC 59	INTERNAL AUDIT REPORTS	The process for awarding the future agency staff contract to be shared with the Committee	Head of HR & OD	This has been requested and will be communicated as soon as available.	November 2014



Overview and Scrutiny Committee
6 November 2014

Appraisal Completion Update report for 2013/14

Purpose of the report: Performance Management

To provide an update on the progress made towards the recommendations from this Committee, Wednesday 30 April 2014 (Item 35/14)

Introduction:

1. Following recommendations from this Committee, Surrey County Council is making good progress towards achieving 100% completion of appraisal figures for eligible staff by May 2015.
2. This report aims to:
 - a) Outline the current appraisal completion rates to members and explain how we are working to achieve 100% completion by May 2015.
 - b) Update the Committee on our research into digital options for appraisals.
3. Our diverse areas of work mean that appraisals take place at different times of year for different services. The majority of the Council undertakes appraisals at the end of the previous financial year (April – June). Some services in Children, Schools and Families undertake appraisals at the end of the school year (July – September). Services with a large number of operational staff such as Commercial Services and Adult Social Care undertake a ‘staggered’ approach throughout the year (April - March). There is an expectation therefore that completion rates will vary for different services throughout the year and that we will therefore report on an end of year complete picture.

Current completion rates

- 3.1 HR & OD are working closely with Heads of Service and managers to monitor and actively support appraisal recording. Using system reporting, we are able to identify easily who has and hasn't completed appraisals and we are using this data to follow up with these areas.
 - 3.2 Reports are produced frequently, based on demand from Services and regular reports are distributed to those areas with low completion results and followed up actively.
 - 3.3 HR & OD have also attended management meetings for those areas with lower completion rates, resulting in an improvement in figures. For example, an improvement of 50% in Cultural Services figures was seen one month after attendance at a senior management team meeting.
 - 3.4 Where HR & OD is informed that appraisals have taken place but have not been recorded due to workload pressures or lack of familiarity with appraisal recording, we are actively working with these areas to find ways of relieving this administration task and solutions are being found. E.g. Locality administration teams are carrying out this task on behalf of managers in ASC and in Libraries.
- 4.
- 4.1 Directors have committed to their services achieving 100% completion by end of March 2015.
 - 4.2 There are HR & OD colleagues working with key people in each of these areas to ensure they are supported in achieving this target.
 - 4.3 Commercial services catering section (888 staff) have had to respond to the government's initiative for extending school meals for five year olds this year. This has resulted in an extraordinary increase in recruitment activity (400 extra posts recruited to and still recruiting) with the concomitant extra work load this brings in order to have got things up and running in time for a September 2014 start. The catering team are at risk of not being able to deliver meals on time at all schools and so a one off agreement has been reached in recognition of these extraordinary circumstances, to postpone the remainder of the catering appraisals into 2015/16. The Head of Commercial Services remains absolutely committed to getting her appraisals completed and this lee way will allow some much needed breathing space given the special circumstances.
5. Surrey County Council, therefore, has an overall appraisal completion of 66.38% at 21 October 2014, excluding Commercial Services Catering Division.

6. The breakdown by Directorate is in the attached appendix.
7. HR & OD remain committed to working with managers to achieve 100% completion of appraisals for eligible staff. We are clear on our message that appraisals are a core management responsibility and that action is needed from all line managers across the Services to achieve the target.

Digital appraisal

8. HR & OD and Shared Services are investigating options for a digital appraisal at Surrey County Council, following a recommendation from this Committee.
 - 8.1 Research is being done into systems used at other organisations including Surrey Choices and other county councils.
 - 8.2 We will be having demonstrations of how some systems could potentially work for us over the next few months and will involve a user group of managers.
 - 8.3 There are concerns over the cost of implementing a system which would need to be tailored to the individual needs of our services.
 - 8.4 Future partnership working with East Sussex County Council will also have an impact on decisions surrounding improvements to our systems.
 - 8.5 A recent survey of managers indicated that 52% of managers wanted no more changes to appraisal recording and wanted time to embed the current approach. The introduction of recording appraisal outcomes on SAP has enabled us to track and monitor completion in a much more effective way than in the past.

Conclusions:

9. Directorates and Services are committed to recording 100% completion of eligible appraisals by end of March 2015. Final figures will be subject to audit and reported back to COSC in May 2015.
-

Report contact: Carmel Millar, Director of People and Development

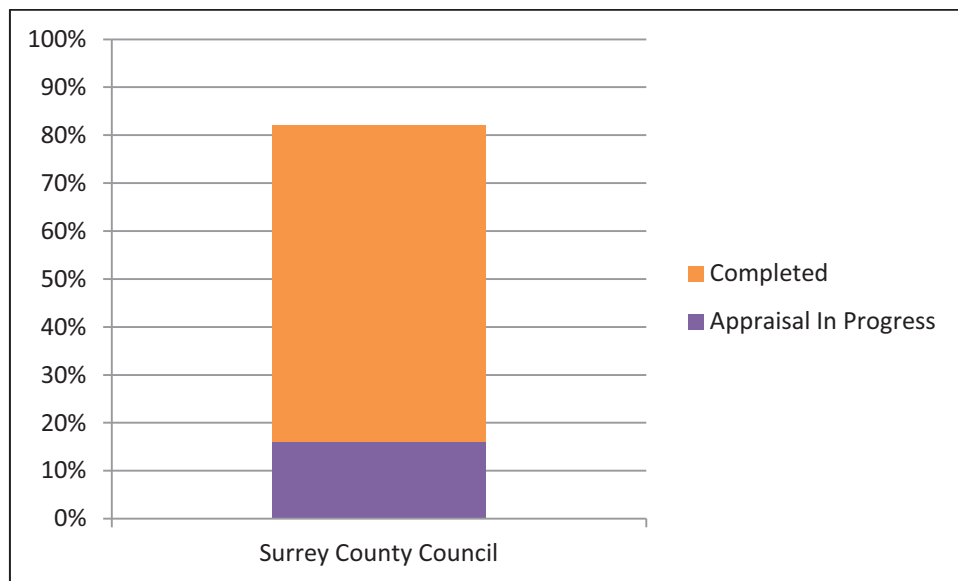
Contact details:

Sources/background papers:

Minutes from previous committee meeting re appraisal data (Wednesday 30 April 2014 – 35/14)

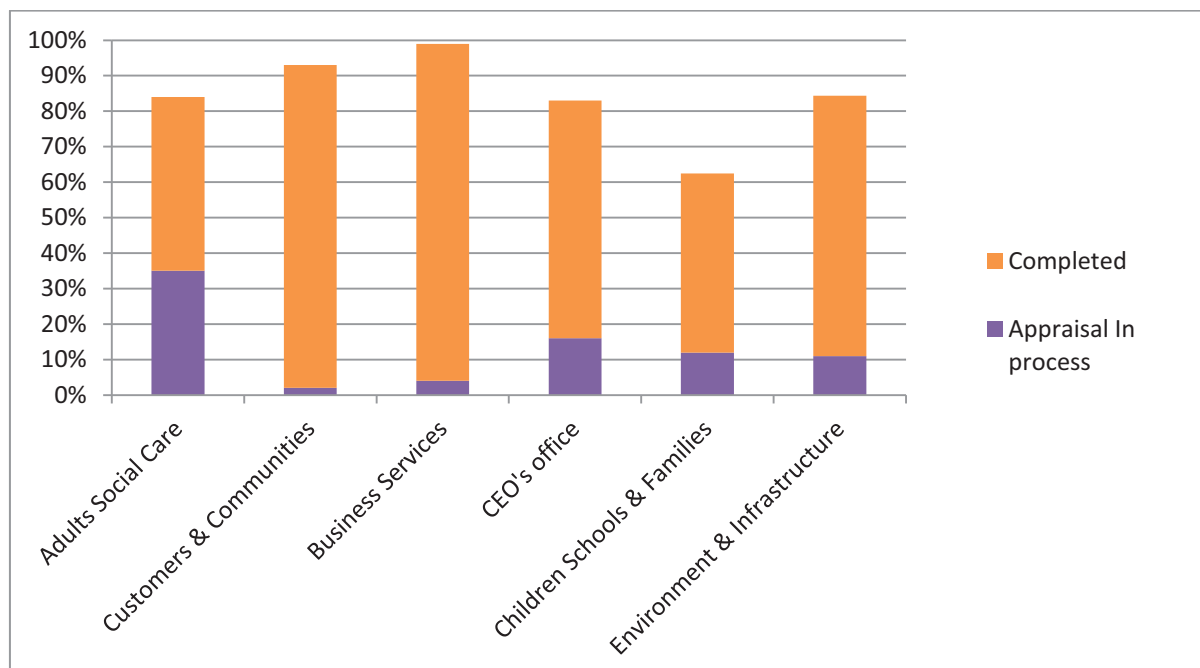
Appendix A – Breakdown of current appraisal completion figures

Figure 1 – Surrey County Council appraisal completion rates, 21 October 2014



	Appraisal In Progress	Completed
Surrey County Council	15%	66%

Figure 2 – Breakdown of appraisal completion rate by Directorate, 21 October 2014



	Appraisal In process	Completed
Adults Social Care	35%	49%
Customers & Communities	2%	91%
Business Services	4%	95%
CEO's office	16%	67%
Children Schools & Families	12%	50%
Environment & Infrastructure	11%	73%

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Council Overview & Scrutiny Committee
6 November 2014

Better Place to Work Project

Purpose of the report:

The purpose of this report is to share feedback from the Better Place to Work Project which primarily focused on resolving immediate IMT and facilities issues in the workplace. This links to the issues highlighted in the previous report to the Committee of the 11 September on Improving Staff Morale and Wellbeing.

1. Introduction

The aims of the Better place to work project were to

- a) Enable individuals to discuss what would improve their working life and take immediate action to address issues raised where possible
- b) Change longer term behaviour and instil a collective responsibility for identifying, owning and resolving issues quickly

2. Project methodology

- a) Visited 166 buildings where county council staff are based, including those based in partner organisations
- b) Facilitate conversations, resolve immediate issues, coordinate and respond to feedback from up to 10,000 people.
- c) Core teams of IMT and facilities management staff with HR input
- d) Visits started in July and were completed by 30 September 2014
- e) Collated over 2000 issues raised by staff across all workplaces into a spreadsheet for further analysis and response where a quick “fix” could not be achieved
- f) Each service undertaking responsibility for addressing issues raised, some medium and long term issues may not be easy to resolve e.g. car parking
- g) Project Board and small project team to coordinate resourcing and overview of issues, project resourced by re-tasking existing staffing resources – a challenge to achieve within timescale

3. Immediate feedback from the project

- a) A significant number of immediate “fixes” achieved particularly for IMT and facilities management
- b) People stated that they welcomed the opportunity to discuss issues and be listened to
- c) Visibility of support service staff was appreciated
- d) Some individuals felt well supported by Property and IMT support teams (fully serviced accommodation and help desks)
- e) The ability to work flexibly supports a better work life balance for people

4. Emerging themes for improvement

4.1 Communication

- a) Although a lot of guidance and information is on Snet many staff are unaware of support available to them suggesting other forms of communication are needed
- b) Reporting issues via helpdesks is patchy – self service approach not widely understood/accepted
- c) People do not always take ownership or responsibility for resolving issues locally

4.2 Technology

- a) Improvement in IT was recognised in context of needing to invest further to deliver a modern working environment – improve network speed, applications, hardware, Wi-Fi, access to blocked web sites etc
- b) Concern about Helpdesk response times and time taken to fix reported issues
- c) Impact on quality of outputs and lost working time due to poor performance of printer, scanner and photocopier fleet pending deployment of new equipment

4.3 Office space

- a) Many offices experienced poor climate control and some staff felt productivity was affected as a result
- b) Some offices are crowded at times, impacting on work area, kitchen facilities, toilets etc
- c) Poor quality of office cleaning frequently discussed
- d) People do not always respect accommodation or take responsibility for maintaining standards e.g. keeping kitchens/toilets tidy

4.4 Work Pressure & Wellbeing

- a) High vacancy levels. Recruitment process is perceived to take too long – social work and educational psychologist roles highlighted as particularly difficult to recruit to
- b) An impact of a) above is that some people consider workloads to be high and/or inequitable by people who are asked to cover - felt by many to be directly related to retention rates
- c) People are working longer hours to cover vacancies
- d) Inconsistent application of parking policy - charging for parking and reimbursement of parking costs
- e) Training centred at County Hall and Runnymede Centre – more venues requested
- f) Specific intervention/discussion e.g. relationship issues with Health and District and Borough partners
- g) Opportunities for managers from black and ethnic minority groups
- h) Some managers not visible and not doing appraisals

4.5 Pay and Reward

- a) Out of scope for Better Place to Work Project however comments regarding pay progression and non financial reward have been forwarded to the team reviewing Pay & Reward issues

5. Future Development of the “Better Place to Work”

- 5.1 The project has been successful in terms of visiting a large number of workplaces in a short period of time and fixing a number of immediate issues. It has given us a rich source of data on how support services are perceived and which issues impact most significantly on employee’s experience of working for Surrey. This will help us to continually improve our “offer” to employees.
- 5.2 The next phase will consist of:
 - a) IMT, Property, HR and Projects Leads analysing feedback and what it means for their service priorities
 - b) Following up on issues which can be fixed - ensuring equipment has been mended, ordered or delivered
 - c) Agreeing a joint approach to communicating back to staff in a “You said, We did, You can” approach to encourage a more empowered, sustainable and responsible culture – a sample of which is attached as Annex A
 - d) Considering linking the “Better Place to Work” brand to a wider strategy on improving employee engagement, in particular strengthening the role of line managers in terms of communication and addressing workplace issues.
 - e) Considering whether to repeat the project on a sample or targeted basis given limited resources
 - f) Focusing on how to boost staff productivity and working smarter e.g. mobile Wi-Fi to stop staff having to park/return to

offices and measuring performance by outcomes not “presenteeism”

- g) Re-invigorating the “Building User Groups” and introducing “Building Champions” to create forums and leadership for improving workplace issues
- h) Where resolving workplace issues may require significant investment developing the business case for this or considering relocation or further rationalisation of workplaces

6. RECOMMENDATION

That the Committee notes the achievements of the Better Place to Work Project in seeking to address immediate workplace issues. These link to the issues highlighted in the previous report to the Committee of the 11 September on Improving Staff Morale and Wellbeing. Members may wish to contribute suggestions in respect of the future development of the project.

Report contacts: Chris Whitty and Toni Carney, joint project leads.

Contact details: chris.whitty@surreycc.gov.uk & toni.carney@surreycc.gov.uk

Key Project Board Members:

Julie Fisher – Project Sponsor

Claire Barrett – Property Services

Paul Brocklehurst – IMT

Emily Boynton – HR&OD

Lucy Mustoe – HR&OD

Lisa Divito - Communications

Annex A: “You said, We did, You can”

Annex A:

DRAFT COMMUNICATIONS

Making Surrey a Better Place to Work

You said....	We did.....	You can....
<ul style="list-style-type: none"> Why can't I have the right IT kit so I can do my reports anywhere I am working 	<ul style="list-style-type: none"> Roll out of 4,500 new lap tops and technology to support home working while maintaining security standards 	<ul style="list-style-type: none"> Get advice on how to work flexibly, remotely and from home here
<ul style="list-style-type: none"> I could cut down on my travel if I could do some work from a local office or from home 	<ul style="list-style-type: none"> Introduced smarter working into teams to help support better 	<ul style="list-style-type: none"> Get advice on Surrey workplaces and facilities here and think about agreeing a team charter that sets out how your team will work together
<ul style="list-style-type: none"> I am struggling to make ends meet after 5 years of no increments 	<ul style="list-style-type: none"> Although the funding situation for local government remains very challenging we have introduced MyBenefits and a review of Pay, Reward & Recognition is underway 	<ul style="list-style-type: none"> Get discounts on everything from childcare and mobile phones to food shopping and holidays from here
<ul style="list-style-type: none"> I don't get any personal development training Surrey wide training is not accessible due to location 	<ul style="list-style-type: none"> Invested in the STARS Training & Development programme for staff and managers and now My Learning, where more and more learning is shifting to non-classroom type training available on-line to everyone in any location Made appraisals simpler and monitor completions to make sure that everyone should have one One to one training is now made available for staff who can't access mainstream training 	<ul style="list-style-type: none"> Access training when and where you want via my learning extra See what training and events are available to you and book yourself on via the My Learning tab on the S net Portal Ensure you have an appraisal with your manager at least once a year to talk about your personal development
<ul style="list-style-type: none"> I don't want "just a job", I want a career. What are you doing to help people who want to progress with their ambitions? 	<ul style="list-style-type: none"> Introduced MyCareer to help people identify the skills they have and how they might move across different roles within the Council 	<ul style="list-style-type: none"> Access my career advice and book a one to one career coaching session on the events calendar
<ul style="list-style-type: none"> My manager's a bully and nothing ever gets done 	Invested in: <ul style="list-style-type: none"> Coaching Programme – 	<ul style="list-style-type: none"> Understand the Council's values and behaviours and

<p>about it.</p> <ul style="list-style-type: none"> • My manager micro-manages us – he doesn't trust us to get on with things. Every little decision has to go up the line – it takes forever. • Why do they let people get away with bad performance? Why isn't any action taken? It puts an extra burden on us. 	<p>1,500 people been through it</p> <ul style="list-style-type: none"> • High Performance Development Programme – 1,500 manager to go through it over three years • Introduced better ways of resolving conflict see: HR Restorative Approach • Employee Assistance Programme – a 24 hour confidential helpline, offering counselling, legal and financial advice • Fairness Champions – a wide network of over 70 staff, in 30 locations. • Coaching Pool – 30 internal Coaches in pool - available to all staff • Team of 30 trained mediators • NLP* “bite-size” training - available to all staff • Training in “Responding in resourceful ways” – available to all staff 	<p>give feedback to others when you see they are not being adhered to.</p> <ul style="list-style-type: none"> • Find a coach or learn how to become a coach here to help improve your own and others performance • Learn about the High Performance Development Programme and how we are investing in the skills of our leaders and managers • Call employee assistance on 0800 243 458 and find out how they can help you and your family • Seek help if you feel you are being treated unfairly and see if mediation might help
<ul style="list-style-type: none"> • Induction is poor here – I was left adrift on my first day • It took me ten weeks to get a log in! 	<ul style="list-style-type: none"> • The On-boarding process was totally re-vamped and continues to be improved • Adult Social Care services have introduced a comprehensive and systematic new induction programme • First Day Makers has been introduced at County Hall and will be rolled out to other buildings in 2015. This makes sure that new starters get their essential kit and log-ins on the first day 	<ul style="list-style-type: none"> • Access advice on what should happen during your induction • Remember what it is like to be “new” in such a large organisation, help new starters to have a good experience of joining Surrey
<ul style="list-style-type: none"> • My workloads are stressing me out – nobody listens; nothing is done. • We want to be more supported when under stress or when mental wellbeing is poor. 	<ul style="list-style-type: none"> • Team Workplace Health checks – jointly delivered with the trade unions, over 100 facilitated one day workshops, with Children's Services and ASC Personal Care and Support Teams. • “Stay Healthy – Stay Well” Campaign - SCC workplace wellbeing campaign 	<ul style="list-style-type: none"> • Look at the advice on wellbeing and think about doing an individual or team wellbeing check. • You can also complete a questionnaire that identifies how resilient you are and suggests practical steps you could

	<p>including : NHS Health Checks (x400+), Smoking Cessation, Walk To Work, Swimming promotion, Yoga, Yogarobics.</p> <ul style="list-style-type: none"> • Support for Emotional & Mental Wellbeing – management masterclasses, delivered by OH and EAP – up to 300 managers. • Support for Stress in Teams one day management workshops. • Time to Change National Employer Health Check – research, survey (x3962 staff), interviews (14) and report. 	<p>make</p> <ul style="list-style-type: none"> • Book a free healthcheck if you are over 40 via the events page
<p>The costs of childcare are astronomical – can’t you help with this?</p>	<p>Introduced Child Care Vouchers to help working parents reduce the cost of childcare</p>	<p>See how they work here</p>
<p>I’ve never had an appraisal in the 7 years I have been here</p>	<p>Training, campaigns, simpler appraisals introduced and strong on-going drive from the top to reach 100% appraisals</p>	<p>Ask to have an appraisal with your manager at least once a year to talk about your personal development, you are entitled to it</p>
<p>Why can’t our team have an apprentice?</p>	<ul style="list-style-type: none"> • 300 young people have been through our SCC apprenticeship programme since 2009. • Coming soon: Higher Apprenticeships 	<p>Contact the recruitment team if you are interested in having an apprentice in your team perhaps start by having someone on work experience</p>
<p>I want to give something back to the local community?</p>	<ul style="list-style-type: none"> • Introduced an employee volunteering scheme to support volunteering in Surrey 	<p>Arrange for up to two days volunteering leave per year either individually or as part of a team</p>

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Council Overview and Scrutiny Committee
6 November 2014

BUDGET MONITORING REPORT

Purpose of the report: This report presents Council's financial position at the end of September 2014 (second quarter of 2014/15), including the Council's balance sheet as this is the end of Quarter 2.

Introduction:

1. The attached report was presented to Cabinet on 21 October 2014.
2. This report will be considered by the Performance & Finance Sub Group at their meeting on 29 October 2014. A summary of their discussion will be reported to the Committee

Recommendations

The Committee is asked to consider whether it wishes to make any recommendations regarding the Finance and Budget Monitoring Report for September 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: 21 OCTOBER 2014

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: FINANCE AND BUDGET MONITORING REPORT FOR SEPTEMBER 2014



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 September 2014 (second quarter of the 2014/15), including the council's balance sheet as this is the end of quarter 2

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 +£0.4m overspent revenue position for 2014/15 (Annex 1, paragraph 2).
2. Services forecast achieving £69.0m efficiencies and service reductions by year end (Annex 1, paragraph 54).
3. The council forecasts investing £207m through its capital programme in 2014/15 (Annex 1, paragraph 58).
4. Quarter end balance sheet as at 30 September 2014 and movements in earmarked reserves and debt outstanding (Annex 1, paragraphs 61 to 63).
5. Services' management actions to mitigate overspends (throughout Annex 1).

Cabinet is asked to approve the following adjustments to the revenue budget.

6. Virement of £1.1m gross expenditure budget from Human Resources & Organisational Development to Shared Services (£1m) and Finance (£0.1m) to realign budgets and service responsibilities (Annex 1, paragraphs 33 to 35).

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 fourth budget monitoring report of the financial year. As this is the end of the second quarter, the report also includes additional information from the council's balance sheet, in particularly the level of reserves, balances and debt.
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 September 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 September 2014 and year end forecasts. As the end of the second quarter of the financial year, it also includes information on the council's balance sheet.

Sources/background papers:

None

Budget monitoring period 6 2014/15 (September 2014)

Summary recommendations

Cabinet is asked to note the following.

1. The council forecasts a +£0.4m overspent revenue position for 2014/15 (paragraph 2).
2. Services forecast achieving £69.0m efficiencies and service reductions by year end (paragraph 54).
3. The council forecasts investing £207m through its capital programme in 2014/15 (paragraph 58).
4. Quarter end balance sheet as at 30 September 2014 and movements in earmarked reserves and debt outstanding (paragraphs 61 to 63).
5. Services' management actions to mitigate overspends (throughout this report).

Cabinet is asked to approve the following adjustments to the revenue budget.

6. Virement of £1.1m gross expenditure budget from Human Resources & Organisational Development to Shared Services (£1m) and Finance (£0.1m) to realign budgets and service responsibilities (paragraphs 33 to 35);

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 30 September 2014, the council forecasts a +£0.4m overspend for 2014/15 after taking mitigating actions.

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 cover 80% of service spend and concluded the key strategies were valid. To maintain the good progress in the rigour and robustness of services' savings plans and in managing the risks in the MTFP, the support sessions will continue.

The Chief Executive and Director of Finance will continue to report progress on the medium term financial planning process at the council's regular briefings to all members. In response to the scale of the challenge facing local government in the current financial climate of Government reductions in funding and pressures on services, Cabinet will continue to consider strategic financial planning options for 2015-20 ahead of setting the next Medium Term Financial Plan early in 2015.

9

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 30 September 2014, services forecast to achieve £69.0 m 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.

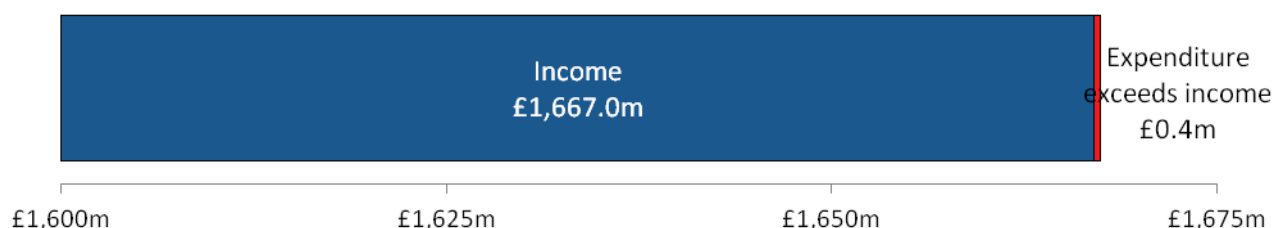
The council also wants to reduce its reliance on the council tax payer. To this end, it invested £40.2m in long term capital investment assets in 2013/14 and a further £5.2m in the first six months of 2014/15.

As at 30 September 2014, the council forecasts +£6.5m overspend against 2014/15's reprofiled capital budget. This includes the +£7.5m forecast spend on long term capital investments.

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 30 September 2014, services forecast a +£0.4m overspent net revenue budget position. This is a £2.0m improvement over the position forecast last month.

Figure 1 Forecast 2014/15 net revenue position



3. The forecast 2014/15 budget variance as at 30 September 2014 is +£0.4m overspent mainly due to the following variances.
 - Adult Social Care forecasts +£2.7m overspend (an improvement of £0.6m largely because of projected for fees & charges income). This total overspend includes a forecast +£2.8m overspend on the Family, Friends & Community support strategy;
 - Children's services forecasts a +£1.8m 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 +£0.7m overspend mainly due to under recovery of streetworks income and additional employee costs partly offset by travel and transport underspends.
 - Schools & Learning forecasts -£3.2m underspend. This underspend is mainly on county funded central budgets and Commercial Services, offset by an overspend on transport, mainly for children with SEN;
 - Business Services forecasts -£1.1m underspend, mainly 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 staff relocation allowances and protected pay.
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.

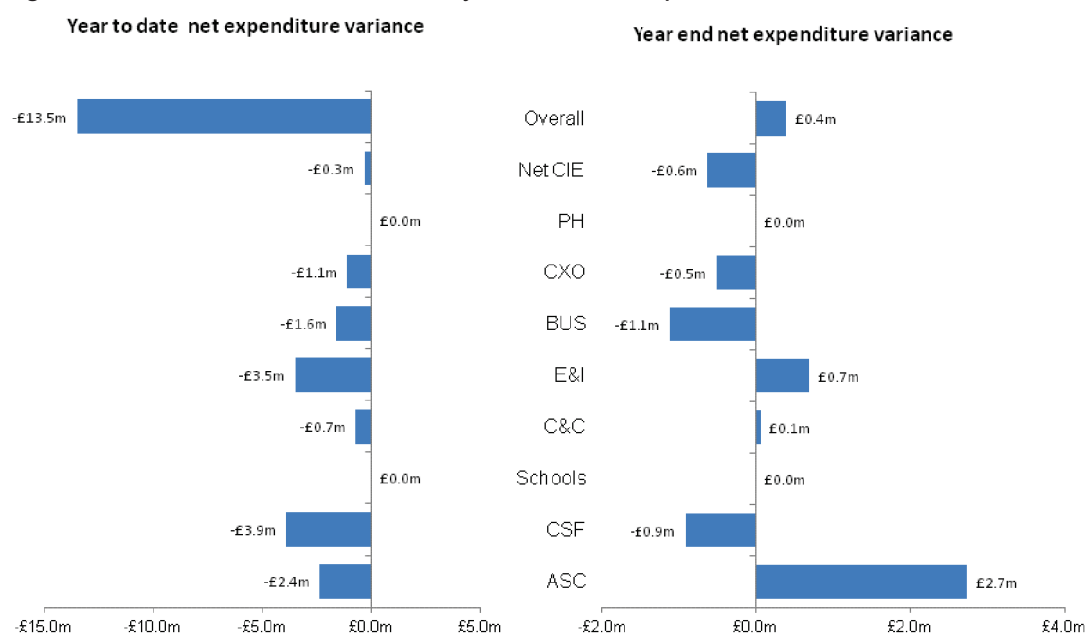
Table 1: 2014/15 Revenue budget - net positions

August Forecast variance £m		YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Oct – Mar remaining forecast £m	Full year forecast £m	Full year variance £m
3.3	Adult Social Care	168.0	165.7	-2.4	341.9	179.0	344.7	2.7
0.6	Children, Schools & Families	91.6	87.7	-3.9	187.3	98.7	186.4	-0.9
0.0	Schools (gross exp £468m)	-4.1	-4.1	0.0	0.0	4.1	0.0	0.0
0.0	Customer & Communities	5.9	5.2	-0.7	11.9	6.8	12.0	0.1
	Fire & Rescue	18.0	18.0	0.0	35.5	17.5	35.5	0.0
0.4	Environment & Infrastructure	60.3	56.8	-3.5	129.3	73.2	130.0	0.7
-0.8	Business Services	38.8	37.2	-1.6	82.4	44.1	81.3	-1.1
-0.5	Chief Executive's Office	12.5	11.4	-1.0	26.1	14.2	25.6	-0.5
-0.6	Central Income & Expenditure	-154.4	-154.4	0.0	-172.7	-18.9	-173.3	-0.6
2.4	Service net budget	236.7	223.5	-13.1	641.7	418.7	642.1	0.4
0.0	Local taxation	-312.9	-312.9	0.0	-615.8	-302.9	-615.8	0.0
0.0	Revolving Infrastructure & Investment Fund	0.0	-0.3	-0.3	0.0	0.3	0.0	0.0
2.4	Overall net budget	-76.2	-89.7	-13.5	25.9	116.1	26.3	0.4

Note: Fire & Rescue was reported as part of Customer & Communities in the period up to 31 August 2104
All numbers have been rounded - which might cause a casting error

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



- 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.

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	Oct -Mar forecast £m	Full year projection £m	Full year variance £m
Income	-33.8	-32.8	1.1	-73.8	-40.5	-73.2	0.5
Expenditure	201.8	198.4	-3.4	415.7	219.5	417.9	2.3
Net position	168.0	165.7	-2.4	341.9	179.0	344.7	2.7
Service summary							
Income	-33.8	-32.8	1.1	-73.8	-40.5	-73.2	0.5
Older People	82.1	79.8	-2.3	168.5	88.6	168.4	-0.1
Physical Disabilities	23.7	23.1	-0.6	48.1	24.5	47.6	-0.5
Learning Disabilities	61.5	61.5	0.0	130.0	70.5	132.0	2.0
Mental Health	5.2	4.2	-1.0	10.8	6.6	10.8	0.0
Other expenditure	29.3	29.8	0.5	58.3	29.2	59.0	0.7
Total by service	168.0	165.6	-2.3	341.9	179.0	344.7	2.7

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

8. As at 30 September 2014, Adult Social Care services (ASC) has a -£2.4m year to date underspend with +£2.7m forecast overspend at year end. This is a reduction from the £3.3m projected overspend reported as at 31 August 2014. The key change since last month's forecast is ASC now projects a surplus for fees and charges income based on the year to date trend in line with a continued rise in service user numbers.
9. ASC has a significant savings target in 2014/15 of £42m plus a target to generate an additional of £4m income. Since the beginning of the year, ASC has incurred +£0.5m of extra demand pressures for Transition clients, meaning it requires £42.5m total savings. ASC has made good progress in many of its savings actions and judges it has achieved or will achieve savings of £26.4m without needing further management action.
10. The year end efficiencies forecast as at 30 September 2014 relies on ASC implementing £13.3m 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 other FFC related savings in order to offset in-year programme delays. One strand of this catch up work is a focus on preventative measures to help

manage demand for new services. As at 30 September 2014, ASC expects this work to deliver £0.3m savings in 2014/15. ASC aims to achieve a further £2m of catch up savings in the remainder of the year. 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 - Sep £m	Forecast Oct - Mar £m	Full year forecast £m	2014/15 variance £m	Full year target £m	Full year effect £m	Full year variance £m
New packages non-transition	-3.5	-0.3	-1.0	-1.3	2.2	-3.5	-4.4	-0.9
Reassessments	-6.4	-1.2	-2.2	-3.4	3.0	-6.4	-10.1	-3.7
FFC DP surplus	-3.0	-3.1	-1.4	-4.5	-1.5	0.0	0.0	0.0
FFC catch up	0.0	0.0	-2.0	-2.0	-2.0	0.0	0.0	0.0
FFC demand management	0.0	-0.1	-0.2	-0.3	-0.3	0.0	0.0	0.0
Sub-total	-12.9	-4.7	-6.8	-11.5	1.4	-9.9	-14.5	-4.6
New packages transition	-0.4	1.1	-0.1	1.0	1.4	-0.4	0.7	1.1
Total	-13.3	-3.6	-6.9	-10.5	2.8	-10.3	-13.8	-3.5

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

13. Table 3 shows savings are progressing in all areas other than new transition care packages (those for individuals who transferred from Children's, Schools & Families to ASC in 2014/15). Care costs for these individuals are historically volatile and the number of high costs cases ASC has picked up so far this year have led to £1.1m additional costs. Excluding new transition packages, the other FFC streams have achieved £4.8m savings to date with £11.5m forecast for the whole year.
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 this aim.
 - Identification of £2.6m of additional savings to go meet the target for savings ASC had not identified during the budget planning process. 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 30 September 2014, ASC has no firm plans in place to deliver these savings. As such, ASC has reduced the savings forecast to £0.85m.
 - ASC anticipates the correct application of continuing health care arrangements will deliver £1.1m of savings in the remainder of 2014/15. Progress is improving slowly in this savings stream but challenges remain in delivering the full value of savings in the rest of the year.
 - As outlined above ASC aims to deliver £2.0m of FFC catch up savings in the remainder of 2014/15 to offset slippage against the original savings target. As at 30 September 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 £4.1m has been included within the management actions to account for the possibility of an element of these risks materialising.

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		-0.5
		<u>-42.5</u>
Total efficiency savings achieved (or needing no further management action) to date		-26.4
Efficiency savings forecast for the rest of the year through use of FFC	-5.4	
FFC applied to direct payments reclaims	-1.4	
Other efficiency savings for the rest of the year needing management actions	-6.5	
		<u>-13.3</u>
Total efficiency savings forecast in remainder of year		-39.7
Under(+)/over(-) performance against MTFP target		<u>2.7</u>

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	Oct - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-70.9	-70.2	0.7	-152.3	-83.8	-154.0	-1.7
Expenditure	162.5	157.9	-4.6	339.6	182.5	340.4	0.8
Net position	91.6	87.7	-3.9	187.3	98.7	186.4	-0.9
Service summary							
Income	-70.9	-70.2	0.7	-152.3	-83.8	-154.0	-1.7
Strategic Services	2	2.3	0.3	4.3	2.6	4.9	0.6
Children's Services	45.9	45.8	-0.1	93.6	50.4	96.2	2.6
Schools and Learning	100.7	95.7	-5.0	213.8	115.5	211.2	-2.6
Services for Young People	13.9	14.1	0.2	27.9	14.0	28.1	0.2
Total by service	91.6	87.7	-3.9	187.3	98.7	186.4	-0.9

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

16. As at 30 September 2014 Children, Schools & Families services (CSF) has a -£3.9m year to date underspend and forecasts -£0.9m year end underspend. This represents a reduction of -£1.5m compared to the forecast overspend as at 31 August 2014. There has been a general reduction in forecast overspends across the directorate together with a £0.5m improvement in the position of Commercial Services.
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 & Learning. However, there has been a further reduction in the Children's Services overspend of £0.2m.

Children's Services

19. Children's Services' forecast overspend is now +£1.8m net of income. The overspend relates mainly to care provided for children who are or have been in Surrey's care:
- +£0.6m agency placements, although numbers have stabilised at a similar level to last year there have been particularly high cost secure accommodation placements exerting particular pressure on this budget;
 - +£0.3m 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 occurred and the number of asylum seekers continues to rise and is higher than at this point last year.
20. In addition CSF expects a +£0.6m overspend in services for children with disabilities mainly due pressure on care packages and increasing complexity. The -£0.4m short breaks efficiency is on track to be achieved following the tendering exercise.

Schools & Learning

21. Overall Schools & Learning forecasts a -£3.2m underspend (net of income) on county funded services at 30 September 2014. The main underspend is on the centrally held demographics and inflation budget. In addition Commercial Services are forecast to underspend by -£0.5m mainly as a result of delays in recruitment of the staff required to fulfil demand for free infant meals. These underspends are partly offset by an overspend on transport, mainly for children with SEN.

Delegated schools budget

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	Oct-Mar forecast £m	Full year projection £m	Full year variance £m
Income	-243.0	-247.1	-4.1	-468.3	-225.2	-472.4	-4.1
Expenditure	238.9	243.0	4.1	468.3	229.3	472.4	4.1
Net position	-4.1	-4.1	0.0	0.0	4.1	0.0	0.0

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

22. 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	Oct - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-0.5	-0.6	-0.1	-0.9	-0.3	-0.9	0.0
Expenditure	6.5	5.9	-0.6	12.8	7.0	12.9	0.1
Net position	6.0	5.3	-0.7	11.9	6.7	12.0	0.1
Summary by service							
Customer Services	1.7	1.6	-0.1	3.3	1.7	3.3	0.0
Trading Standards	1.0	1.0	0.0	2.0	1.2	2.2	0.2
Community Partnerships & Safety	1.9	1.4	-0.5	3.7	2.3	3.7	0.0
County Coroner	0.8	0.7	-0.1	1.6	0.8	1.5	-0.1
C&C Directorate Support	0.6	0.6	0.0	1.3	0.7	1.3	0.0
Total by service	6.0	5.3	-0.7	11.9	6.7	12.0	0.1

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

23. As at 30 September 2014 Customer & Communities services (C&C) had -£0.7m year to date underspend and forecast a small year end overspend.
24. The forecast small overspend position includes: +£0.2m income shortfalls in Trading Standards for recovery of court costs and proceeds of crime, +£0.1m 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, partly offset by staffing savings from secondments and retirements and delays in applicants meeting Community Improvement Fund grant conditions.
25. The -£0.7m year to date underspend is mainly due to timing of expenditure on third party grants and member allocations plus staffing underspends.

Fire & Rescue

Table 8: Summary of the revenue position for Fire & Rescue services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Oct - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-5.6	-5.7	-0.1	-11.3	-5.7	-11.4	-0.1
Expenditure	23.6	23.7	0.1	46.8	23.2	46.9	0.1
Net position	18.0	18.0	0.0	35.5	17.5	35.5	0.0
Summary by service							
Rescue Operations	14.7	14.4	-0.3	28.9	14.7	29.1	0.2
Fire Support Functions	0.6	0.7	0.1	1.2	0.5	1.2	0.0
Community Fire Safety	0.6	0.6	0.0	1.2	0.6	1.2	0.0
Emergency Planning	0.1	0.2	0.1	0.2	0.0	0.2	0.0
FF Pension Fund	2.0	2.1	0.1	4.0	1.7	3.8	-0.2
Total by service	18.0	18.0	0.0	35.5	17.5	35.5	0.0

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

26. As at 30 September 2014 Fire & Rescue services (F&R) has a balanced year to date position and forecasts a balanced year end position.

27. F&R has plans in place to achieve part of its increased income target. It is currently expecting a shortfall of £0.1m due to delays in securing new income sources. F&R is actively pursuing several additional opportunities and seeking further savings which it expects to be sufficient to mitigate this pressure in the current financial year. F&R is absorbing the 2014/15 station reconfiguration efficiency in the current financial year through a mix of vacant posts and managed savings.

Environment & Infrastructure

Table 9: Summary of the revenue position for Environment & Infrastructure services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year revised budget £m	Oct - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-12.1	-10.9	1.2	-24.1	-14.3	-25.2	-1.1
Expenditure	72.4	67.7	-4.7	153.4	87.5	155.2	1.8
Net	60.3	56.8	-3.5	129.3	73.2	130.0	0.7
Summary by service							
Environment	38.8	38.3	-0.5	82.2	43.5	81.8	-0.4
Highways	20.4	17.0	-3.4	44.9	28.4	45.4	0.5
Other Directorate Costs	1.1	1.5	0.4	2.2	1.3	2.8	0.6
Total by service	60.3	56.8	-3.5	129.3	73.2	130.0	0.7

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

28. As at 30 September 2014 Environment & Infrastructure services (E&I) has a -£3.5m year to date underspend, primarily relating to Highway works. This includes several highway budgets including: road repairs, drainage and local schemes, where E&I has planned works for later in the year.
29. E&I forecasts to overspend by +£0.7m at the end of the year. This is primarily due to:
- +£0.6m additional employee costs being incurred across E&I, some of which will be funded through additional income and recharges, including use of grants;
 - +£0.6m highways pressures including a shortfall in streetworks income and capital recharges (for costs of staff involved in capital schemes) and increased insurance costs; and
 - -£0.5m travel & transport underspends, including refund of prior year Park & Ride costs, and income from the Police and NHS.

Business Services

Table 10: Summary of the revenue position for Business Services

	YTD budget £m	YTD actual £m	YTD variance £m	Full year revised budget £m	Oct - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-7.4	-8.4	-1.0	-16.5	-8.0	-16.4	0.1
Expenditure	46.2	45.6	-0.6	98.9	52.1	97.7	-1.2
Net	38.8	37.2	-1.6	82.4	44.1	81.3	-1.1
Summary by service							
Property	14.4	13.6	-0.8	31.9	18.0	31.6	-0.3
Information Management & Technology	11.9	11.9	0.0	25.0	13.1	25.0	0.0
Human Resources & OD	4.1	3.4	-0.7	9.1	4.9	8.3	-0.8
Finance	4.6	4.6	0.0	9.1	4.5	9.1	0.0
Shared Services	2.1	2.0	-0.1	4.0	2.0	4.0	0.0
Procurement & Commissioning	1.7	1.7	0.0	3.3	1.6	3.3	0.0
Total by service	38.8	37.2	-1.6	82.4	44.1	81.3	-1.1

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

30. As at 30 September 2014 Business Services has a -£1.6m year to date underspend and forecasts a -£1.1m underspend at year end.
31. Business Services forecasts -£1.1m year end underspend, including making -£0.2m of 2015/16 efficiency savings early. The other underspends are one off, such as apprentices, rebates from contract negotiations and utilities. The service would like to carry forward £0.2m of this.
32. The -£1.6m year to date underspend includes -£0.7m in Property and -£0.7m in HR. Property's underspend comprises -£0.5m maintenance and -£0.2m utilities. HR's underspend comprises -£0.3m for apprenticeships, -£0.2m training and -£0.2m staffing. HR is recruiting 48 apprentices. Their start dates mean the full year effect of the apprenticeships underspend is -£0.4m. HR would like to carry forward £0.2m to ensure continuation of the target of 50 apprentices a year. HR forecasts -£0.2m staffing underspend through early achievement of 2015/16 efficiencies.

Virement request

33. Following changes in management responsibilities, Business Services requests a virement of £1.1m gross expenditure to realign budgets with their revised areas of service delivery. This virement reflects the movement of £1.1m for the Pensions Administration team from Human Resources & Organisational Development (HR&OD) to Shared Services (£1.0m) and to Finance (£0.1m).
34. In line with the directorate strategy to bring teams with high volume transactional services into the SE Shared Services partnership the majority of the Pensions Administration team is moving from HR&OD to Shared Services. This move also brings the pensions team for East Sussex CC and Surrey CC into the same service, a service with a commercial team able to bid for and win new clients so expanding our ability to offer efficient pensions services to the public sector. This move will create further opportunities for efficiencies through economies of scale, continuous improvement and a sustained focus on customer improvement through the

established Shared Services operating model. The net expenditure budget transferring is -£0.2m: expenditure £1.0m, income -£1.2m.

35. The element of the Pensions Administration team that advises on employer pension issues, admission agreements, Pension Fund Board reports, KPIs, early retirement and severance issues, is transferring to the Pensions & Treasury Management team within the Finance Service. This means the pension fund management and commissioning of pensions administration is in the same team. The expenditure budget to transfer is £0.1m and the income budget is -£0.1m.

Chief Executive's Office

Table 11: 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	Oct - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-20.3	-21.7	-1.4	-42.7	-21.4	-43.1	-0.4
Expenditure	32.6	33.0	0.4	68.7	35.6	68.6	-0.1
Net	12.3	11.3	-1.0	26.0	14.2	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	0.3	0.3	0.0	0.5	0.3	0.6	0.1
Communications	0.9	0.9	0.0	2.1	1.2	2.1	0.0
Legal & Democratic Services	4.5	4.3	-0.2	9.1	4.8	9.1	0.0
Policy & Performance	1.4	1.3	-0.1	2.7	1.3	2.6	-0.1
Cultural services	4.6	4.0	-0.6	10.6	6.1	10.1	-0.5
Public Health	0.3	0.3	0.0	0.3	0.2	0.4	0.0
Total by service	12.3	11.3	-1.0	26.0	14.2	25.5	-0.5
Public Health – income	-12.9	-13.9	-1.0	-28.9	-15.1	-29.0	-0.1
Public Health - expenditure	13.2	14.2	1.0	29.2	15.1	29.3	0.1
Public Health - net expenditure	0.3	0.3	0.0	0.3	0.0	0.3	0.0

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

36. As at 30 September 2014 Chief Executive's Office (CEO) has a -£1.0m year to date underspend and forecasts a -£0.5m underspend at year end.
37. 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. The -£1.0m year to date underspend is mainly due to staff underspends in Legal Services and Libraries.
38. The £0.3m difference between Public Health's (PH) full year income and expenditure budgets is for the SADAS (Surrey Alcohol & Drug Advisory Service) contract jointly funded by PH and ASC. PH is the lead service and holds the net expenditure budget.
39. Public Health (PH) expenditure is on target to spend its core government grant fully and to achieve -£0.5m efficiency savings by funding the activities shown in Table 12.

Table 12 – 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
Total	£500,000		

40. During September, PH began budget planning for the next three years and undertaking a thorough review of the forecast outturn position for 2014/15. The allocations for 2015/16 were recently announced and confirm continued ring fencing of PH funding for one more year. The funding value remains the same as in 2014/15, removing the 10% increases previously expected. On current plans, this creates a budget pressure for future years.

Central Income & Expenditure

Table 13: Summary revenue position

Central Income & Expenditure	YTD budget £m	YTD actual £m	YTD variance £m	Full year revised budget £m	Oct - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-186.8	-187.2	-0.4	-229.8	-42.6	-229.8	0.0
Expenditure	32.4	32.8	0.4	57.1	23.7	56.5	-0.6
Net	-154.4	-154.4	0.0	-172.7	-18.9	-173.3	-0.6
Local taxation	-312.8	-312.8	0.0	-615.8	-303.0	-615.8	0.0
Total net	-467.2	-467.2	0.0	-788.5	-321.9	-789.1	-0.6

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

41. As at 30 September 2014 Central Income & Expenditure (CIE) has a balanced year to date position and forecasts -£0.6m year end underspend.
42. The balanced year to date position is mainly due to the net interest receivable from the long-term capital strategy investment properties, offset by an overspend on redundancy and compensation, which will reduce in the second half of the year.
43. 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) and Minimum Revenue Provision (money set aside for debt repayment).

Revolving Infrastructure & Investment Fund

Table 14: Summary revenue and capital expenditure positions

Revenue expenditure summary	YTD actual £m	Full year forecast £m
Income	-1.6	-3.3
Expenditure	0.1	0.3
Net income before funding	-1.5	-3.0
Funding	1.2	2.5
Net income after funding	-0.3	-0.5
Capital expenditure	5.2	7.5

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

44. As at 30 September 2014 Revolving Infrastructure & Investment Fund (RIIF) has -£0.3m year to date net income and forecasts -£0.5m net income at year end (after deducting funding costs).
45. 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.
46. Capital expenditure for the year to date includes the purchase of 61 High Street, Staines, loans to the Woking Bandstand Joint Venture company and preliminary costs associated with developing the Thales site in Crawley (Cabinet approved the submission of a detailed planning application and contract tender for the first phase of development in September).

Staffing costs

47. 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.
48. 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.
49. 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.
50. 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.
51. The council's total full year budget for staffing is £306.5m based on 7,823 budgeted FTEs. The year to date budget to 30 September 2014 is £154.7m and expenditure incurred is £151.7m. At 30 September 2014, the council employed 7,155 FTE contracted staff.
52. Table 15 shows the staffing expenditure and FTEs for the period to 30 September 2014 against budget, analysed across services for the three staff categories. It includes the transfer of 532 cultural services FTE from Customer & Communities to Chief Executive's Office and the movement of 258 FTE to Surrey Choices. The table includes staff costs and FTEs 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 15: Staffing costs and FTEs to 30 September 2014

	Staffing budget to Sep 2014 £m	Staffing spend by category					Budget FTE	Sep 2014 occupied contracted FTE
		Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m		
Adult Social Care	35.1	31.6	1.7	1.2	34.5	-0.6	1,887	1,647
Children Schools & Families	52.9	47.1	2.1	2.0	51.2	-1.7	2,828	2,563
Customer and Communities	18.6	17.3	0.4	0.8	18.4	-0.2	922	872
Environment & Infrastructure	11.0	11.0	0.4	0.2	11.6	0.6	501	492
Business Services and Central Income & Expenditure	21.2	18.9	2.0	0.1	21.0	-0.2	900	826
Chief Executive's Office	15.8	13.6	0.1	1.3	15.1	-0.8	785	755
Total	154.7	139.5	6.7	5.5	151.7	-3.0	7,823	7,155

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

53. Table 16 shows there are 605 “live” vacancies, for which active recruitment is currently taking place, with 447 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 15. 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 in Table 15 (agency staff and bank & casual staff).

Table 16: Full time equivalents in post and vacancies

	<u>Sep 2014 FTE</u>
Budget	7,823
Occupied contracted FTE	7,155
“Live” vacancies (i.e. actively recruiting)	605
Vacancies not occupied by contracted FTEs	63

Efficiencies

54. The council's overall efficiencies target is £72.3m. Against this, the council forecasts achieving £69.0m by year end, a -£3.3m under achievement.
55. 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.
56. Figure 3 and Table 17 show most services are on track for achieving their planned efficiencies. ASC, E&I and Fire services plan to support their programmes with £1.4m additional one off efficiencies. The appendix to this annex gives further details.

Figure 3: 2014/15 overall risk rated efficiencies

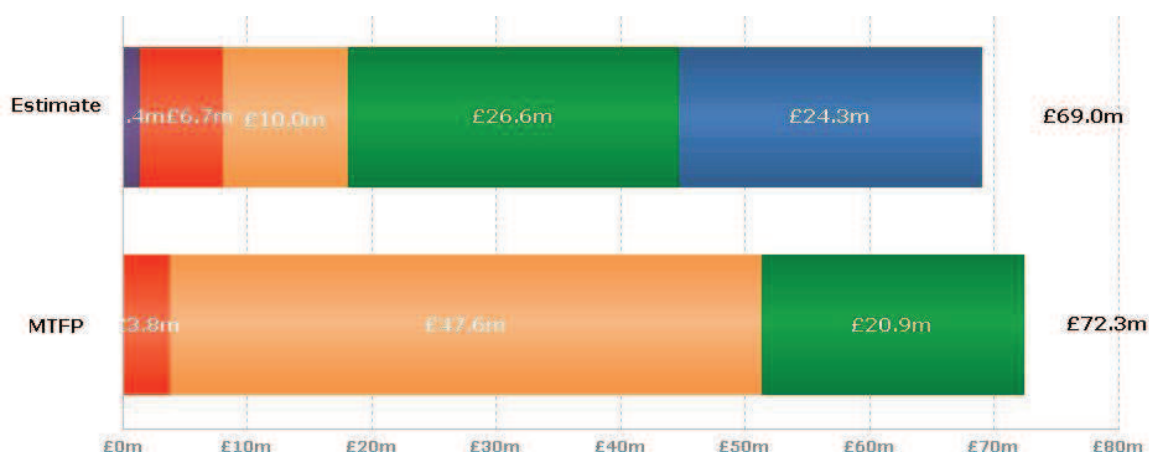


Table 17: 2014/15 Efficiency programme forecasts

	MTFP £m	Forecast £m	Additional £m	Variance £m
Adult Social Care	45.8	42.8	0.3	-2.7
Children, Schools & Families	9.6	9.6		0.0
Customer & Communities	0.8	0.8		0.0
Fire & Rescue	1.1	0.3	0.7	-0.1
Environment & Infrastructure	4.0	3.1	0.4	-0.5
Business Services	2.2	2.4		0.2
Chief Executive's Office	1.2	1.2		0.0
Central Income & Expenditure	7.6	7.5		-0.1
Total	72.3	67.6	1.4	-3.3

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

Capital

57. By planning significant capital investment as part of MTFP 2014-19, the council demonstrated its firm long term commitment to supporting Surrey's economy.
58. On 22 July 2014 Cabinet approved reprofiling of the 2014-19 capital programme. Table 18 shows current forecast expenditure for the service capital programme and long term investments of £206.7m against a revised budget of £200.3m. There are no significant variances to report on the service capital programme. Approved investment strategy spending is expected to be £7.5m 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 £3.2m due to the Redhill Balanced Network.

Table 18: Forecast capital expenditure 2014/15

	Revised full year budget £m	Apr - Sep actual £m	Oct - Mar projection £m	Full year forecast £m	Full year variance £m
Adult Social Care	1.4	0.4	0.8	1.2	-0.2
Children, Schools & Families	6.1	3.6	2.5	6.1	0.0
Customer & Communities	0.4	0.1	0.3	0.4	0.0
Fire & Rescue	5.3	0.7	3.7	4.4	-0.9
Environment & Infrastructure	73.3	58.9	13.8	72.7	-0.6
School Basic Need	54.3	32.8	21.5	54.3	0.0
Business Services	47.2	18.7	29.6	48.3	1.1
Chief Executive Office	12.3	6.2	5.6	11.8	-0.5
Service capital programme	200.3	121.4	77.8	199.2	-1.0
Long term investments	0.0	3.8	3.7	7.5	7.5
Overall capital programme	200.3	125.2	81.5	206.7	6.5

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

Balance sheet

59. The council's balance sheet as at 30 September 2014 shows an increase in net assets of £128m since 31 March 2014. This is mainly due to an increase in cash & cash equivalents and short-term investments from the receipt of the majority of the annual Revenue Support Grant in quarter 1. Table App 4 shows details of the balance sheet at 30 September 2013.

Reserves

60. The council's earmarked reserves reduced by £26m in the quarter to 30 September 2014. This was mainly due to drawing down reserves as planned in the MTFP and outlined in paragraph 1. Table App 5 shows details of the council's earmarked reserves as at 30 September 2014.

Debt

61. During the quarter to 30 September 2014, the council raised invoices totalling £106.4m.

62. The council's total debt outstanding at 30 September 2014 is £30.4m, split between care related debt and non-care related debt. Table App 6 shows details of debtor groups and debt age profile. The average number of debtor days for the period 1 April to 30 September was 29 days.
63. Between 1 April and 30 September 2014 the Director of Finance wrote off 203 debts under delegated authority with a total value of £281,562, comprising £207,890 care related debt and £73,672 non care related debt.

Appendix to Annex

Contents

Corporate performance scorecard – finance

Efficiencies & service reductions

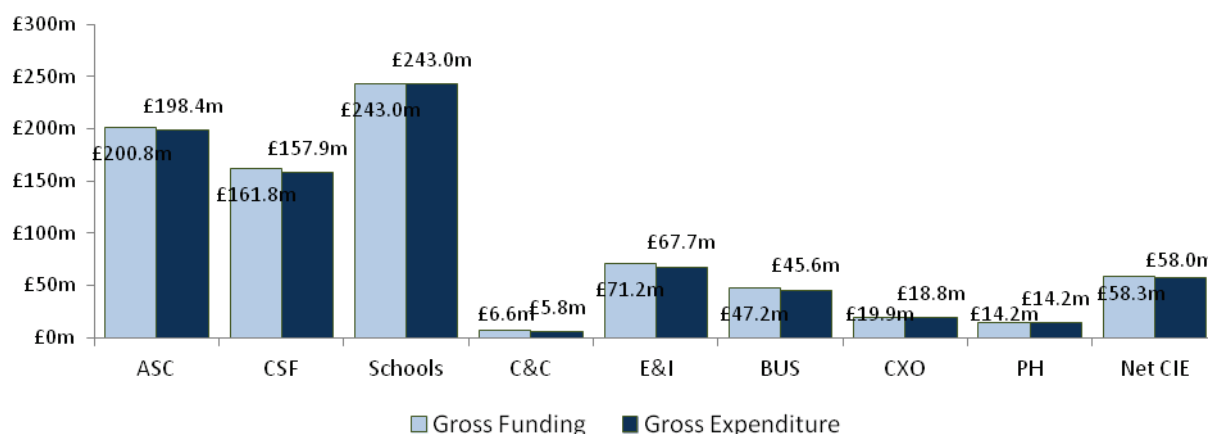
Updated budget - revenue

Corporate performance scorecard – finance

App 1. Figure App 1 shows the gross funding and expenditure for the council for the year to 30 September 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.

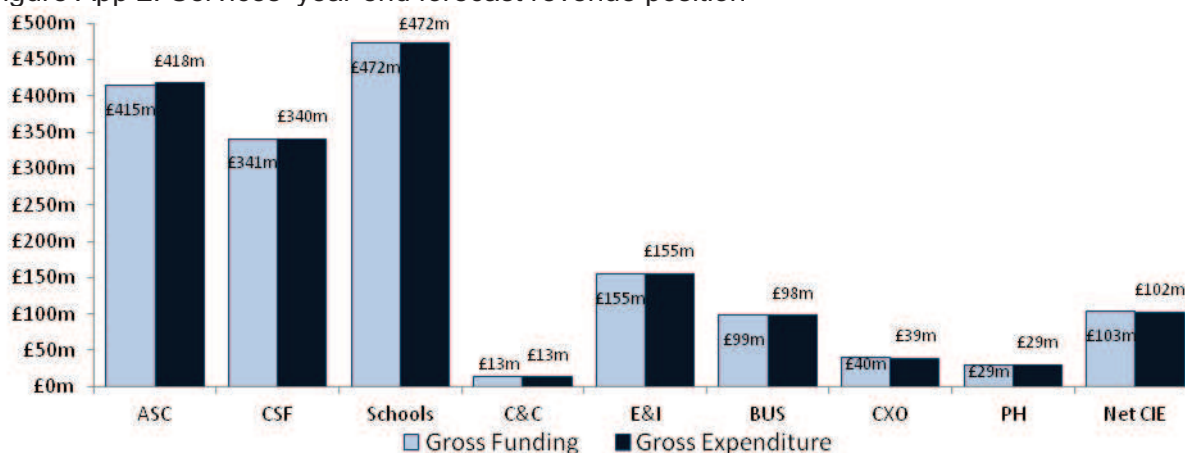
App 2. The corporate performance scorecard, shown above in the main annex in Figure 2, also includes the year end forecast revenue position.

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



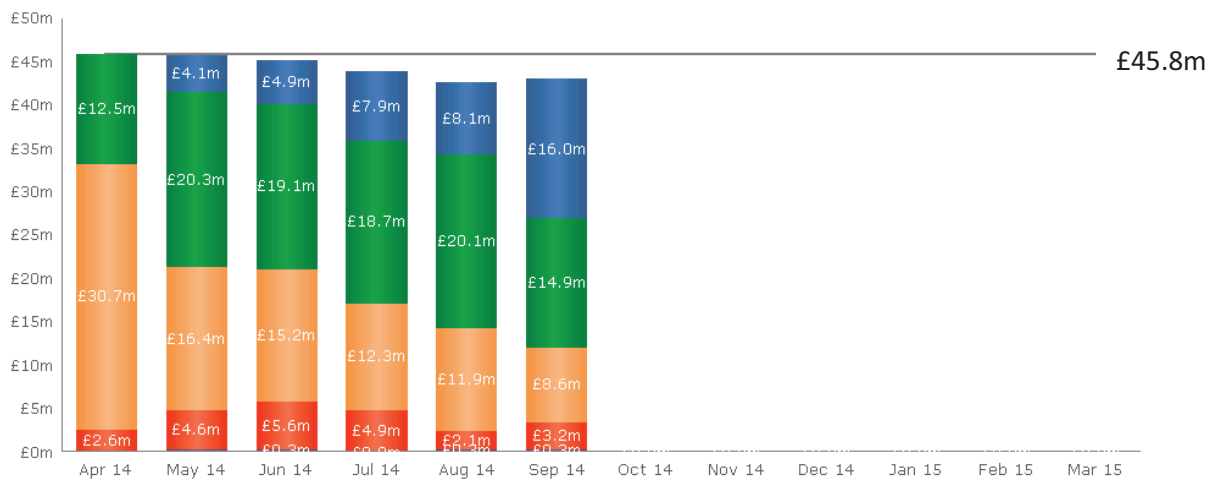
Efficiencies and service reductions

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

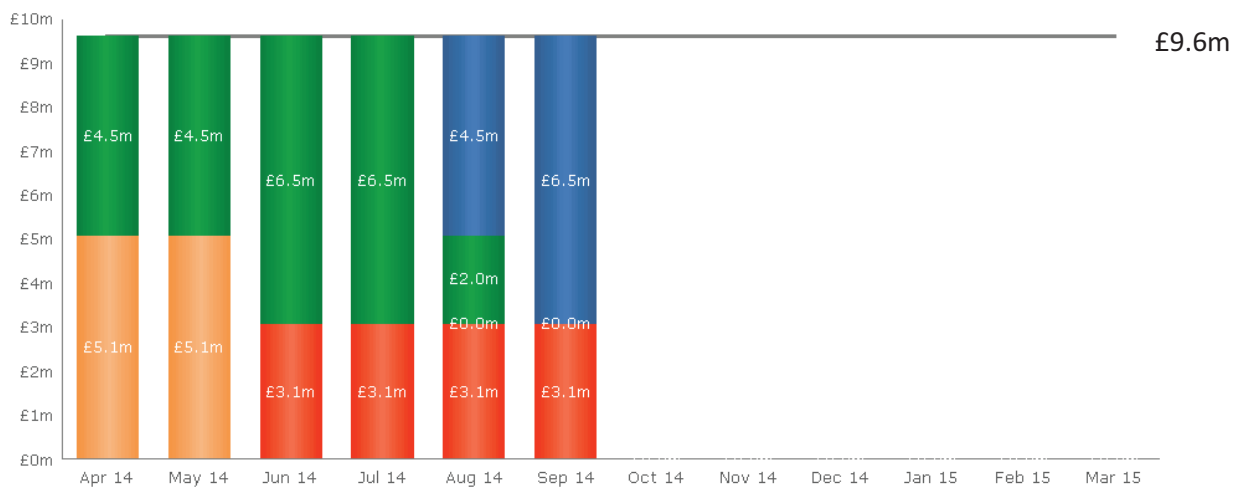
App 6. Each graph is based on the appropriate scale and so they are not directly comparable one against another.

Adult Social Care



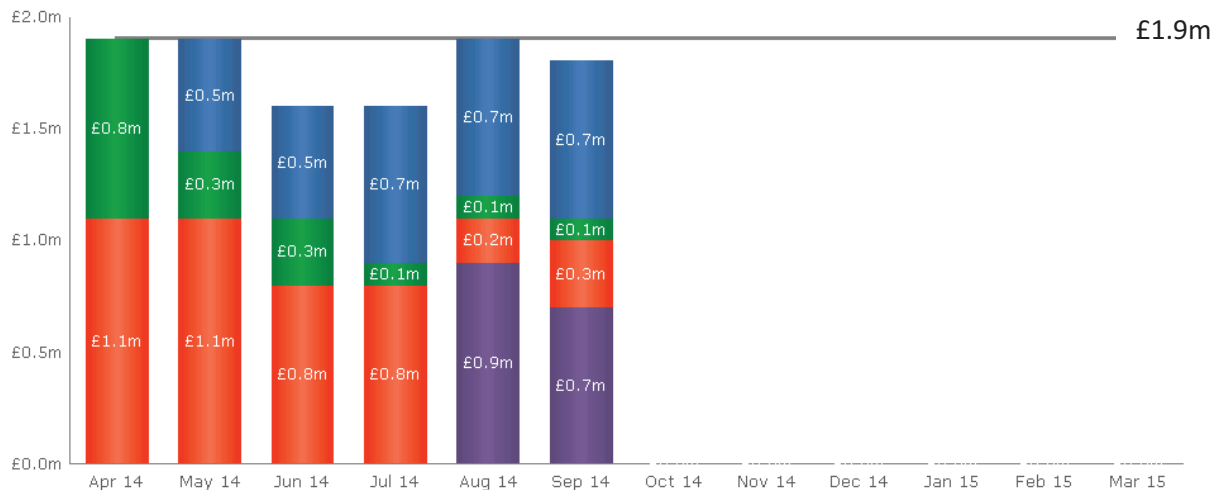
App 7. ASC forecasts a shortfall of -£2.7m against its £45.8m efficiencies target. ASC has already achieved savings of £16.0m by 30 September 2014 and is on target to achieve a further £14.9m by year end. Issues remain with £8.6m of efficiencies £3.2m is at risk and £1.3m is one off.

Children, Schools & Families



App 8. CSF forecasts to meet its £9.6m efficiencies target. CSF has achieved about two thirds of its efficiencies target, the remaining third are at risk.

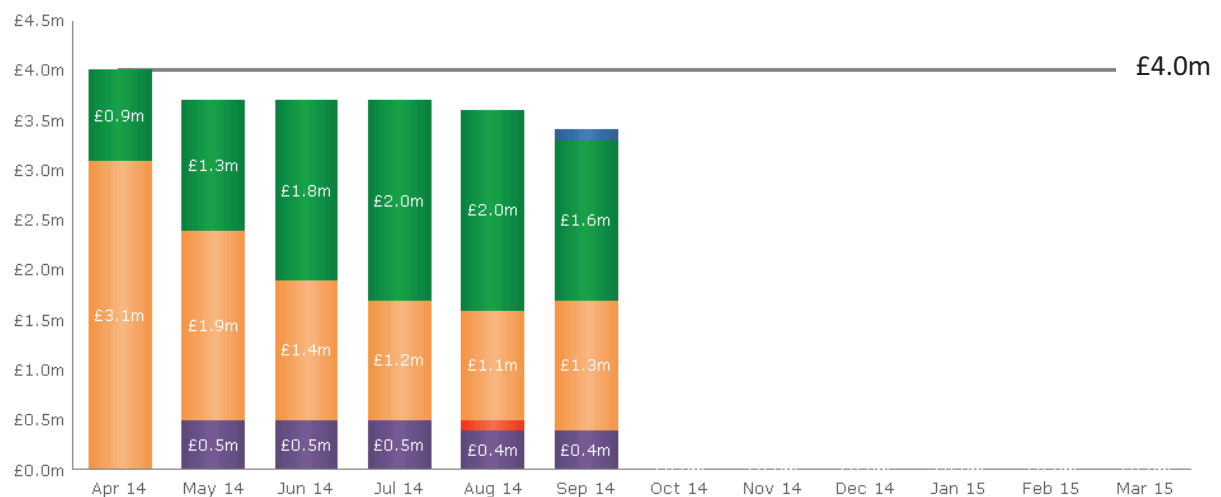
Customer & Communities, including Fire & Rescue



App 9. C&C forecasts to meet its efficiencies target after including £0.9m one-off savings to balance the current financial year. C&C has either achieved or expects to achieve all its other efficiencies.

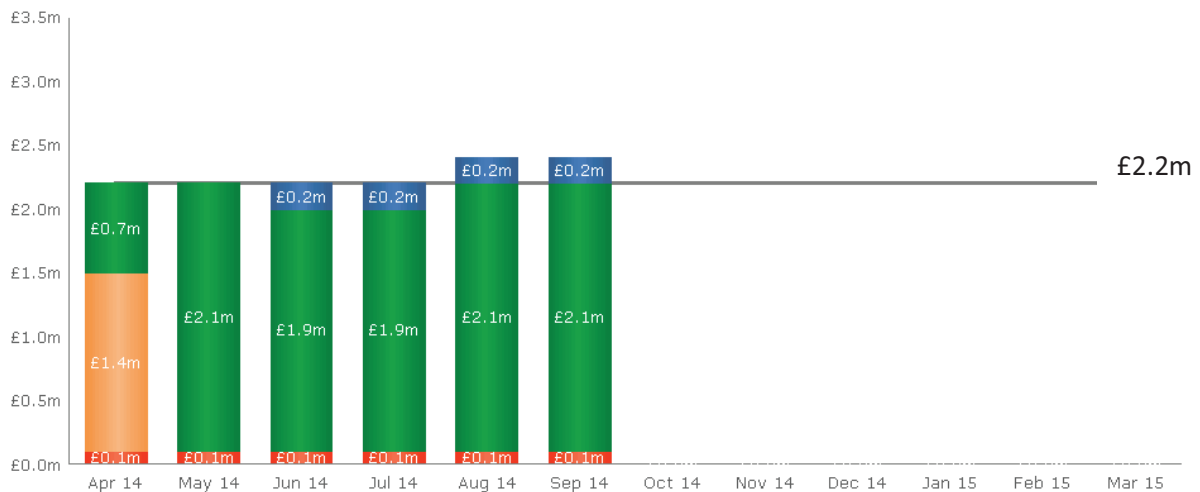
App 10. F&R forecasts a shortfall of £0.8m. F&R has plans in place to achieve part of its increased income target, leaving an estimated £0.14m shortfall for 2014/15. Delays to the fire station reconfiguration efficiency leave a £0.65m shortfall in 2014/15 (it is expected to be completed in 2015/16). However F&R has identified one-off savings to contain this pressure within the current financial year.

Environment & Infrastructure



App 11. E&I forecasts a shortfall of -£0.5m against its efficiencies target, after taking into account £0.4m 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.

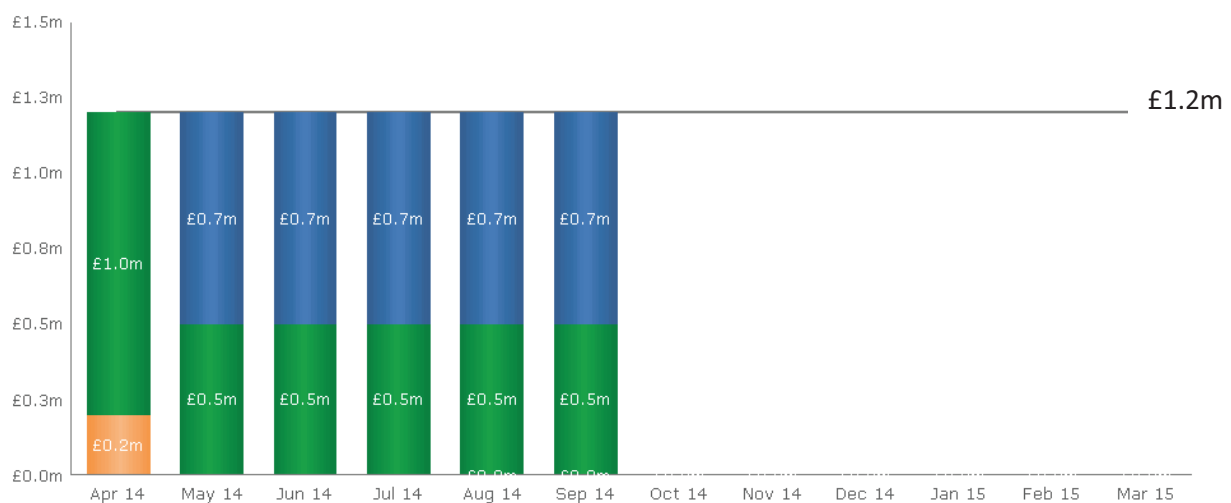
Business Services



9

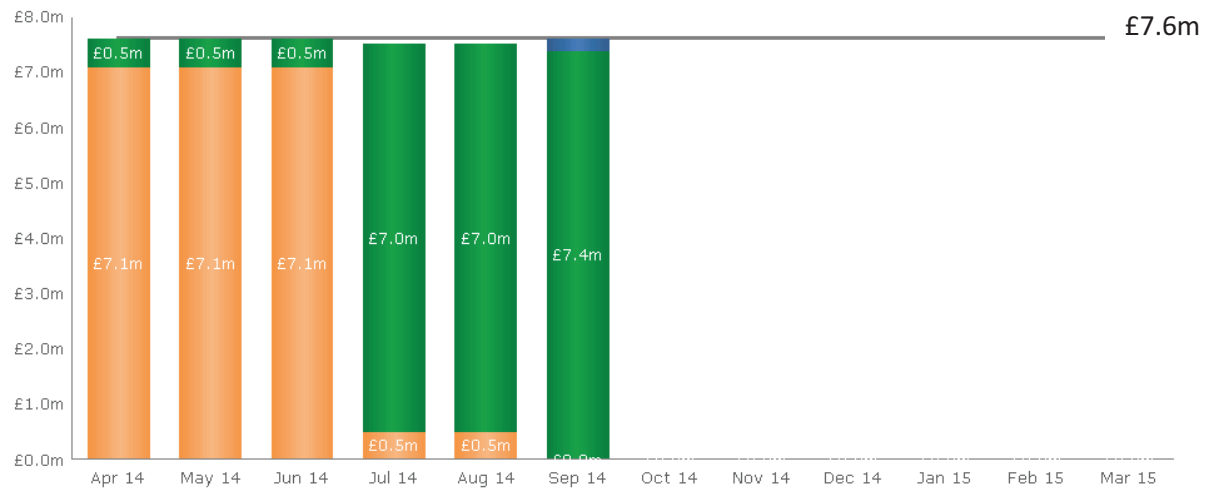
App 12. Business Services' budget includes £2.2m efficiency savings and increased income targets. It has achieved £0.2m of these efficiencies and is on target to achieve another £2.1m savings. The Managed Print Service efficiency (£0.1m) is subject to close monitoring and implementation is back on track. New devices have been installed in Merrow and the installation is likely to be complete by the end of June 2015.

Chief Executive's Office



App 13. CEO is on target to achieve its £1.2m planned efficiencies in 2014/15.

Central Income & Expenditure



App 14. CIE forecasts a -£0.1m shortfall against its £7.6m efficiencies target. The likely continuation of the council's internal borrowing strategy in 2014/15 means £6.6m efficiencies are on track. Planned public health activities to achieve £0.5m efficiencies in other services (Table 12 above) has achieved £0.17m to date. The communications review has identified £0.4m efficiencies against its £0.5m efficiency target in 2014/15. This shortfall also means the £0.5m efficiencies planned for 2015/16 are at risk.

Updated budget - revenue

App 15. 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 quarter 2, the council made 129 virements as summarised in Table App 1. These increased the budget to £1,662.8m.

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
<u>Quarter 2 changes</u>					0.0	
Severe Weather and capital funding virement	-6.3	6.3			0.0	2
In year reallocation of CHC saving target	-1.2	1.2			0.0	1
Surrey Choices transfer	-1.3	1.3			0.0	1
CSF new grants	-1.9	1.9			0.0	1
Transfers of income and expenditure	-0.5	0.5			0.0	121
Updated budget - Sep 2014	-1,636.9	1,662.8			25.9	220

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

App 16. 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 17. In controlling the budget during the year, budget managers occasionally need to transfer, or vire, budgets from one area to another. In most cases these are administrative or technical in nature, or of a value approved by the Director of Finance.

App 18. In October, Council agreed changes to Financial Regulations, such that virements above £500,000 require the approval of the relevant Cabinet Member, except where they are in accordance with prior Cabinet approval. There were three virements above £500,000 in September:

- family services grant income increased by £1,113,800;
- additional SEN reform grant of £805,176; and
- additional government grants of £1,888,810 to Children's Services and Schools & Learning.

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

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-73.8	415.7	341.9
Children, Schools & Families	-152.3	339.6	187.3
Schools	-468.3	468.3	0.0
Customers and Communities	-12.2	59.6	47.4
Environment & Infrastructure	-24.1	153.4	129.3
Business Services	-16.5	98.9	82.4
Chief Executive's Office	-42.6	68.7	26.1
Central Income & Expenditure	-847.2	58.7	-788.5
Service total	-1,637.0	1,662.9	25.9

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

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

Table App 3: 2014/15 Revenue budget forecast position as at 30 September 2014

	YTD budget £m	YTD actual £m	YTD variance £m	Full year budget £m	Oct - Mar forecast spend £m	Outturn forecast £m	Forecast variance £m
Income:							
Local taxation	-312.9	-312.9	0.0	-615.8	-302.9	-615.8	0.0
Government grants	-506.0	-496.0	10.0	-862.3	-358.8	-854.8	7.5
Other income	-75.1	-90.3	-15.2	-158.6	-80.1	-170.4	-11.8
Income	-894.0	-899.2	-5.2	-1,636.6	-741.8	-1,641.1	-4.5
Expenditure:							
Staffing	154.7	151.7	-3.0	308.1	154.6	306.3	-1.8
Service provision	424.2	414.8	-9.4	886.1	474.0	888.7	2.6
Non schools sub-total	578.9	566.5	-12.4	1,194.2	628.6	1,195.0	0.8
Schools expenditure	238.9	243.0	4.1	468.3	229.3	472.4	4.1
Total expenditure	817.8	809.5	-8.3	1,662.5	857.9	1,667.4	4.9
Movement in balances	-76.2	-89.7	-13.5	25.9	116.1	26.3	0.4

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

Balance sheet

Table App 4: Balance sheet

As at 31 Mar 2013 £m	As at 31 Mar 2014 £m		As at 30 Sep 2014 £m
1,280.0	1,318.6	Property, plant & equipment	1,367.8
0.7	0.7	Heritage assets	0.7
	29.2	Investment property	29.2
5.9	4.3	Intangible assets	4.0
0.2	0.3	Long term investments	0.4
8.8	10.6	Long term debtors	13.3
1,295.6	1,363.7	LONG TERM ASSETS	1,415.4
104.1	74.0	Short term investments	91.2
0.1	0.0	Intangible Assets	0.0
15.3	6.1	Assets held for sale	6.1
1.3	1.1	Inventories	0.8
141.5	123.7	Short term debtors	139.9
114.1	7.4	Cash & cash equivalents	82.6
376.4	212.3	CURRENT ASSETS	320.6
-82.1	-51.3	Short term borrowing	-30.5
-234.3	-212.4	Creditors	-236.3
-3.3	-4.7	Provisions	-3.5
-0.2	-0.1	Revenue grants receipts in advance	-0.1
-0.6	-1.0	Capital grants receipts in advance	-1.0
-3.2	-6.1	Other short term liabilities	-6.1
-323.7	-275.6	CURRENT LIABILITIES	-277.5
-7.2	-9.4	Provisions	-9.6
-238.1	-237.9	Long term borrowing	-267.8
-1,142.2	-1,295.6	Other long term liabilities	-1,295.8
-1,387.5	-1,542.9	LONG TERM LIABILITIES	-1,573.2
-39.2	-242.5	NET ASSETS / (-) LIABILITIES	-114.7
-288.4	-278.6	Usable reserves	-383.1
327.6	521.0	Unusable reserves	497.8
39.2	242.5		114.7

Earmarked reserves

Table App 5: Earmarked revenue reserves

	Opening balance 1 Apr 2014 £m	Balance at 30 Sep 2014 £m	Forecast 31 Mar 2015 £m
Investment Renewals Reserve	13.0	12.7	10.9
Equipment Replacement Reserve	3.4	1.4	1.7
Vehicle Replacement Reserve	5.4	6.0	2.9
Waste Site Contingency Reserve	0.3	0.0	0.0
Budget Equalisation Reserve	33.6	0.8	0.8
Financial Investment Reserve	1.6	0.6	0.6
Street lighting PFI Reserve	6.2	5.8	5.8
Insurance Reserve	8.8	9.6	9.6
Eco Park Sinking Fund	14.6	14.6	18.9
Revolving Infrastructure & Investment Fund	20.2	20.2	20.8
Child Protection Reserve	3.1	1.9	1.9
Interest Rate Reserve	4.7	1.0	1.0
Economic Downturn Reserve	6.0	4.2	4.2
General Capital Reserve	7.7	7.5	6.7
Pension Stabilisation Reserve	0.0	1.1	1.1
Business Rates Appeals Reserve	0.0	1.3	1.3
Total earmarked revenue reserves	128.6	88.7	85.8

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

Debt

App 20. During the second quarter of 2014/15, the Accounts Payable team raised invoices totalling £106.4m.

Table App 6: Age profile of the council's debts as at 30 September 2014

Account group	<1 month £m	2-12 months £m	1-2 years £m	+2 years £m	Total £m	Overdue debt £m
Care debt – unsecured	4.0	2.4	1.2	2.7	10.4	6.4
Care debt - secured	0.1	1.5	1.6	2.8	6.1	
Total care debt	4.2	4.0	2.8	5.6	16.5	6.4
Schools, colleges and nurseries	1.2	0.3	0.0	0.0	1.5	0.3
Clinical commissioning groups	1.7	4.9	0.3	0.1	7.0	5.3
Other local authorities	0.5	0.5	0.0	0.0	1.0	0.5
General debt	3.9	0.5	0.0	0.0	4.4	0.5
Total non-care debt	7.2	6.2	0.4	0.1	13.8	6.6
Total debt	11.1	10.1	3.3	5.7	30.4	13.0

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

App 21. The amount outstanding on these invoices was £30.4m of gross debt at 30 September 2014. The gross debt is adjusted to take into account those balances not immediately due (i.e. less than 30 days old), or collectable (i.e. secured on property). This produces the net debt figures shown in Table App 7.

Table App 7: Overdue debt summary as at 30 September 2014

	2014/15 Q2 £m	2014/15 Q1 £m	2013/14 Q4 £m	2012/13 Q4 £m	2011/12 Q4 £m	2010/11 Q4 £m
Care related debt	6.4	6.5	6.5	7.6	6.1	6.8
Non care related debt	6.6	4.2	3.1	3.8	3.0	3.9
Total	13.0	10.7	9.6	11.4	9.1	10.7

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

App 22. The council's debt policy includes a target of 30 days to collect non-care debt. The average number of debtor days for the period 1 April to 30 September 2014 was 29 days.

App 23. The Director of Finance has delegated authority to write off irrecoverable debts in line with financial regulations. This quarter (Q2 2014/15) the Director of Finance has written off 80 such debts with a total value of £109,406, of which £89,487 is care related and £19,919 is non care related debt.

9

Treasury management

Borrowing

App 24. The council borrows money to finance the amount of our capital spending that exceeds receipts from grants, third party contributions, capital receipts and reserves. The council must also demonstrate the costs of borrowing are affordable, prudent and sustainable under the Prudential Code.

Table App 8: Long-term borrowing

	£m
Debt outstanding as at 1 April 2014	237.2
Loans raised	30.0
Loans repaid	0.0
Current balance as at 30 September 2014	267.2

App 25. During September 2014 the council raised a fixed rate loan of £30m from the Public Works Loan Board. Recent financial market turmoil and geopolitical concerns led to a sharp dip in the cost of long term debt. The council took this opportunity to borrow funds required to meet the cost of ongoing capital projects.

App 26. The council is able to undertake temporary borrowing for cash flow purposes, no such borrowing occurred during the quarter ending September 2014.

App 27. The council also manages cash on behalf of Surrey Police Authority (£31.7m as at 30 September 2014) which is classed as temporary borrowing.

Authorised limit and operational boundary

App 28. The following prudential indicators control the overall level of borrowing:

- The authorised limit represents the limit beyond which borrowing is prohibited. The limit reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum

borrowing needed with headroom for unexpected cash flow. This is a statutory limit determined under section 3(1) of the Local Government Act 2003.

- The operational boundary is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an indicator to ensure the authorised limit is not breached.

Table App 9: Borrowing against the authorised limit and operational boundary

	Authorised limit	Operational boundary
	£m	£m
Gross borrowing	267.2	267.2
Limit / boundary	797.0	719.0
Headroom	529.8	451.8

Capital Financing Requirement

App 29. The Capital Financing Requirement (CFR) represents the council's underlying need to borrow for a capital purpose. The council must ensure that, in any one year, net external borrowing does not, except in the short-term exceed the estimated CFR for the next three years. The council's position against the estimated CFR, as reported to the County Council in March 2014 is shown in Table App 10. The current borrowing position shows a net position of £131m more in borrowing than we hold in short term deposits.

Table App 10: The council's position against the estimated CFR

Capital Financing Requirement			Net borrowing
2014/15	2015/16	2016/17	
£659m	£770m	£808m	£131m

Maturity profile

App 30. The council has reduced its exposure to large fixed rate loans falling due for refinancing in any one year by setting gross limits for its maturity structure of borrowing in accordance with the Prudential Code, as shown in Table App 11. This excludes balances invested on behalf of Surrey Police Authority.

Table App 11: Maturity structure of the council's borrowing

	Upper limit	Lower limit	Actual
Repayable in 1 year*	50%	0%	0%
Repayable in 1-2 years	50%	0%	0%
Repayable in 2-5 years	50%	0%	0%
Repayable in 5-10 years	75%	0%	3%
Repayable in 10-15 years	75%	0%	0%
Repayable in 15-25 years	75%	0%	2%
Repayable in 25-50 years	100%	25%	95%

Early debt repayment and rescheduling

App 31. There has been no early repayment or rescheduling in 2014/15.

Investments

App 32. The council had an average daily level of investments of £282.2m throughout 2013/14, with a projection of £163m expected for 2014/15. The balance of funds managed on behalf of schools within this figure was £53m at 30 September 2014.

App 33. Cash is invested on the money markets through one of the council's five brokers, or directly with counterparties through the use of call accounts, money market funds or direct deal facilities. A breakdown of activity during the year to 30 September 2014 is given in Table App 12.

Table App 12: Borrowing activity up to 30 September 2014

Timed deposits	Number	Average value £m	
Deals using a broker	12	7.1	
Direct deal facilities	9	1.4	
Deals with DMO	3	13.9	
Instant access	Number	Individual limit £m	Total limit £m
- Active call accounts	2	60.0	120.0
- Active money market funds	5	20.0	100.0
- Local authorities	-	20.0	-

App 34. The weighted average return on all investments received to the end of the second quarter in 2014/15 is 0.43%. This compares favourably to the average 7-day London Interbank Bid rate (LIBID) of 0.36% for the equivalent period. Table App13 shows the comparison.

Table App 13: Weighted average return on investments compared to 7-day LIBID

	Average 7-day LIBID	Weighted return on investments
Quarter 2	0.36%	0.43%
2014/15 total	0.35%	0.43%
2013/14 total	0.36%	0.41%